

SOUTH TARANAKI DISTRICT COUNCIL'S ANNUAL PLAN 2020/21

MAKING SOUTH TARANAKI

THE MOST
liveable
DISTRICT IN NZ



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 Okurukuru ki Rāwa o Turi,
Rāwa o Turi ki Waingongoro,
Waingōngoro ki Whenuakura,
Whenuakura ki Waitōtara.

Ko wai tērā, ko Taranaki ki te Tonga.

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

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

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

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

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

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

*From Okurukuru to Rāwa o Turi,
From Rāwa o Turi to the Waingongoro 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, Pukeonaki, 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!



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MAYOR & CE'S MESSAGE

TE REO MAIOHA TĀ TE KOROMATUA ME TE TUMU PAETAKI

MAKING SOUTH TARANAKI THE MOST LIVEABLE DISTRICT IN NEW ZEALAND KIA EKE A TARANAKI KI TE TONGA HEI TE TAKIWĀ HĪHIRI I AOTEAROA

When we started preparing our 2020-2021 Annual Plan late last year COVID-19 was something few of us had even heard about. In the months since, the world has experienced social and economic disruption on a scale not seen in most of our lifetimes and it will be felt for some time. Consequently, our focus for the next year will be on ways we can support our community through the recovery and undertake activities to stimulate economic growth using, where possible, local businesses and contractors.

This Annual Plan contains a range of measures aimed at bringing relief to residents and businesses, some of which can be actioned immediately while others are more long term and will require additional planning before being implemented.

The key measure is to have a zero % rate increase for the 2020 – 2021 financial year. As part of the Council's 2018 – 2028 Long Term Plan, rates were projected to increase in 2020/21 by around 3.36%. However, given the financial burden COVID-19 will place on many families and businesses we have applied a zero % rate rise. In addition, the Council has put a freeze on fees and charges and is offering payment plans and remission of rate penalties for those experiencing financial hardship.

Council is able to achieve the zero rate's rise due to the prudent and effective financial management of the organisation by staff and elected members over many years. Accordingly, this Council is in a sound financial position and we are able to take an additional one-off (\$722,500) contribution from our Long Term Investment Fund to realise this measure. There are no changes in levels of service, and we will continue to meet our current and future infrastructure needs

without compromising future plans or our overall financial position.

Key Relief Measures the Council is implementing include:

- Zero % rate increase
- Nil increase to Fees and Charges
- Payment Plans and Rate Penalty Remissions for those experiencing financial hardship
- Ongoing Economic Recovery Measures: We will look at how we can support longer term economic recovery by:
 - ◊ Seeking Government financial assistance for and undertaking six significant 'shovel ready' projects. These are: Nukumarū Station Road, Te Ramanui o Ruapūtahanga, Waimate West water mains replacement, desludging the Hāwera WWTP Anaerobic Lagoon, Hāwera Business Park infrastructure and Waimate West Reservoir
 - ◊ Proceeding with projects such as the Manaia Community Facility and Swimming Pool upgrade
 - ◊ Bringing some of our capital projects and other development initiatives forward in our 2021-2031 Long Term Plan (such as the Hāwera Business Park and associated infrastructure work and the Eltham, Manaia, Ōpunakē, Pātea and Waverley Town Centre upgrades)

These are just the first of several initiatives the Council will consider over the coming year. We will look to work closely with businesses, Iwi and other partners to develop further measures that will support the ongoing welfare of our District. At the same time we will continue to focus on revitalizing the Hāwera Central Business District, (primarily through the development of Te Ramanui o

Ruapūtahanga – the new library culture and arts centre), developing town centre strategies for Eltham, Manaia, Ōpunakē, Pātea and Waverley, implementing the District Pathways Programme, building a new Manaia Community Facility and making further improvements to our roading, stormwater, water and wastewater infrastructure including new Reservoir for Waimate-West water supply.

Our total operational expenditure across all activities in 2020/2021 is \$67.3 million and capital expenditure \$27.5 million. Of this we will spend approximately \$25 million on our District roads' activity (operational and capital expenditure), including around \$700,000 on footpaths.

The road to recovery for our communities will not be an easy one. However, our sound financial position, has enabled our Council to implement measures that will support and hasten that process.



PHIL NIXON
South Taranaki Mayor



WAID CROCKETT
South Taranaki
Chief Executive

VISION

COUNCIL WILL LEAD WITH FAIRNESS AND INTEGRITY, AND WORK TO INSPIRE A VIBRANT AND CARING SPIRIT OF COMMUNITY, WHILE REMAINING AN EFFICIENT AND SENSITIVE PROVIDER OF SERVICES AND FACILITIES.

SOUTH TARANAKI IS THE MOST LIVEABLE DISTRICT IN NZ; WITH AN ATTRACTIVE AND AFFORDABLE LIFESTYLE, CONNECTED PEOPLE, IN SUSTAINABLE AND VIBRANT COMMUNITIES

YOUR COUNCILLORS Ō KOUTOU KAİKAUNIHERA



MAYOR PHIL NIXON
South Taranaki District



ANDY BECCARD



MARK BELLRINGER



GARY BROWN



CELINE FILBEE



AARUN LANGTON



STEFFY MACKAY



ROBERT NORTHCOTT



JACK RANGIWAHIA



DIANA REID



BRYAN ROACH

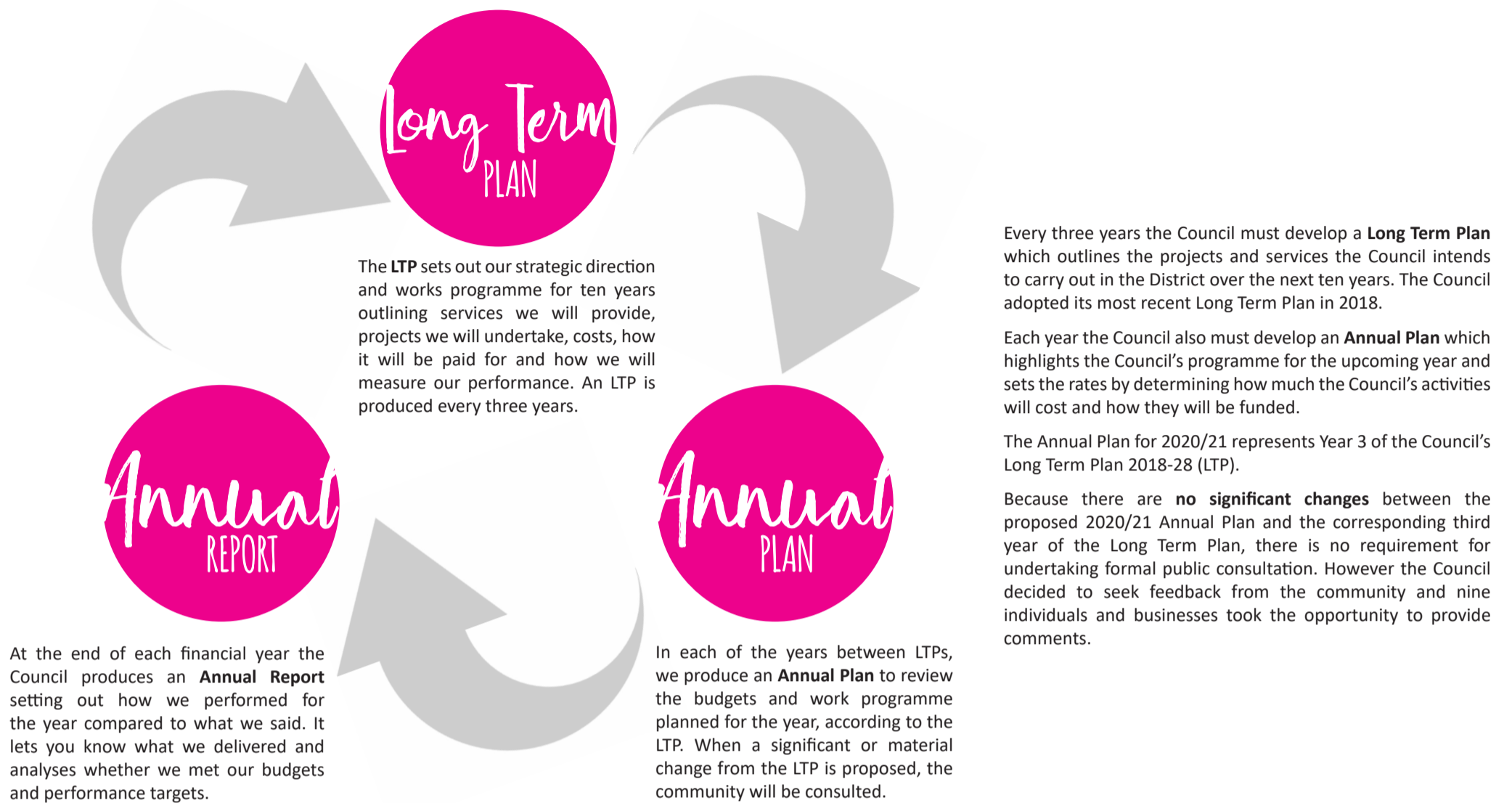


BRIAN ROOK



CHRIS YOUNG

ABOUT THE LTP, ANNUAL PLAN & ANNUAL REPORT



COMMUNITY OUTCOMES



COMMUNITY OUTCOMES

The purpose of local government as outlined in the Local Government Act 2002 is to meet the current and future needs of communities for good quality local infrastructure, local public services and the performance of regulatory functions in a way that is most cost effective for households and businesses.

The South Taranaki District Council works towards this purpose through our Mission Statement and Community Outcomes and uses these to guide us when making decisions, developing policies, strategies or determining priorities regarding the activities and services we provide.

These outcomes fall under four main headings:



A District that provides a high quality and diverse cultural and recreational experience and encourages independence and creativity.



A District that leads with care, works together, advocates for its people and enables people to have a strong and distinctive sense of identity.



A District that boasts a sustainable, resilient and innovative economy, has accessible and integrated infrastructure, community services and open space that prosper within the natural and social environment.



A District that appreciates its natural environment and its physical and human resources in planning, delivery and protection.

WHAKATAUNGA HAPORI

Vibrant SOUTH TARANAKI

The elements of a **Vibrant South Taranaki** are:

1. People have access to and are encouraged to participate in a wide range of high quality recreational, sport, leisure, art and cultural activities.
2. The District has high-quality public amenities and facilities that all people have access to.
3. Individual responsibility, independence and creativity are encouraged.
4. A supportive and responsive learning environment exists where people are encouraged to participate and success is celebrated.
5. High quality education and training opportunities exist with strong links between businesses, schools and training institutions and there are excellent pre-schools, primary and secondary education providers.

Together SOUTH TARANAKI

The elements of a **Together South Taranaki** are:

1. All people feel valued and supported within a caring community and have a sense of equality and belonging.
2. A cohesive, united community exists based on strong relationships between people from different cultures, communities and organisations. Multi-ethnic diversity is celebrated and different cultural values are respected.
3. The place of Māori is recognised and respected. Relationships that are mutually beneficial are built between Māori and the wider community.
4. People from all sectors of the community are able and encouraged to contribute to their communities and opportunities to participate are enhanced.
5. South Taranaki people have a strong sense of place. The special significance of Mount Taranaki to the people of South Taranaki and its role in South Taranaki's identity is recognised and provided for.

Prosperous SOUTH TARANAKI

The elements of a **Prosperous South Taranaki** are:

1. South Taranaki is an attractive place to work, do business and to visit where the workforce has the skills to meet the needs of the District's employers.
2. The District is a birthplace of innovation, ideas and training opportunities, where technological developments and opportunities for added value are capitalised on.
3. South Taranaki's strengths are recognised and diversification of business and industry is valued and encouraged.
4. There is a high level of employment and adequate incomes where learning and the creation of knowledge is valued.
5. Development and population growth in the District is encouraged but managed in a manner that does not compromise our natural or social environment.
6. People are confident and are happy to invest in the future.
7. Effective, efficient, safe and reliable infrastructure is provided and maintained.

Sustainable SOUTH TARANAKI

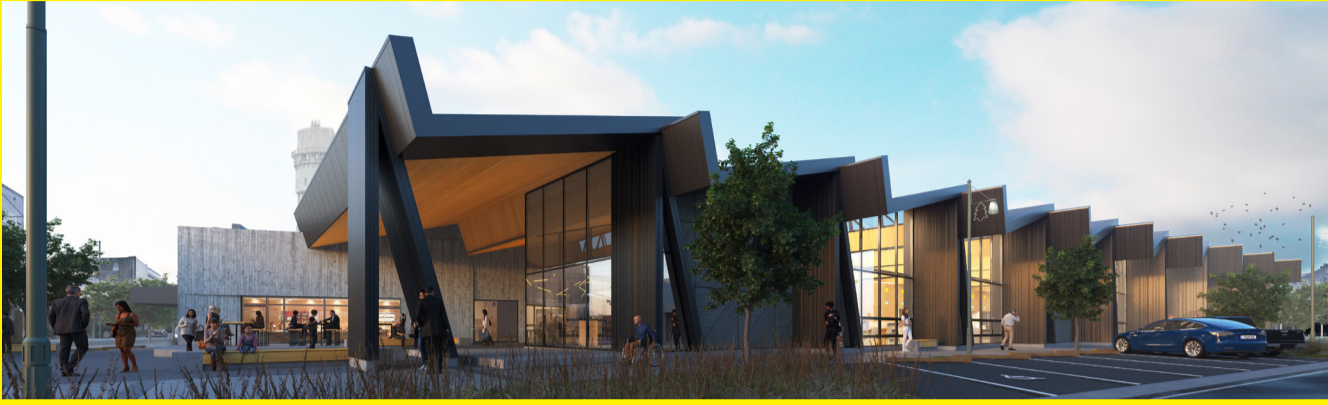
The elements of a **Sustainable South Taranaki** are:

1. There is sustainable use, development and protection of resources. South Taranaki's land and soil, water, air and coast, its biodiversity and its natural features and landscapes are understood, valued, maintained and enhanced for future generations.
2. South Taranaki's historic heritage is identified, recognised and protected.
3. Built environments and environmental amenities are of a high standard and contribute significantly to the wellbeing of people and communities.
4. People are valued and their contribution to the economic, social, cultural and environmental wellbeing of the District is recognised and supported.

OUR VISION

MAKING SOUTH TARANAKI

THE MOST
liveable
DISTRICT IN NZ



WITH AN ATTRACTIVE AND AFFORDABLE
LIFESTYLE, CONNECTED PEOPLE IN
SUSTAINABLE AND VIBRANT COMMUNITIES

OUR PRIORITIES FOR 2020/21



KEY PROJECTS & PRIORITIES TO SUPPORT OUR VISION

- Start work on the new **Manaia Community Facility**.
- Complete upgrades to the **Manaia Swimming Pool** (year 3 of a 3 year \$623,000 programme).
- Reclad the **Eltham Town Hall** (\$220,000).
- Continue the **District Pathways Programme** (\$250,000).
- Support the **Rotokare Scenic Reserve Trust** with a (\$50,000) grant.
- Replace **toilets at Ōpunakē** recreation ground (\$212,000).



KEY PROJECTS & PRIORITIES TO SUPPORT OUR VISION

- Continue the **Hāwera Town Centre Revitalisation Strategy** with construction of the new Library, Culture and Arts Centre (Te Ramanui o Ruapūtahanga).
- Continue planning of **Town Centre Upgrades** for Eltham, Manaia, Ōpunakē, Pātea and Waverley.



OUR PRIORITIES FOR 2020/21



KEY PROJECTS & PRIORITIES TO SUPPORT OUR VISION

- Implement Council's **Waste Management and Minimisation Plan** and investigate further options for reducing waste going to landfill.
- Develop an **Environment and Sustainability Strategy** for the Long Term Plan.

KEY PROJECTS & PRIORITIES TO SUPPORT OUR VISION

- Develop a **Digital Transformation Strategy** to improve Council's effectiveness and provide better digital access for the community to Council services.
- Spend approximately \$25 million (operational and capital expenditure) on our **District's Road Network**, including \$700,000 on footpaths.
- Build the new **Nukumarū Station Road Extension**.

KEY PROJECTS & PRIORITIES TO SUPPORT OUR VISION

- **Economic relief and recovery measures.**
- Capital Works spending of around \$9.85 million on **District Water Infrastructure** improvements, including **reservoir for Waimate West** water supply (\$3.75 million) and renewal of District water pipes.
- Budget \$475,000 on District **Stormwater improvements** and \$1.5 million on **Wastewater infrastructure** upgrades and renewals.
- **Subsidise rates** by \$5.5 million using earnings from the Long Term Investment Fund (LTIF). In addition Council is proposing taking a one-off subsidy of \$722,500 from the LTIF to **reduce** the average rate increase **from 3.36% to zero.**
- Use **debt to fund key infrastructural projects.**
- **Debt repayments of \$5.1 million** (including \$1.34 million of internal debt repayment).



WHAT WE DO / Ā MĀTOU MAHI

We do all of this in a District with a population of approximately **28,000** (around 14,800 rateable properties) in **7 small towns** spread over a large geographic area (**362,000 hectares**).



¹plus financial support to 34 rural halls

²support financially

³have a partnership with

⁴and nine Tenant Contribution units

⁵roads we construct and maintain(81% sealed)



CAPITAL PROJECTS PROGRAMME

The table on the following pages sets out the Capital Projects Programme planned for the period of this Annual Plan. This may include portions of projects which span multiple years. For more information on project timing and total costs, refer to Capital Projects List in the Long Term Plan 2018-28.



CAPITAL PROJECTS PROGRAMME

CAPITAL PROJECTS PROGRAMME / TE IHIRANGI TAKE WHAIRAWA

ACTIVITY	LTP 2020/21	LTP Capital Works Programme 2020/21	Comments
Economic Development	1,000,000	3,195,700	Deferred projects from 2019/20 – Te Ramanui and professional fees
Pensioner Housing	17,172	153,300	Deferred budget from previous years
Support Services	1,389,441	748,378	As planned (reduced expenditure on IT hardware due to deferred projects; Electronic Signature and TechOne Ci Anywhere, due to Digital Strategy), (one additional project – Records Back Capture), (a number of changes to small projects)
Licensing	6,384	6,390	As planned
Animal Services	5,500	112,420	As planned plus one additional project – Pound upgrade due to Animal Welfare Act changes
Campgrounds	10,388	46,774	As planned – plus deferred project from 2018/19 – Ōpunakē Beach Holiday Park (garage and storage facilities)
Cemeteries	21,200	125,665	As planned plus deferred project from 2019/20 – Hāwera Cemetery extension
LibraryPlus	390,838	366,504	As planned with reduced expenditure
Halls	1,235,883	832,489	As planned with less two projects
Parks and Reserves	202,460	202,620	As planned
Rural Pools	218,360	255,970	As planned plus one additional project – Eltham Swimming Pool
TSB Hub	53,000	53,042	As planned
Public Toilets	215,710	215,880	As planned
Cinema 2	-	207,019	Deferred project from 2019/20 (replacement of roof)
Building Control	-	30,660	New project – Digitisation of Building Consent Authority



TE IHIRANGI TAKE WHAIRAWA

CAPITAL PROJECTS PROGRAMME / TE IHIRANGI TAKE WHAIRAWA

ACTIVITY	LTP 2020/21	LTP Capital Works Programme 2020/21	Comments
Aquatic Centre	74,719	74,779	As planned
Corporate Property	30,580	149,585	As planned plus two deferred projects from previous years and increased budget for Fencing and Centennial Close renewals
Coastal Structures	268,500	268,800	As planned
Urban Water Supply	2,208,144	3,315,507	As planned – plus one brought forward project from 2021/22 – Duplication Kāpuni to Hāwera Trunk Main
Waimate West Water Supply	2,916,825	6,672,885	As planned – one deferred project from 2019/20 (new reservoir)
Stormwater	497,756	498,312	As planned
Solid Waste	32,220	32,256	As planned
Wastewater	1,726,562	1,704,837	As planned
Roading	8,110,604	8,210,110	As planned plus increased spend on traffic services and footpaths
Total Capital	20,632,247	27,479,880	
Carry-overs from 2017/18 and 2018/19		2,916,289	Carry-over projects from prior years.

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 2020/21 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 that you might be paying for in 2020/21. 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.

The combined District Rate (which includes the general rate, roading rate and uniform annual general charge (UAGC)) has increased by 0.00%. This is less than the increase projected in the Long Term Plan (LTP) of 3.25%. The water by meter rates for Urban High User was scheduled to match Town water by meter rate in 2020/21. However, as a result of keeping the rate increase to zero percent, we were unable to increase Town water by meter to match Urban High User water by meter rate and therefore decided to reduce Urban High User water by meter rate to match Town water by meter rate. There are no changes in the other targeted rates for water, wastewater and kerbside collection. The total collection of the separate targeted rate for Hāwera businesses in the commercial/industrial zone also remains at the same amount as 2019/20.

Below is a summary of the rate changes with the types of rates explained. Several different property value examples for urban and rural ratepayers follow on the next few pages to show the effect on your total rates.

OUR BUDGET SETTING PROCESS IMPACTS RATES AFFORDABILITY

As we developed the LTP and subsequently refined the budget through this Annual Budget Update, we made choices about the projects and services that will be delivered. The amount that we spend and how we spread these costs over time (such as through loan funding) has a direct impact on rates.

THE AMOUNT OF FUNDING WE ARE ABLE TO GET FROM OTHER SOURCES IMPACTS RATES AFFORDABILITY

Not all of Council's spending is paid for by rates. In fact, 40% will come from other sources in the 2020/21 year such as the subsidy from the Council's Long Term Investment Fund, New Zealand Transport Agency, User Fees and Charges, local partnerships and other grants and subsidies.

OUR SYSTEM OF RATING IMPACTS RATES AFFORDABILITY

There are 14,057 rateable properties in our District. Certain types of properties like schools, churches and recreation reserves are not rateable, but do pay service charges. Our total rates requirement is divided amongst these properties. The amount of rates charged differs from one to the next. These differences are based on a balance between the capital value of each property, and the services property owners can access or are likely to benefit from. Our rating philosophy and system determines that balance, and is set out in our Revenue and Financing Policy.

OUR DAY TO DAY FINANCIAL MANAGEMENT IMPACTS RATES AFFORDABILITY

Staying within the budgets that have been set for any given year is a key part of rates affordability. This is because cost overruns in one year can cause a rating deficit which would need to be recovered in the following year or years.

NGĀ TĀKE KAUNIHERA KATOĀ

ONE YEAR PROJECTION FOR GENERAL AND TARGETED RATES (INCLUDES AN ALLOWANCE OF INFLATION)

For the year ended 30 June	2019/20	LTP 2020/21	Revised Annual Plan 2020/21 (\$,000)
RATE			
District Rate*	3.02%	3.25%	0.00%
General Rate – Cents per \$	0.08503	0.09456	0.08783
Roading Rate – Cents per \$	0.07129	0.07742	0.06789
UAGC	\$605	\$634	\$604
TARGETED RATES**			
Water Targeted Rate	\$624	\$639	\$624
Wastewater Targeted Rate	\$679	\$736	\$679
Kerbside Collection Rate	\$265	\$270	\$265
Water meter only charge <= 32mm	\$150	\$150	\$150
Water meter and backflow charge <= 32mm	\$260	\$260	\$260
Water meter only <= 40mm	\$175	\$175	\$175
Water meter and backflow charge <= 40mm	\$325	\$325	\$325
Water meter and backflow charge <= 50mm	\$460	\$460	\$460
Water meter and backflow charge >50mm	\$630	\$630	\$630
WATER BY METER RATES PER CUBIC METRE			
Town	\$2.62	\$2.76	\$2.62
Urban Water High User	\$2.76	\$2.76	\$2.62
Urban Water Extra High User	\$2.84	\$2.94	\$2.84
Waimate West	\$1.08	\$1.12	\$1.08
Inaha Water	Now included in Waimate West		

* 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).

RATING EXAMPLES

RATING EXAMPLES (INCLUDING GST)

On this page there are property examples to show the impact of the rates increases for 2020/21.



HÄWERA COMMERCIAL/INDUSTRIAL

Capital Value	\$600,000	\$600,00
	2019/20	2020/21
General	\$510.16	\$527.00
Roading	\$427.74	\$407.36
UAGC	\$605.39	\$604.00
Water	\$624.45	\$624.45
Wastewater	\$678.50	\$678.50
Häwera Business Rate	\$549.22	\$538.11
Total Rates	\$3,395.46	\$3,379.42
Increase each year		(\$16.04)
% decrease		(0.47%)



URBAN

Capital Value	\$150,000	\$150,000	\$200,000	\$200,000	\$320,000	\$320,000	\$480,000	\$480,000
	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21	2019/20	2020/21
General	\$127.54	\$131.75	\$170.05	\$175.67	\$272.09	\$281.07	\$408.13	\$421.60
Roading	\$106.93	\$101.84	\$142.58	\$135.79	\$228.13	\$217.26	\$342.19	\$325.89
UAGC	\$605.39	\$604.00	\$605.39	\$604.00	\$605.39	\$604.00	\$605.39	\$604.00
Water	\$624.45	\$624.45	\$624.45	\$624.45	\$624.45	\$624.45	\$624.45	\$624.45
Wastewater	\$678.50	\$678.50	\$678.50	\$678.50	\$678.50	\$678.50	\$678.50	\$678.50
Kerbside Collection	\$264.50	\$264.50	\$264.50	\$264.50	\$264.50	\$264.50	\$264.50	\$264.50
Total Rates	\$2,407.31	\$2,405.04	\$2,485.47	\$2,482.91	\$2,673.06	\$2,669.78	\$2,923.16	\$2,918.94
Increase each year		(\$2.27)		(\$2.56)		(\$3.28)		(\$4.22)
% increase		(0.09%)		(0.10%)		(0.12%)		(0.14%)

This does not include all rate examples so if you require further explanation please feel free to contact the Rates Department.



RURAL

Capital Value	\$5,300,000	\$5,300,000	\$8,000,000	\$8,000,000
	2019/20	2020/21	2019/20	2020/21
General	\$4,506.45	\$4,655.15	\$6,802.19	\$7,026.64
Roading	\$3,778.35	\$3,598.33	\$5,703.16	\$5,431.44
UAGC	\$605.39	\$604.00	\$605.39	\$604.00
Total Rates	\$8,890.19	\$8,857.48	\$13,110.74	\$13,062.08
Increase each year		(\$32.71)		(\$48.66)
% decrease		(0.37%)		(0.37%)

FINANCIAL COMMENTARY

The development and review of Council's Annual Budgets are guided by our Financial Strategy. The Strategy supports the delivery of Council activities and services in a manner which addresses rates affordability and ensures that the Council remains in a stable, long-term financial position. The

Council's Annual Plan for the 2020/21 year is in keeping with the financial parameters and intent of the Strategy. It delivers a budget that keeps rates increases and debt within the limits of the Strategy and maintains a stable financial position. The following pages provide an overview of the Financial Strategy

as it applies to the coming 2020/21 financial year. The full Financial Strategy can be found on pages 18-28 of the Long Term Plan 2018-28.



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.

The Council's policy for funding depreciation for its non-strategic assets is, rather than fund the depreciation for the replacement of the non-strategic assets, the Council will fund a proportion that allows for the renewal of components.

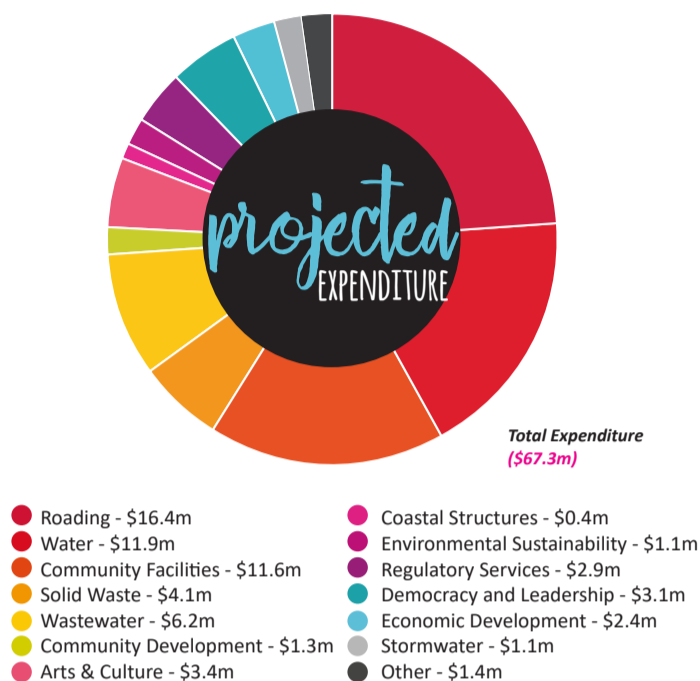
The Council has this policy as it is not considered prudent to build up reserves (by increasing rates from current ratepayers) for the future replacement of these assets, when it is unknown what will be wanted or needed. The Council has considered the current global economic climate and its significant debt programme when considering the funding of depreciation.

COUNCIL'S 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 2020/21 it is forecast that the Council's equity will grow to \$911 million. 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.

COUNCIL'S 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 \$3,594,000 (\$2,798,000 predicted in the LTP) to \$67.3 million.

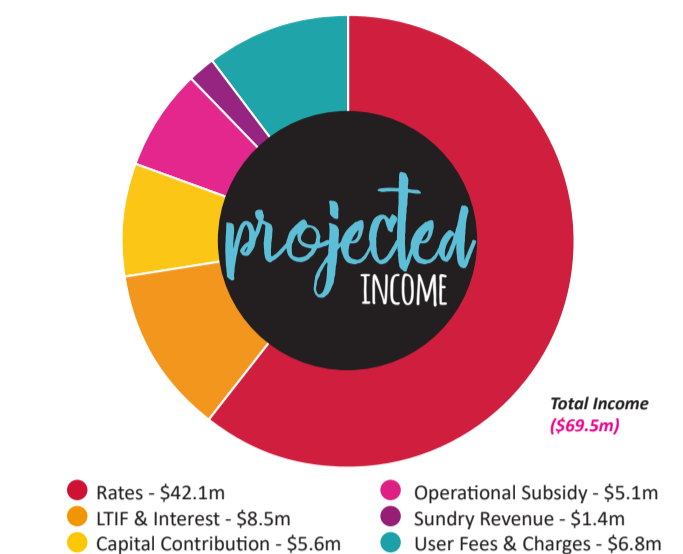


Direct Costs – Increase by \$2,995,000 compared to an increase of \$1,010,000 projected in the LTP.

Finance costs – Decrease by \$746,000 compared to an increase

of \$281,000 projected in the LTP. Finance costs are calculated at a weighted average rate of 4.2% for external debt.

Depreciation – Total depreciation increases by \$1,345,000 compared to \$1,505,000 projected in the LTP.



Our total revenue from rates is projected to increase by \$53,000 (as per Funding Impact Statement for Ratings) which is lower than the \$1,407,000 predicted in the LTP. The reason for this increase is due to a small number of changes in our rating database. The balance of our income is projected to decrease by \$1,560,000 compared to the \$2,961,000 decrease predicted in the LTP. This is mainly due to a reduction in sundry revenue and capital contributions.

PŪRONGO PŪTEA

COUNCIL DEBT AND LONG TERM INVESTMENT FUND (LTIF)

Our debt is projected to rise to \$143.91 million (including internal borrowings of \$16.91 million) by the end of 2020/21, as a result of anticipated spending of \$27.48 million on capital projects in the coming year. Projected loan repayments of \$5.11 million include repayments on internal borrowings of \$1.34 million for 2020/21. The Council believes the forecasted debt levels are sustainable as they are within its Liability Management Policy limits. The Policy limits are set on the net debt level ratio as this is a sector norm.

The LTIF is projected to be at \$150.24 million including internal borrowings of \$16.91 million. The projected return on the LTIF is \$9.05 million including \$0.86 million interest on internal borrowings at 4.70% return for 2020/21. It is prudent to highlight the risk associated with the LTIF and as a result 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 Fund could suffer erosion in value. To manage this risk, the Council's Audit and Risk Committee meets on a quarterly basis to review and monitor the performance of its investment strategy. The LTIF is a perpetual fund and the Council are confident its strategy is prudent, sustainable and appropriate for the long term.

RATES FOR 2020/21

Our total rates income will increase to \$42.05 million compared to \$43.15 million projected in the LTP.

District Rates - (General Rate, UAGC and Roading Rate)

In 2020/21 the District Rate will increase by 0.00%. The Council has decided on a zero percent rate increase by using a one-off contribution of \$0.73 million from its Long-Term Investment Fund.

Targeted Rates

All targeted rates except for urban high user water by meter rate (other Water Targeted Rate for Urban Water Supply, other Water by meter rates for Urban Water Supply and Waimate West Water Supply, Wastewater Rate, Kerbside Collection Rate and Eltham Drainage) will remain at the 2019/20 levels.

The total collection of the Hāwera Business Rate will also at the 2019/20 levels.

Limits on Rates and Rate Increases

The Council is required by legislation to include a statement on quantified limits on rates. In preparing the Annual Plan, the Council has considered costs to the ratepayers through efficiency gains and increasing revenue from other sources to reduce dependence on rate income.

Projected income for 2020/21 comprises 60% from rates, 12% investment income and the remaining 28% from subsidies, capital contributions, sundry revenue and user fees and charges. We are endeavouring to ensure income from rates stays within 65% of the total projected revenue while continuing to operate within our Revenue and Finance Policy. The Council provides services to many diverse communities in the District and uses several rating tools to reflect the costs associated with these services. It endeavours to ensure that the rate increases in any year are no more than the forecast

percentage increase of the Local Government Cost Index (LGCI) plus 1%.

	LTP 2020/21	Annual Plan 2020/21
Total Rate Cap	3.65%	3.65%
Average Rate Increases	3.36%	0.08%
Difference	0.29%	3.57%

Explanation:

Total Rates - The total limit on the overall rate collection is on average 3.65% for 2020/21. The rate increase for 2020/21 is 0.08% on average.

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 – \$43.15 million	\$42.05 million	Yes
	Rate Increase – 3.65%	0.08%	Yes
Debt Affordability – Net Debt	150% of Revenue	(20%)	Yes
Debt Affordability – Net Interest Expense	15% of Annual Income	(4%)	Yes
Debt Affordability – Net Interest Expense	25% of Annual Rates Income	(6%)	Yes
Debt Affordability – Net debt per capita	\$2,000	(\$500)	Yes
Balance Budget	Planned Revenue equals or is greater than its planned expenses	103%	Yes
Essential Services	Planned Expenditure on network services is equal or greater than expected depreciation on network services	143%	Yes
Debt Servicing	10% of Revenue	7.66%	Yes

STATEMENT OF ACCOUNTING POLICIES



STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The South Taranaki District Council (the Council) is a territorial local authority governed by the Local Government Act 2002. The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself and the Group as 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 to comply with the requirements of Section 95 of the Local Government Act 2002 and Local Government Rating Act 2002. The Council is a public benefit entity (PBE) and complies with the PBE Accounting Standards Tier 1 issued by the External Reporting Board.

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

MEASUREMENT BASE

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, and certain financial instruments (including derivative instruments) except for assets and liabilities which are recorded at fair value. These

are detailed in the specific policies below.

FUNCTIONAL AND PRESENTATION CURRENCY

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000) and as a result there may be some rounding errors. The functional currency of the Council and Group is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

1. CONSOLIDATION OF SUBSIDIARIES

Subsidiaries are entities over which the Council has the power to govern financial and operating policies, generally with more than fifty percent of voting rights. Novus Contracting Limited is inactive and has been consolidated using the purchase method which is used to consolidate subsidiaries and controlled entities. This method involves adding together corresponding assets, liabilities, revenues and expenses on a line-by-line basis. All significant inter-entity transactions have been eliminated.

2. REVENUE

Revenue comprises rates, fees and charges from operating activities, investment revenue, grants and subsidies, capital contributions, gains, bequests and other revenue which 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 is where 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 is where the Council receives value from another party without giving approximately equal value in exchange.

An inflow of resources recognised as an asset from a non-exchange transaction is treated 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. Ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised when payable. Rates revenue collected on behalf of the Taranaki Regional Council is not recognised in the financial statements, apart from the statement of cash flows, as the South Taranaki District Council acts as a collection agent for the Regional Council.

Rates arising from late payment penalties are recognised as revenue when rates become overdue.

Rates remissions are recognised as a reduction of rates revenue when the Council receives an application that meets the criteria of the Rates Remission Policy.

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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 pertaining to eligible expenditure have been fulfilled. The Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs in 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 (e.g. 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 REVENUE

Interest revenue is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable. Interest revenue 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 assets are obtained. Vested assets are recognised as revenue at the fair value of the assets at the time of vesting. This is classified as non-exchange revenue.

f. CAPITAL CONTRIBUTIONS

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

g. GAINS

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

h. FOREIGN CURRENCY - EXCHANGE DIFFERENCES

Foreign currency transactions have been converted into New Zealand dollars at the rate of exchange at the date of the transaction. Gains or losses on exchange have been recognised in the surplus/deficit. Gains on foreign currency exchange are classified as exchange revenue.

3. EXPENSES

Specific accounting policies for major categories of

expenditures are outlined below:

a. GRANTS AND SPONSORSHIPS

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

b. FINANCE EXPENSES - INTEREST

Interest costs are recognised using the effective interest rate method. All borrowing costs are expended in the period which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress.

c. DEPRECIATION AND AMORTISATION

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

4. TAXATION

a. GOODS AND SERVICES TAX (GST)

GST has been excluded from all items in the financial statements except accounts receivable and accounts

STATEMENT OF ACCOUNTING POLICIES

payable. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

b. TAX

Tax expense is charged in the Statement of Financial Performance in respect of the current year's surplus after allowance for permanent differences.

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

5. FINANCIAL INSTRUMENTS

The Council undertakes financial instrument arrangements as part of normal operations. These financial instruments include cash and bank balances, investments, receivables, payables and borrowings. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the surplus/deficit. Interest rate swaps are entered into to hedge against and manage exposure to risk on debt.

a. FINANCIAL ASSETS

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

Purchases and sales of investments are recognised on trade-date, the date on which there is a commitment

to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the transfer of substantial risks and rewards is completed.

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

The fair value of financial instruments that are not traded in an active market are 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.

Financial assets are classified into four categories:

Financial assets at fair value through profit or loss:

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term. After initial recognition it is measured at its fair value. Gains or losses on re-measurement are recognised in the surplus/deficit.

Loans and receivables:

These are non-derivative financial assets with fixed or determined payments that are not quoted in an active market. After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the assets are impaired or de-recognised are recognised in the surplus/deficit. Loans and receivables are classified as "trade and other receivables"

in the Statement of Financial Position.

Held to maturity investments:

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that the Council has the positive intention and ability to hold to maturity. After initial recognition they are measured at amortised cost using the effective interest rate method. Gains and losses when the assets are impaired or de-recognised are recognised in the surplus/deficit.

Investments in this category include term deposits, investments in local authority and government stock.

Financial assets at fair value through equity:

Financial assets at fair value through equity are those designated as fair value through equity or not classified in any of the other three categories. This category includes investments held long term but may be realised before maturity along with shareholdings held for strategic purposes. Investments in its subsidiary are not included in this category as they are held at cost. Gains and losses are recognised directly in equity except for impairment, and are recognised in the surplus/deficit. In the event of impairment, any cumulative losses previously recognised in other comprehensive revenue and expenditure will be recognised in the surplus/deficit even though the asset has not been de-recognised. On de-recognition the cumulative gain or loss previously recognised in other comprehensive revenue and expenditure is recognised in the surplus/deficit.

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6. FINANCIAL LIABILITIES

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

a. IMPAIRMENT OF FINANCIAL ASSETS

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

b. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING ACTIVITIES

The Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, the Council does 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 and subsequently at fair value. The gain or loss on re-measurement to fair value is recognised immediately in the surplus/deficit. The fair value of interest rate swaps is

the estimated amount that would be received or would be paid to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

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 the day-to-day management of the Council and does not include funds set aside for specific purposes (e.g. Reserve Funds).

8. ACCOUNTS RECEIVABLE

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

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

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 and long term receivables and advances are recognised at cost plus accrued interest, which is considered fair value. 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. Assets are recorded at cost/valuation less accumulated depreciation (except for land which is not depreciated). Property, plant and equipment are classified as non-cash generating as these assets are not held with a primary objective of generating a commercial return.

For those 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 expended in the Statement of Financial Performance. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expended, and then credited to the revaluation reserve for that class of asset. Additions subsequent to revaluations are recorded at cost.

STATEMENT OF ACCOUNTING POLICIES

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 and are reported net in the surplus or 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

Operational assets include land, building, motor vehicles, plant and equipment and library books.

Land and buildings are valued at fair value, as determined from market-based evidence by Beca Projects NZ Limited Registered Valuers, as at 30 June 2017. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise. Motor vehicles, library books and plant and equipment are valued at cost less accumulated depreciation.

Restricted Assets

These are assets owned by the Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Land and buildings and parks and recreation assets are valued at fair value, as determined from market-based evidence by Beca Projects NZ Limited Registered Valuers, as at 30 June 2017. Valuations are generally carried out

on a three-yearly cycle unless market conditions require otherwise.

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

Infrastructural Assets

Infrastructural assets are 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 exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset, which can be 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-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenditure. To minimise this risk, infrastructural asset 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 experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance for useful life estimates.

Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited and Calibre Consulting, Registered Valuers as at 30 June 2017. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise. Infrastructural land under roads was valued at market value by Beca Projects NZ Limited, as at 30 June 2017. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise.

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 appropriately certified government valuation or at a mutually agreed market value or at a value determined through arbitration. Vested infrastructural assets have been based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services.

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

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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	1.43%	-	33.33%
Motor Vehicles	15.55%	-	20.00%
Plant and Equipment	3.33%	-	20.00%
Information Systems Equipment	10.00%	-	33.00%
Library Books	10.00%	-	20.00%
Furniture and Fittings	5.00%	-	20.00%
Office Equipment	10.00%	-	33.33%

Infrastructural Assets

Roading

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

The significant component depreciation rates are as follows:

Traffic Facilities, Signs and Markings	10 - 50 yrs	2.00%	-	10.00%
Bridges	50 -100 yrs	1.00%	-	2.00%
Footpaths	25 - 60 yrs	1.67%	-	4.00%
Pavement Surfacing	2 - 16 yrs	6.25%	-	50.00%
Drainage and Culverts	45 - 80 yrs	1.25%	-	2.22%
Roading Base-course	40 - 80 yrs	1.25%	-	2.50%

Berms, Markings, Shoulder & Formation	Not depreciated		
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Water, Sewerage and Stormwater Reticulation Systems
Provision has been made for depreciation of components of the assets based on their remaining life.

Water Reticulation	15 - 100 yrs	1.00%	-	6.67%
Water Treatment Plants	9 - 100 yrs	1.11%	-	10.00%
Sewerage Reticulation	50 - 174 yrs	0.57%	-	2.00%
Sewerage Treatment Plants	15 - 100 yrs	1.00%	-	6.67%
Stormwater Pipes	36 - 150 yrs	0.67%	-	2.78%

Restricted Assets

Heritage and Cultural Assets

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

	23 - 250 yrs	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 life.

	3 - 200yrs	0.50%	-	33.33%
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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 is then depreciated.

13. INTANGIBLE ASSETS

Software licences are recognised at cost and amortised on a straight line basis over the life of the licence (3 to 25 years) - a range of 4% to 33.33% per annum.

14. IMPAIRMENT OF ASSETS

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

15. EMPLOYEE ENTITLEMENTS

Provision is made for employee benefits accumulating as a result of services rendered and in respect of the Council's liability for annual leave and sick leave. Annual leave is 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's closed landfills, the Council has a legal obligation to provide on-going maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises. This is measured based on the present value of future cash flows expected to be incurred, considering future events including legal requirements, known improvements in technology and all other costs associated with landfills 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

STATEMENT OF ACCOUNTING POLICIES

landfill asset are depreciated over their useful lives. The discount rate used reflects current market assessments of the time value of money and the risks specific to the Council. The time needed for post-closure care is as per the resource consents issued by TRC.

17. COMMUNITY LOANS

The Council has acted as guarantor for loans to several sports clubs. These are valued in the Council's financial statements at fair value, considering 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 those 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 lessor substantially retains all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Leases that substantially transfer all the risks and benefits incidental to ownership of the leased item, to the lessee, 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 is expected 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 revenue 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 are those activities relating to the acquisition and disposal of non-current assets.

Financing Activities comprise activities that change the Council's equity and debt capital structure.

21. ALLOCATION OF OVERHEADS

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

22. CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are detailed below:

Infrastructural assets

Assumptions and estimates used when performing the depreciated replacement cost valuation include:

- The physical deterioration and condition of an asset, which is mainly the assets that are not visible, for example underground utilities;
- Estimating any obsolescence or surplus capacity of any asset; and
- Estimates are made determining the remaining useful lives over which the assets will be depreciated.

There are on-going physical inspections and condition modelling assessments to improve information on these assets. Published guidelines, component design lives and local conditions have been used to assist with the estimation of the remaining useful lives.

FUNDING IMPACT STATEMENTS

The 'Indicative Funding Impact Statement' (FIS) table on the next pages provides an overview of what it costs to provide Council services and activities and how they will be funded. The FIS breaks down costs and funds at 'operational' and 'capital' levels. Operational costs include the ongoing maintenance and delivery of our services, while capital costs relate to constructing new assets or extending or renewing existing assets. Capital expenditure is generally 'one-off' in nature, whereas operational costs are ongoing. Taking all this information into account, we can then see how much will be received, how much will be spent, and whether or not we will have a surplus or deficit at the end of the year.



FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR DEMOCRACY & LEADERSHIP / TE POUMANUKURA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,577	2,512	2,553
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	550	448	548
Total operating funding (A)	3,128	2,960	3,101
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,054	959	1,008
Finance Costs	3	0	2
Internal Charges and Overheads applied	2,062	1,994	2,079
Operating funding applications	0	0	0
Total applications of operating funding (B)	3,118	2,953	3,089
Surplus (deficit) of operating funding (A-B)	10	7	12
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	22	0	-5
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)	22	0	-5

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR DEMOCRACY & LEADERSHIP / TE POUMANUKURA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	25	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	7	7	7
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	32	7	7
Surplus (deficit) of capital funding (C - D)	-10	-7	-12
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	10	7	7

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR WATER SUPPLY / NGĀ PUNA WAI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	13,138	13,564	13,153
Subsidies and grants for operating purposes	0	0	0
Fees and charges	87	87	87
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	390	393	641
Total operating funding (A)	13,615	14,043	13,882
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	3,287	3,382	3,517
Finance Costs	2,458	2,838	2,060
Internal Charges and Overheads applied	1,774	2,148	2,365
Operating funding applications	0	0	0
Total applications of operating funding (B)	7,520	8,368	7,942
Surplus (deficit) of operating funding (A-B)	6,095	5,676	5,939
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-1,190	-1,109	1,345
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)	-1,190	-1,109	1,345

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR WATER SUPPLY / NGĀ PUNA WAI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	45	95	3,847
- To improve the level of service	232	373	1,478
- To replace existing assets	907	4,658	4,663
Increase (decrease) in reserves	3,722	-558	-2,704
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	4,905	4,567	7,285
Surplus (deficit) of capital funding (C - D)	-6,095	-5,676	-5,939
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	4,935	5,146	4,995

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR STORMWATER / TE WAI ĀWHIOWHIO ME ŌNA RĪTENGA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	887	1,027	901
Targeted Rates	8	8	9
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	171	183	194
Total operating funding (A)	1,066	1,219	1,104
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	241	245	251
Finance Costs	198	222	183
Internal Charges and Overheads applied	341	399	340
Operating funding applications	0	0	0
Total applications of operating funding (B)	780	866	774
Surplus (deficit) of operating funding (A-B)	286	353	330
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	202	146	171
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)	202	146	171

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR STORMWATER / TE WAI ĀWHIOWHIO ME ŌNA RĪTENGA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	401	479	480
- To replace existing assets	87	19	19
Increase (decrease) in reserves	0	1	2
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	488	499	501
Surplus (deficit) of capital funding (C - D)	-286	-353	-330
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	440	503	468

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR WASTEWATER / NGĀ PARAPARA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	4,770	5,159	4,781
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,060	1,086	1,042
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding (A)	5,830	6,246	5,822
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,657	2,645	2,805
Finance Costs	1,539	1,662	1,365
Internal Charges and Overheads applied	738	640	895
Operating funding applications	0	0	0
Total applications of operating funding (B)	4,933	4,947	5,065
Surplus (deficit) of operating funding (A-B)	897	1,299	758
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	886	76	890
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)	886	76	890

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR WASTEWATER / NGĀ PARAPARA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	552	129	129
- To replace existing assets	1,586	1,598	1,576
Increase (decrease) in reserves	-354	-352	-57
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,783	1,374	1,648
Surplus (deficit) of capital funding (C - D)	-897	-1,299	-758
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	1,429	1,474	1,528

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FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR SOLID WASTE / TE TUKUHANGA O NGĀ PARAPARA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	636	689	583
Targeted Rates	1,924	1,950	1,931
Subsidies and grants for operating purposes	0	0	0
Fees and charges	669	791	1,118
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	693	435	718
Total operating funding (A)	3,923	3,864	4,350
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,984	2,720	3,444
Finance Costs	181	263	146
Internal Charges and Overheads applied	458	537	496
Operating funding applications	0	0	0
Total applications of operating funding (B)	3,623	3,519	4,086
Surplus (deficit) of operating funding (A-B)	300	345	264
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-73	-188	-117
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)	-73	-188	-117

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR SOLID WASTE / TE TUKUHANGA O NGĀ PARAPARA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	32	27	27
- To replace existing assets	74	5	5
Increase (decrease) in reserves	121	124	115
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	227	157	147
Surplus (deficit) of capital funding (C - D)	-300	-345	-264
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	49	49	49

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR ROADING & FOOTPATHS (INCL ROAD SAFETY & PATHWAYS)/NGĀ HUARAHI ARA RAU

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	39	42	40
Targeted Rates	6,801	6,910	6,502
Subsidies and grants for operating purposes	4,907	4,694	5,022
Fees and charges	112	110	187
Internal Charge and Overheads Recovered	743	0	1,268
Local authorities fuel tax, fines, infringement fees and other receipts	1,273	1,687	1,195
Total operating funding (A)	13,875	13,443	14,214
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	9,147	9,140	9,863
Finance Costs	233	266	283
Internal Charges and Overheads applied	519	306	401
Operating funding applications	0	0	0
Total applications of operating funding (B)	9,899	9,711	10,547
Surplus (deficit) of operating funding (A-B)	3,976	3,732	3,667
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	4,599	4,175	4,580
Development and financial contributions	0	0	0
Increase (decrease) in debt	97	-172	1,070
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	4,696	4,003	5,650

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR ROADING & FOOTPATHS (INCL ROAD SAFETY & PATHWAYS)/NGĀ HUARAHI ARA RAU

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	2,127	1,401	2,091
- To replace existing assets	6,202	6,710	6,119
Increase (decrease) in reserves	343	-376	1,108
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	8,672	7,735	9,318
Surplus (deficit) of capital funding (C - D)	-3,976	-3,732	-3,667
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	6,438	6,955	7,266

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FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR COMMUNITY FACILITIES / NGĀ WHARE-Ā-HAPORI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	5,301	6,102	5,605
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	21	7	23
Fees and charges	2,034	2,072	2,153
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	3,051	3,153	3,281
Total operating funding (A)	10,407	11,334	11,062
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	5,843	6,338	6,494
Finance Costs	1,516	1,637	1,257
Internal Charges and Overheads applied	1,214	1,232	1,383
Operating funding applications	40	0	40
Total applications of operating funding (B)	8,613	9,207	9,174
Surplus (deficit) of operating funding (A-B)	1,794	2,127	1,888
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-93	497	1,663
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	10	8	5
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	-83	505	1,668

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR COMMUNITY FACILITIES / NGĀ WHARE-Ā-HAPORI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	428	49	340
- To replace existing assets	1,283	2,031	1,977
Increase (decrease) in reserves	0	553	1,240
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	1,711	2,632	3,557
Surplus (deficit) of capital funding (C - D)	-1,794	-2,127	-1,888
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	2,902	3,288	2,839

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FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR ARTS & CULTURE / NGĀ MAHI Ā-TOI ME RĒHIA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,550	2,584	2,584
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	42	43	43
Fees and charges	34	42	35
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	571	528	643
Total operating funding (A)	3,197	3,197	3,305
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,970	1,897	1,963
Finance Costs	53	52	36
Internal Charges and Overheads applied	814	832	959
Operating funding applications	0	0	0
Total applications of operating funding (B)	2,837	2,781	2,958
Surplus (deficit) of operating funding (A-B)	360	416	347
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-44	-19	-45
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	-44	-19	-45

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR ARTS & CULTURE / NGĀ MAHI Ā-TOI ME RĒHIA

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	280	391	367
Increase (decrease) in reserves	36	7	-65
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	316	397	302
Surplus (deficit) of capital funding (C - D)	-360	-416	-347
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	453	503	487

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 49

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR DISTRICT ECONOMY / WHAKATIPURANGA O TE ROHE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	929	890	1,063
Targeted Rates	166	169	166
Subsidies and grants for operating purposes	13	14	24
Fees and charges	242	130	91
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	693	1,187	1,094
Total operating funding (A)	2,043	2,390	2,438
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,025	968	1,048
Finance Costs	347	575	399
Internal Charges and Overheads applied	247	233	330
Operating funding applications	287	289	289
Total applications of operating funding (B)	1,906	2,065	2,067
Surplus (deficit) of operating funding (A-B)	137	325	371
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-115	727	2,020
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	3,339	0	1,022
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	3,224	727	3,042

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 50

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR DISTRICT ECONOMY / WHAKATIPURANGA O TE ROHE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	3,166	1,000	3,196
- To replace existing assets	0	0	0
Increase (decrease) in reserves	195	52	217
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	3,361	1,052	3,413
Surplus (deficit) of capital funding (C - D)	-137	-325	-371
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	105	280	333

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 51

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR COMMUNITY DEVELOPMENT / WHAKAWHANAKE HAPORI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	921	886	1,003
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	250	234	293
Total operating funding (A)	1,171	1,120	1,296
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	269	373	371
Finance Costs	63	63	52
Internal Charges and Overheads applied	242	217	269
Operating funding applications	575	505	578
Total applications of operating funding (B)	1,149	1,158	1,270
Surplus (deficit) of operating funding (A-B)	22	-38	26
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	-25	-28
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	-25	-28

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR COMMUNITY DEVELOPMENT / WHAKAWHANAKE HAPORI

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
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	-63	-2
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	-6	-63	-2
Surplus (deficit) of capital funding (C - D)	-22	38	-26
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	2	1	1

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 53

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR ENVIRONMENTAL SUSTAINABILITY / TOITŪ TE TAI AO

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	742	722	753
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	166	169	180
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	247	235	268
Total operating funding (A)	1,156	1,126	1,201
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	669	729	758
Finance Costs	0	0	0
Internal Charges and Overheads applied	286	290	312
Operating funding applications	0	0	0
Total applications of operating funding (B)	955	1,049	1,070
Surplus (deficit) of operating funding (A-B)	201	77	131
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

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR ENVIRONMENTAL SUSTAINABILITY / TOITŪ TE TAI AO

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	3
- To replace existing assets	0	0	0
Increase (decrease) in reserves	201	77	128
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	201	77	131
Surplus (deficit) of capital funding (C - D)	-201	-77	-131
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	1	1	1

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FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR REGULATORY SERVICES / RATONGA WHAKATURE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	837	817	905
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,656	1,651	1,794
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	167	154	203
Total operating funding (A)	2,660	2,622	2,902
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,771	1,737	1,944
Finance Costs	19	9	19
Internal Charges and Overheads applied	825	845	896
Operating funding applications	0	0	0
Total applications of operating funding (B)	2,615	2,591	2,859
Surplus (deficit) of operating funding (A-B)	46	31	43
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	48	-3	105
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)	48	-3	105

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TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR REGULATORY SERVICES / RATONGA WHAKATURE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	31	0	133
- To replace existing assets	34	12	17
Increase (decrease) in reserves	28	16	-1
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	93	28	149
Surplus (deficit) of capital funding (C - D)	-46	-31	-43
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	46	43	63

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 57

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR COASTAL STRUCTURES / NGĀ MOMO HANGA KI TAI

<i>For the years ended 30 June</i>	<i>2019/20 (\$,000)</i>	<i>2020/21 (\$,000)</i>	<i>Revised Annual Plan 2020/21 (\$,000)</i>
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	54	115	112
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal Charge and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	10	0	24
Total operating funding (A)	64	115	135
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	22	23	23
Finance Costs	27	30	30
Internal Charges and Overheads applied	0	33	60
Operating funding applications	0	0	0
Total applications of operating funding (B)	49	86	113
Surplus (deficit) of operating funding (A-B)	15	29	23
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-57	72	245
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)	-57	72	245

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 58

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR COASTAL STRUCTURES / NGĀ MOMO HANGA KI TAI

<i>For the years ended 30 June</i>	<i>2019/20 (\$,000)</i>	<i>2020/21 (\$,000)</i>	<i>Revised Annual Plan 2020/21 (\$,000)</i>
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	0	161	161
- To replace existing assets	0	107	108
Increase (decrease) in reserves	-42	-168	-1
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	-42	101	268
Surplus (deficit) of capital funding (C - D)	-15	-29	-23
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	296	312	273

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 59

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR CORPORATE ACTIVITIES / NGĀ MAHINGA MATAKITE Ā ROHE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	187	-71	-143
Targeted Rates	280	209	292
Subsidies and grants for operating purposes	0	0	25
Fees and charges	90	93	57
Internal Charge and Overheads Recovered	13,685	13,935	15,034
Local authorities fuel tax, fines, infringement fees and other receipts	2,727	2,570	2,318
Total operating funding (A)	16,969	16,736	17,583
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	11,017	10,684	12,012
Finance Costs	338	405	352
Internal Charges and Overheads applied	3,069	3,410	3,323
Operating funding applications	0	0	62
Total applications of operating funding (B)	14,424	14,499	15,750
Surplus (deficit) of operating funding (A-B)	2,545	2,237	1,833
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	-342	533	-46
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	-342	533	-46

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 60

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR CORPORATE ACTIVITIES / NGĀ MAHINGA MATAKITE Ā ROHE

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	0	0	0
- To improve the level of service	261	691	325
- To replace existing assets	113	699	421
Increase (decrease) in reserves	1,829	1,381	1,042
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	2,203	2,770	1,788
Surplus (deficit) of capital funding (C - D)	-2,545	-2,237	-1,833
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	632	665	773

Funding Impact Statements | South Taranaki District Council's Annual Plan 2020/2021 | 61

FUNDING IMPACT STATEMENTS

FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	15,423	16,077	15,720
Targeted Rates	26,204	27,070	26,326
Subsidies and grants for operating purposes	4,984	4,758	5,137
Fees and charges	6,150	6,230	6,744
Interest and dividends from investments	7,692	8,502	8,491
Local authorities fuel tax, fines, infringement fees and other receipts	2,200	2,165	1,435
Total operating funding (A)	62,653	64,801	63,853
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	38,998	39,909	41,923
Finance Costs	6,072	7,485	5,326
Operating funding applications	901	795	970
Total applications of operating funding (B)	45,971	48,189	48,219
Surplus (deficit) of operating funding (A-B)	16,682	16,613	15,635
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	4,599	4,175	4,580
Development and financial contributions	0	0	0
Increase (decrease) in debt	471	1,511	8,606
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	3,349	9	1,027
Other dedicated capital funding	0	0	0
Total sources of capital funding (C)	8,419	5,695	14,213

TE TAUĀKI PŪTEA WHAKAPĀNGA

FUNDING IMPACT STATEMENT FOR WHOLE OF COUNCIL

<i>For the years ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
APPLICATIONS OF CAPITAL FUNDING			
- To meet additional demand	45	95	3,847
- To improve the level of service	7,253	4,309	8,363
- To replace existing assets	10,564	16,229	15,270
Increase (decrease) in reserves	7,239	1,675	2,367
Increase (decrease) in investments	0	0	0
Total applications of capital funding (D)	25,101	22,307	29,847
Surplus (deficit) of capital funding (C - D)	-16,682	-16,613	-15,635
Funding Balance ((A - B) + (C - D))	0	0	0
Excludes depreciation of:	17,738	19,227	19,083

FUNDING IMPACT STATEMENT - RATING

FUNDING IMPACT STATEMENT - RATING

				For the years ended 30 June	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
RATE				Rating Amount 2020/21 (inclusive of GST)	(exclusive of GST)		
General rates	Capital Value Rating		0.08783c per \$ of capital value	8,112	8,441	8,411	
Uniform Annual General Charge (UAGC)	A fixed amount per separately used or inhabited part (SUIP) of a rating unit - <i>see definition below</i>		\$604.00 per portion of rating unit	7,383	7,711	7,383	
Total General and Uniform Annual General Charge Rates				15,495	16,152	15,794	
TARGETED RATE							
	Rating Matter (Schedule 2)	Rating Factor (Schedule 3)					
Roading	All rating units	Capital Value	0.06789c per \$ of capital value	6,801	6,910	6,502	
Total Rooding Targeted Rate				6,801	6,910	6,502	
Total General, UAGC and Rooding Rates				22,296	23,062	22,296	
URBAN WATER							
Connected rating unit	All properties connected to Council's water supply	The number of connections from the land within each rating unit to the Council's water scheme	\$624.45 on each SUIP* of a rating unit	4,309	4,415	4,311	
Water meter charge up to <=32mm connection	All properties connected to Council's water supply	The number of connections from the land within each rating unit to the Council's water scheme	\$150 per connection	62	62	62	
Water meter charge up to <=32mm connection with backflow			\$260 per connection	79	79	79	
Water meter charge up to <=40mm connection			\$175 per connection	3	3	3	
Water meter charge up to <=40mm connection with backflow			\$325 per connection	5	5	5	
Water meter charge up to <=50mm connection with backflow			\$460 per connection	9	9	9	
Water meter charge up to > 50mm connection with backflow			\$630 per connection	10	10	10	

PŪRONGO PŪTEA WHAKAPĀNGA – TĀKE KAUNIHERA

FUNDING IMPACT STATEMENT - RATING

				For the years ended 30 June	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
Serviceable rating unit	All properties that have a connection available to Council's water supply	Extent of provision of service	\$312.23 per serviceable SUIP* of a rating unit	78	80	82	
Metered consumers - Town	Not required		\$2.62 per cubic metre	570	624	570	
Metered consumers - High User		\$2.62 per cubic metre	1,560	1,584	1,560		
Metered consumers - Extra High User		\$2.84 per cubic metre	1,606	1,690	1,606		
Total Urban Water Rates				8,291	8,559	8,297	
OTHER WATER SCHEMES							
Waimate West Metered Consumers	Not required		\$1.08 per cubic metre	4,611	4,768	4,620	
Water meter charge up to <=32mm connection	All properties connected to Council's water supply and where land is situated	The number and nature of connections from the land within each rating unit to the Council's water scheme	\$150 per connection	2	2	2	
Water meter charge up to <=32mm connection with backflow			\$260 per connection	189	189	189	
Water meter charge up to <=40mm connection			\$175 per connection	0	0	0	
Water meter charge up to <=40mm connection with backflow			\$325 per connection	37	37	37	
Water meter charge up to <=50mm connection with backflow			\$460 per connection	2	2	2	
Water meter charge up to >50mm connection with backflow			\$630 per connection	7	7	7	
Total Water						13,138	13,564

FUNDING IMPACT STATEMENT - RATING

FUNDING IMPACT STATEMENT - RATING

				2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
				For the years ended 30 June		
WASTEWATER						
Connected rating unit	All properties connected to Council's wastewater supply	The number of connections from the land within each rating unit to the Council's wastewater scheme	\$678.50 on each SUIP* of a rating unit	4,683	5,066	4,693
Serviceable rating unit	All properties that have a connection available to Council's wastewater supply	Extent of provision of service	\$339.25 per serviceable SUIP* of a rating unit	88	93	87
Total Wastewater Rates				4,771	5,159	4,781
Kerbside Collection Targeted Rate - Urban	The number of rating unit where the service is available	The number of bins provided to the property (extent of provision of service)	\$264.50 per set of bins per rating unit	1,635	1,662	1,638
Kerbside Collection Targeted Rate - Rural	The number of rating unit where the service is available	The number of bins provided to the property (extent of provision of service)	\$264.50 per set of bins per rating unit	289	288	293
Eltham Drainage Rate	Class A Land	Land Value	0.01079c per \$ of land value	6	6	6
	Class B Land	Land Value	0.00702c per \$ of land value	1	1	1
	Class C Land	Land Value	0.00376c per \$ of land value	1	2	2
Hāwera Business Rate	All Rating Unit	Capital Value	0.08968c per \$ of capital value	166	169	166

PŪRONGO PŪTEA WHAKAPĀNGA – TĀKE KAUNIHERA

FUNDING IMPACT STATEMENT - RATING

				2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
				For the years ended 30 June		
Warmer Homes Scheme Rate	All properties that have a warmer homes scheme funding	The value of the service provided	VTR - 15% of the service amount	280	209	299
Total Targeted Rates				20,288	21,062	20,341
Total Rates Levied				42,584	44,124	42,637

OTHER FUNDING MECHANISMS

	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
	For the years ended 30 June		
User fees and charges	6,150	6,230	6,744
General Interest	190	286	301
Earnings Long Term Investment Fund	7,502	8,216	8,190
Operational grants and subsidies	4,984	4,758	5,137
Capital contributions, grants and subsidies	7,949	4,184	5,608
Sundry Revenue	2,200	2,165	1,435
Loans Raised	3,849	5,413	12,337
Number of Rating Units	14,165	14,217	14,057

*SUIP - Separately used or uninhabited part of a rating unit

*As at 30 June of the preceding year, e.g. 2030/21 = as at 30 June 2020.

FUNDING IMPACT STATEMENT - RATING

GENERAL RATES

The Council will set a general rate based on the capital value rating system. The capital value rating system for general rates was preferred over land value and more targeted rates because of its greater tendency to match the "ability to pay".

UNIFORM ANNUAL GENERAL CHARGE

The Council will set a uniform general charge (UAGC) which is a fixed amount assessed on every separately used or inhabited part (SUIP) of a rating unit in the District. It is calculated according to the Council's judgement on the proper balance between the fixed and variable parts of the general rate and any consequential impacts on individuals and groups of ratepayers.

ROADING RATE

The roading rate is based on capital value, assessed on all rateable rating units in the District to fund the maintenance and development of the roading network.

TARGETED RATES

The Council will charge the following targeted rates:

- > Water (not-metered and metered)
- > Wastewater
- > Kerbside collection services
- > Hāwera Business Rate for town promotion
- > Eltham Drainage Rate
- > Warmer Homes Scheme

WATER SUPPLY

The water supply rate funds treatment and distribution of water supply. The Council has the following mechanism of payment for water supply:

NOT METERED

- > A fixed charge being a uniform targeted rate for each SUIP that is connected to an urban water supply and not metered.

WATER DIFFERENTIALS

The differential categories for the uniform water supply rate are:

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

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; and
- > An amount per connection, based on connection size and backflow prevention availability.

WATER BY METER RATE – URBAN WATER SUPPLY

In 2011/12, the Council proposed that the urban water per cubic metre rate be increased by 25% per annum. The majority of urban residents who pay the urban water per cubic metre rate do not use large amounts of water, so the increase was not excessive. However bulk water users on the urban water metered system faced a major cost increase at the time. For this reason and based on feedback received during the 2011/12 Annual Plan consultation phase, the Council introduced three urban water per cubic metre rate categories. Customers using less than 4 cubic metres per day would be on a town rate, those using more than 4 cubic metres a day would be on a high user rate and the District's two largest consumers, Silver Fern Farms and Riverlands (now ANZCO) would be on an extra high user rate.

The Council identified different types of users at the time and wrote to each customer affected by these different categories to explain its intention to smooth the rate by charging 10% per annum for the high and extra high users until the rates were all the same, which would then be called the town rate. The categories only apply to the customers identified in 2011/12. Any new connections that fall within these different categories after 2011/12 would automatically be on the town rate.

PŪRONGO PŪTEA WHAKAPĀNGA – TĀKE KAUNIHERA

WASTEWATER

The wastewater rate funds treatment and disposal of wastewater as a fixed amount per separately used or inhabited part of a rating unit.

WASTEWATER DIFFERENTIALS

The differential categories for the wastewater disposal rate are:

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

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.

The targeted rates for kerbside collection are:

- > Urban - \$264.50 for each set of bins (refuse and recycling) on every rating unit situated within the urban areas of Pungarehu, Rāhotu, Ōpunakē, Kaponga, Eltham, Manaia, Ōhawe, Hāwera, Normanby, Pātea, Waverley and Waverley Beach where the service is available.
- > Rural - \$264.50 for each set of bins (refuse and recycling) on every rating unit situated within the rural area where the service is available and where the Council is prepared to provide the service.

HĀWERA BUSINESS 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.

ELTHAM DRAINAGE RATE

The Council has a targeted rate for drainage maintenance work in the Eltham drainage area 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.

FUNDING IMPACT STATEMENT - RATING

VOLUNTARY TARGETED RATE - WARMER HOMES SCHEME

The Warmer Homes Scheme rate is a targeted rate set on properties that benefit from the installation of insulation and approved heating products provided by the Council. The rate is calculated as a percentage of the service amount (the cost of the installation) until the service amount and the costs of servicing the service amount are recovered.

LUMP SUM CONTRIBUTIONS

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

DEFINITION OF SUIP:

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

GUIDELINES

Any part of a rating unit means:

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

EXAMPLES OF RATING IMPACT

The examples on page 20 show the impact of the rating proposals on low, medium and high valued urban and rural properties as well as one example of 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 metre rates and Warmer Homes Scheme rates.

PŪRONGO PŪTEA WHAKAPĀNGA – TĀKE KAUNIHERA

RATING BASE INFORMATION

	2020/21
The projected number of rating units	14,080
The projected total capital value rating units	\$11,013,000,000
The projected land value rating units	\$7,500,500,000

RATES DUE DATES

There will be four equal rates instalments for the 2020/21 rating year. The due dates are as follows:

Instalment	Due Date
Instalment 1	26 August 2020
Instalment 2	25 November 2020
Instalment 3	24 February 2021
Instalment 4	26 May 2021

A 10% instalment penalty will be charged on any instalment which remains unpaid after the due date, to be added at the following dates:

Instalment	Due Date
Instalment 1	27 August 2020
Instalment 2	26 November 2020
Instalment 3	25 February 2021
Instalment 4	27 May 2021

WATER RATES DUE DATES

The following are the due dates for water by meter (and water meter Servicing) rates invoices:

Invoice Month	Due Date
July 2020	20 August 2020
August 2020	21 September 2020
September 2020	20 October 2020
October 2020	20 November 2020
November 2020	21 December 2020
December 2020	20 January 2021
January 2021	22 February 2021
February 2021	22 March 2021
March 2021	20 April 2021
April 2021	20 May 2021
May 2021	21 June 2021
June 2021	20 July 2021

If an invoice includes consumption over the period spanning two financial years this will be pro-rated (i.e. per cubic meter rate will be charged at the relevant year's applicable rate).

FUNDING IMPACT STATEMENT - RATING

PAYMENTS

Rates are payable at the following locations:

	Address
Eltham LibraryPlus	High Street, Eltham
Hāwera Administration Building	Albion Street, Hāwera
Hāwera LibraryPlus	High Street, Hāwera
Kaponga LibraryPlus	Egmont Street, Kaponga
Manaia LibraryPlus	South Road, Manaia
Ōpunakē LibraryPlus	Napier Street, Ōpunakē
Pātea LibraryPlus	Egmont Street, Pātea
Waverley Libraryplus	Weraroa Road, Waverley

The payment facilities available at the Council offices include cash, cheque and EFTPOS. The Council also accepts payment of rates by credit card via our online facility. Alternatively, the Council offers the option of paying rates by direct debit, on a weekly, fortnightly, monthly, quarterly, or annual basis. Rates can also be paid by phone or internet banking and automatic payments. Please contact Customer Services on 06 278 0555 or 0800 111 323 for further information, or refer to www.southtaranaki.com.

DISCOUNTS FOR PROMPT PAYMENTS

The Council offers a discount for ratepayers who pay their total annual rates assessment by the due date for the first instalment. The discount rate for 2020/21 is 3%.

RATES RELIEF IN SPECIAL CIRCUMSTANCES

The Council provides for the remission and postponement of rates in some special circumstances, as defined in our Rates Remissions and Postponement Policies (available from the Council offices or online at www.southtaranaki.com).

PROSPECTIVE FINANCIAL STATEMENTS



PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE / TE TAUĀKI PŪTEA TAWHITIROA

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
REVENUE			
Revenue from exchange transactions			
- Water by meter rate	8,207	9,155	8,578
- LTIF Income	7,502	8,216	8,190
- Interest Income	190	286	301
Revenue from non-exchange transactions			
- Rates	33,420	33,992	33,468
- Fees and charges	6,150	6,230	6,744
- Sundry revenue	2,200	2,165	1,435
- Operational grants and subsidies	4,984	4,758	5,137
- Capital Contributions, grants and subsidies	7,949	4,184	5,608
Total Revenue	70,602	68,985	69,461
EXPENDITURE			
Community Development	1,151	1,158	1,271
Arts and Culture	3,268	3,263	3,429
Democracy and Leadership	3,128	2,960	3,095
District Economy	2,002	2,345	2,390
Environmental Sustainability	956	1,050	1,071
Regulatory Services	2,660	2,634	2,922
Community Facilities	11,072	12,044	11,595
Roading and Footpaths	15,464	16,534	16,436
Solid Waste	3,605	3,505	4,082
Stormwater	1,097	1,248	1,129

Prospective Financial Statements | South Taranaki District Council's Annual Plan 2020/2021 | 74

TE TAUĀKI PŪTEA TAWHITIROA

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE / TE TAUĀKI PŪTEA TAWHITIROA

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
Wastewater	5,927	6,136	6,176
Waster Supply Services	11,795	12,946	11,863
Coastal Structures	344	398	386
Corporate Activities	1,239	1,196	1,458
Total Expenditure	63,708	67,415	67,302
Net cost of services - Surplus/(Deficit)	6,894	1,570	2,159
Taxation	0	0	0
Surplus/(Deficit) after taxation	6,894	1,570	2,159
Disclosures			
Total expenditure includes:			
Direct Costs	39,898	40,702	42,893
Interest	6,072	7,485	5,326
Amortisation and Depreciation	17,738	19,227	19,083

*The Council 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 | South Taranaki District Council's Annual Plan 2020/2021 | 75

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

<i>For the year ended 30 June</i>	2019/20 <i>(\$,000)</i>	2020/21 <i>(\$,000)</i>	Revised Annual Plan 2020/21 <i>(\$,000)</i>
REVENUE			
Revenue from exchange transactions			
- Water by meter rate	8,207	9,155	8,578
- LTIF Income	7,502	8,216	8,190
- Interest Income	190	286	301
Revenue form non-exchange transactions			
- Rates	33,420	33,992	33,468
- Fees and charges	6,150	6,230	6,744
- Sundry revenue	2,200	2,165	1,435
- Operational grants and subsidies	4,984	4,758	5,137
- Capital Contributions, grants and subsidies	7,949	4,184	5,608
Total Revenue	70,602	68,985	69,462
EXPENDITURE			
Other costs	39,898	40,702	42,893
Interests	6,072	7,485	5,326
Depreciation	17,738	19,227	19,083
Total Expenditure	63,708	67,415	67,302
Net cost of service - Surplus (Deficit)	6,894	1,570	2,159
Gains on assets revaluations	56,572	-	-
Total comprehensive income for the year	63,466	1,570	2,159

TE TAUĀKI PŪTEA TAWHITIROA

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

<i>For the year ended 30 June</i>	2019/20 <i>(\$,000)</i>	2020/21 <i>(\$,000)</i>	Revised Annual Plan 2020/21 <i>(\$,000)</i>
EQUITY AT THE START OF THE YEAR	853,140	910,623	908,547
Gain on asset revaluations	56,572	0	0
Net income recognised directly in equity			
Surplus/(Deficit) for the year	6,894	1,570	2,159
Total recognised income and expenses	6,894	1,570	2,159
EQUITY AT THE END OF THE YEAR	916,606	912,194	910,706

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
CURRENT ASSETS			
Cash and cash equivalents	6,957	3,616	5,097
Accounts Receivable	12,000	10,123	10,265
Stocks	160	148	207
Prepayments	3,318	641	2,260
Long Term Investment Fund	101,100	109,870	106,665
Total Current Assets	123,535	124,397	124,494
NON CURRENT ASSETS			
Long Term Investment Fund	25,275	27,467	26,666
Intangible Assets	511	611	511
Property, Plant and Equipment	907,732	916,164	908,716
Other Investments	3,150	7,609	3,566
Other Assets	0	171	0
Total Non Current Assets	936,668	952,023	939,459
Total Assets	1,060,203	1,076,420	1,063,953
CURRENT LIABILITIES			
Other Current Liabilities	1,111	1,082	910
Accounts Payable	9,729	10,428	9,365
Income Received in Advance	864	1,076	758
Current Portion of Term Liabilities	20,098	93	25,105
Total Current Liabilities	31,802	12,679	36,138

TE TAUĀKI PŪTEA TAWHITIROA

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
NON CURRENT LIABILITIES			
Term Liabilities	101,481	143,379	102,889
Landfill Aftercare Provision & Other Liabilities	10,314	8,168	14,220
Total Non Current Liabilities	111,795	151,547	117,109
Total Liabilities	143,597	164,226	153,247
Net Assets	916,606	912,194	910,706
REPRESENTED BY:			
Accumulated Balances	425,737	422,507	403,684
Restricted and Statutory Reserves	1,617	1,436	1,973
Investment Revaluation Reserves	196	120	36
Separate Operating Reserves	8,682	2,233	3,387
Capital Replacement Reserves	622	638	160
Council Created Reserves	126,867	137,827	150,764
Asset Revaluation Reserves	352,885	347,433	350,702
Total Equity	916,606	912,194	910,706

PROSPECTIVE FINANCIAL STATEMENTS

PROSPECTIVE STATEMENT OF CASH FLOWS

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
CASH FLOW FROM OPERATING ACTIVITIES			
Cash will be provided from:			
Rates	40,673	43,465	42,544
Dividends	0	0	0
Interest on Investments	1,841	2,093	2,090
Other Revenue	21,283	17,336	18,924
Regional Council Rates	2,250	2,300	2,250
	66,047	65,195	65,809
Cash will be applied to			
Payments to Suppliers & Employees	39,622	39,762	43,855
Agency Rates paid over	2,250	2,300	2,250
Interest Paid on Loans	6,072	7,485	5,326
	47,944	49,547	51,431
Net Cash from Operating Activities	18,103	15,648	14,378
Cash will be provided from:			
Net cash inflow from Investments	6,891	3,301	4,668
Total Investing cash provided	6,891	3,301	4,668
Cash will be applied to:			
Purchase and Development of Fixed Assets	17,862	20,632	30,395
Purchase of Investments	0	0	0
Total Investing Cash Applied	17,862	20,632	30,395
Net Cash From Investing Activities	-10,971	-17,331	-25,727

Prospective Financial Statements | South Taranaki District Council's Annual Plan 2020/2021 | 80

TE TAUĀKI PŪTEA TAWHITIROA

PROSPECTIVE STATEMENT OF CASH FLOWS

<i>For the year ended 30 June</i>	2019/20 (\$,000)	2020/21 (\$,000)	Revised Annual Plan 2020/21 (\$,000)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash will be provided from:			
Loans Raised	3,849	5,413	12,337
Loans Raised - Current Portion	25,000	0	0
Total Financing Cash Provided	28,849	5,413	12,337
Cash will be applied to:			
Repayment of Loans	7,878	3,902	3,773
Repayment of Loans - Current Portion	25,000	0	0
Total Financing Cash Applied	32,878	3,902	3,773
Net Cash from Financing Activities	-4,029	1,511	8,564
Net Increase/(Decrease) in Cash Held	3,102	-172	-2,785
Total Cash Resources at 1 July	3,855	3,788	7,882
Total Cash Resources at 30 June	6,957	3,616	5,097

Prospective Financial Statements | South Taranaki District Council's Annual Plan 2020/2021 | 81

STATEMENT OF SPECIAL RESERVES FUNDS

The following Statement of Special Reserves Funds concerns the created reserves component of the Council's equity. The Council has an obligation to manage its 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 its ratepayers as a whole and in part.

There are several types of Council created reserves, which are monies set aside for a specific purpose, and these are disaggregated into the following categories:

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

SEPARATE RATE RESERVES

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

SEPARATE OPERATING RESERVES

	Opening balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing balance \$000	Purpose of funds
Roading	1,624	17,214	-16,234	-2,210	394	To keep surpluses/deficits in each activity separate from other activities.
Regional Road Safety	28	312	-311	0	29	To keep surpluses/deficits in each activity separate from other activities.
Water Supply Urban	263	8,783	-8,223	0	823	To keep surpluses/deficits in each activity separate from other activities.
Wastewater	-516	6,122	-6,593	0	-987	To keep surpluses/deficits in each activity separate from other activities.
Eltham Drainage	26	9	-6	0	29	To keep surpluses/deficits in each activity separate from other activities.
Water Supply Waimate West/Inaha	4,527	5,092	-4,614	-3,497	1,508	To keep surpluses/deficits in each activity separate from other activities.
Solid Waste Collection	1,469	2,168	-2,066	0	1,571	To keep surpluses/deficits in each activity separate from other activities.
Water Supply - Nukumarū	-21	0	0	21	0	To keep surpluses/deficits in each activity separate from other activities.
Hāwera Town Co-ordinator	20	166	-166	0	20	To keep surpluses/deficits in each activity separate from other activities.
	7,420	39,866	-38,213	-5,686	3,387	

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

TE PŪTEA PENAPENA MOTUHAKA

COUNCIL CREATED RESERVES

	Opening balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing balance \$000	Purpose of funds
Safer Communities	6	0	0	0	6	To manage the balance of funds from Safer Community grants to be used on youth programmes.
Economic Development Fund	78	2	0	0	80	The purpose of the reserve is to enable the Council to strategically intervene when required by practically supporting new business.
Painting Reserves	300	270	-560	0	10	To fund various painting projects.
Forestry	171	5	0	0	176	To manage income and expenditure relating the to joint venture forestry investment.
Ōkōtuku Domain	16	6	0	0	22	To manage revenue from the leasing of Crown land which has been vested in the Council on behalf of the Ōkōtuku Domain committee.
Centennial Close 1% Contribution	4	3	-3	0	4	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	130,741	9,047	-7,794	1,337	133,331	To manage funds derived from the sale of the Council's shareholding in Egmont Electricity and to provide a rates subsidy.
Riparian/Indigenous	60	40	-38	0	62	To fund riparian planting throughout the District.
Urban Redevelopment	51,040.85	(34,989.77)	36,521.00		52,572.07	To fund riparian planting throughout the District.
LTIF Internally Invested Fund	18,249	0	0	-1,337	16,912	Debt funding from the LTIF
Tourism Reserves	120	80	-40	0	160	To fund various tourism related projects.
	149,746	9,453	-8,435	0	150,764	

* Excludes internal borrowing

CAPITAL REPLACEMENT RESERVES

	Opening balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing balance \$000	Purpose of funds
	171	0	0	-11	160	To manage funds derived from funded depreciation for funding of capital expenditure on selective 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	15	1	0	0	16	To hold funds from property sold in the Eltham ward for funding of various projects in the Eltham ward.
Pool Plant	36	1	0	0	37	To provide funds for District pools.
Larcom Bequest - Turuturu Mokai	99	3	0	0	102	To manage a bequest from Samuel Larcom which was divided into four parts, 1/4 for Parks and Reserves, 1/4 for Turuturu Mokai Reserve, 1/4 for Egmont A & P Association and 1/4 for the Pukeiti Rhododendron Trust.
Pātea Property	140	4	0	0	144	To hold funds from property sold in the Pātea ward for funding of various projects in the Pātea ward.
Wairoa Recreation Reserve	562	17	0	39	619	To manage revenue from the leasing of Crown land which has been vested in the Council and fees/charges from the campground for capital works on the Wairoa Recreation Reserve.
Harbour Endowment	272	9	-5	54	330	To manage lease income from land formerly owned by the Pātea Harbour Board 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	67	4	0	-4	67	To provide grants of up to \$400 towards tertiary education for eligible applicants. Only interest income from the fund may be used.
Kaūpokonui Beach	58	22	-10	0	70	To manage lease income from Crown land vested in the Council for capital works requested by the Kaūpokonui Beach Society.
	1,249	61	-15	89	1,384	

TE PŪTEA PENAPENA MOTUHAKA

STATUTORY RESERVES

	Opening balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing balance \$000	Purpose of funds
Eltham Reserve Contributions	44	1	0	0	48	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Eltham ward.
District Reserve Contributions	237	5	-113	0	129	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the District.
Hāwera Reserves Contributions	58	2	0	0	60	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Hāwera ward.
Waimate Development Levy	286	14	-14	0	286	To hold funds derived from a levy on Kāpuni Petrochemical Development for the funding of projects on public assets on Council-owned property or reserves located within the boundaries of the old Waimate Plains District Council. The principal fund to remain at no less than \$260,000.
Ōpunakē Reserve Contributions	23	1	0	0	24	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Ōpunakē ward.
Manaia Reserve Contributions	44	1	0	0	45	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Manaia ward.
	692	24	-127	0	589	