

**SOUTH TARANAKI**

**THE MOST**

# **LIVEABLE**

**DISTRICT**



Te Kaunihera o Taranaki ki Te Tonga  
**South Taranaki**  
District Council

**2022/23**

**Ngā Mahere ā tau**  
**Annual Plan**

[www.southtaranaki.com/annualplan](http://www.southtaranaki.com/annualplan)

# Introduction

## Mihi

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

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

Ko wai tērā, ko Taranaki ki te Tonga.

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

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

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

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

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

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

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

*Who are we, South Taranaki.*

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

*Return to Hawaiki nui, Hawaiki roa and  
Hawaiki pāmamao.*

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

*So, the focus for this is the Long Term Plan, to  
Look forward for us the people of South Taranaki.  
To achieve the hopes and dreams to enhance our  
region.*

*In conclusion, to you and us all, Peace flow across us!*

# Ihirangi

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# Te reo maioha ā te Koromatua me te Tumu Whakahaere

## Mayor and Chief Executive's Message

Our Council's long-term vision is to build on our many strengths and make South Taranaki the most liveable District. As such, our focus for the 2022/23 year continues to be on undertaking activities that encourage sustainable, prosperous and vibrant communities through projects such as development of a District business park, revitalisation of the Hāwera town centre, (primarily through the construction of Te Ramanui o Ruapūtahanga), development of town centre upgrades for Eltham, Waverley, Manaia, Pātea and Ōpunakē, implementation of our Environment and Sustainability Strategy, completion of the Nukumarū Station Road extension south of Waverley and further improvements to our roading, water and wastewater infrastructure.

A key feature of the 2022/23 year is the impact the recent (September 2021) District-wide property valuation will have on rates. Since our last valuation three years ago, the District has had an average 20.4% increase in property value, largely driven by increases in the residential (average 86%) and commercial (average 40.7%)

sectors - while dairy and pastoral properties saw a small (average -0.1%) decrease.

The calculation of property rating values and the impact they have on rates is complex. Just because a property rating value may show a change, does not mean that the future rates will change proportionately - rates will only be affected if the property value has increased or decreased by more or less than the average movement across the District. However, to minimise the impact the new property values may have on ratepayers, Council has reduced the proposed 4.68% rate increase, signalled in our Long Term Plan, to 2.84%.

Council has been able to achieve this low increase by reducing the water (-\$28.75), wastewater (-\$11.50) and kerbside rubbish/recycling collection (-\$23) targeted rates (including GST) and funding these activities using accumulated reserves.

As a result, there will be no changes in levels of service, and we will continue to meet our current and

future infrastructure needs without compromising upcoming plans or our overall financial position

Our total operational expenditure across all activities in 2022/23 is \$74.72 million and capital expenditure \$54.06 million. Of this we will spend approximately \$30.55 million on our road activity, including around \$810,000 on footpaths.

The Council's capital works programme includes carry over funds of \$25 million from 2021/22. Delays caused by COVID, interrupted supply of goods and limited contractor availability have reduced the volume of work we planned to undertake in the past year. The Council has taken steps to assist with delivery on the capital works programme including purchasing pipe ahead of key projects, increasing delivery team capacity and spreading funds over a number of years to cover design and build. Two of our major projects, Nukumarū Station Road and Te Ramanui o Ruapūtahanga, are underway and these account for a considerable portion of the carryovers.

Other notable projects that we are

working on in 2022/23 include: building a new reservoir at Waimate West, earthquake strengthening and upgrading the Eltham Town Hall, undertaking water pressure improvements in Pātea, establishment of a business enterprise hub and co-working space and progressing work on a new community facility in Manaia.

The Council is in a sound financial position, has a clear vision for the District and a focused programme of work to achieve that vision.



**Phil Nixon**  
Koromatua o  
Taranaki  
ki te Tonga  
South Taranaki  
Mayor



**Waid Crockett**  
Tumu Whakahaere  
South Taranaki  
District Council  
Chief Executive

**“It’s great to see the exceptional commercial and residential growth currently occurring right across our District. By undertaking projects like the District business park, our town centre upgrades, and the Nukumarū Station Road extension we are creating the conditions that encourage sustainable economic growth across South Taranaki.”**

**Mayor Phil Nixon**



# Ngā Kaikōwhiri Elected Members

## Ō koutou Kaikaunihera Your Councillors



Andy Beccard



Mark Bellringer



Gary Brown



Celine Filbee



Aaron Langton



Steffy Mackay



Mayor Phil Nixon



Robert Northcott



Jack Rangiwahia



Diana Reid



Bryan Roach



Brian Rook



Chris Young

## Ō koutou Poari Hapori Your Community Boards



### Eltham-Kaponga

Lindsay Maindonald, Sonya Douds, Karen Cave and Alan Hawkes



### Pātea

Maria Ferris, Jacq Dwyer, Dianne Lance and Joanne Peacock



### Taranaki Coastal

Sharlee Mareikura, Liz Sinclair, Andy Whitehead and Bonita Bigham.



### Te Hāwera

Raymond Buckland, Nikki Watson, Wayne Bigham and Russell Hockley.

**SOUTH TARANAKI**

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**DISTRICT**

**Section 1**

**Rautaki Anga Whakamua  
Strategic Direction**

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

**SOUTH TARANAKI**

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**DISTRICT**



# Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

## Our Vision and Community Priorities

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

well-being of communities in the present and for the future. We work towards this purpose through our Vision, Community Outcomes and Community Priorities and use these to guide us when making decisions,

developing policies, strategies or determining priorities regarding the activities and services we provide. Our outcomes fall under four main headings:

### VIBRANT SOUTH TARANAKI

(Cultural well-being)



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

### TOGETHER SOUTH TARANAKI

(Social well-being)



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

### PROSPEROUS SUSTAINABLE SOUTH TARANAKI

(Economic well-being)

(Environmental Well-being)



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



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

# Tō Mātou Aronga me ngā Whakaarotau-ā-Hapori

## Our Vision and Community Priorities

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

### Our ten Community Priorities



Innovative and updated community facilities and services across the District



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



Cycleways and pathways for residents and visitors



Revitalise town centres



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



Improve and maintain roads and footpaths



Reliable and safe water supply, wastewater and stormwater



Strong relationships with Iwi and Hapū



Actively engage with the community particularly the youth



Our environment and most valued landscape features are protected



**“We live in one of the best places in the world and we need to build on the many strengths we have to make our District the most vibrant, prosperous and liveable, now and into the future.”**

**Cr Brian Rook**

Kaupapa Mātua hei tautoko tō mātou aronga

# Key Projects/Priorities to Support Our Vision



## VIBRANT SOUTH TARANAKI

Cultural Well-being



### Community priorities

- Develop an **Iwi-Council Partnership Strategy**
- Earthquake strengthening and upgrades to **Eltham Town Hall**
- **Te Ramanui o Ruapūtahanga**, South Taranaki's new Library, Culture and Arts Centre
- Continue to provide community events across the District such as **Arts in the Park, Sounds on the Sand, Movies in the Park, Elektra**
- Replace or strengthen and refurbish the **Manaia War Memorial Hall and Manaia Sports Complex**
- Provide more resources in the Parks team by employing someone to **co-ordinate volunteers and volunteer groups**



## TOGETHER SOUTH TARANAKI

Social Well-being



### Community priorities

- Continue water treatment enhancement and **water pressure improvements in Pātea** \$665,481
- Waimate West **new reservoir** \$2 million
- **Wastewater reticulation** rehabilitation \$1.3 million
- Spend an average of \$31.6 million pa on the road network
- \$2.7 million on **pavement rehabilitation** of our roads
- Undertake a **digital transformation programme** - (\$3 million over five years)

Kaupapa Mātua hei tautoko tō mātou aronga

# Key Projects/Priorities to Support Our Vision



## PROSPEROUS SOUTH TARANAKI

Economic Well-being



### Community priorities

- Develop the **South Taranaki Business Park**
- Undertake **town centre upgrades** in Pātea, Waverley, Manaia, Ōpunakē and Eltham
- Complete the **Nukumarū Station Road extension**
- Develop a **District business innovation and enterprise hub**
- **Subsidise rates** on average by \$6.5 million pa using earnings from the **Long Term Investment Fund**
- Continue work on the **Hāwera town centre upgrades**



## SUSTAINABLE SOUTH TARANAKI

Environmental Well-being

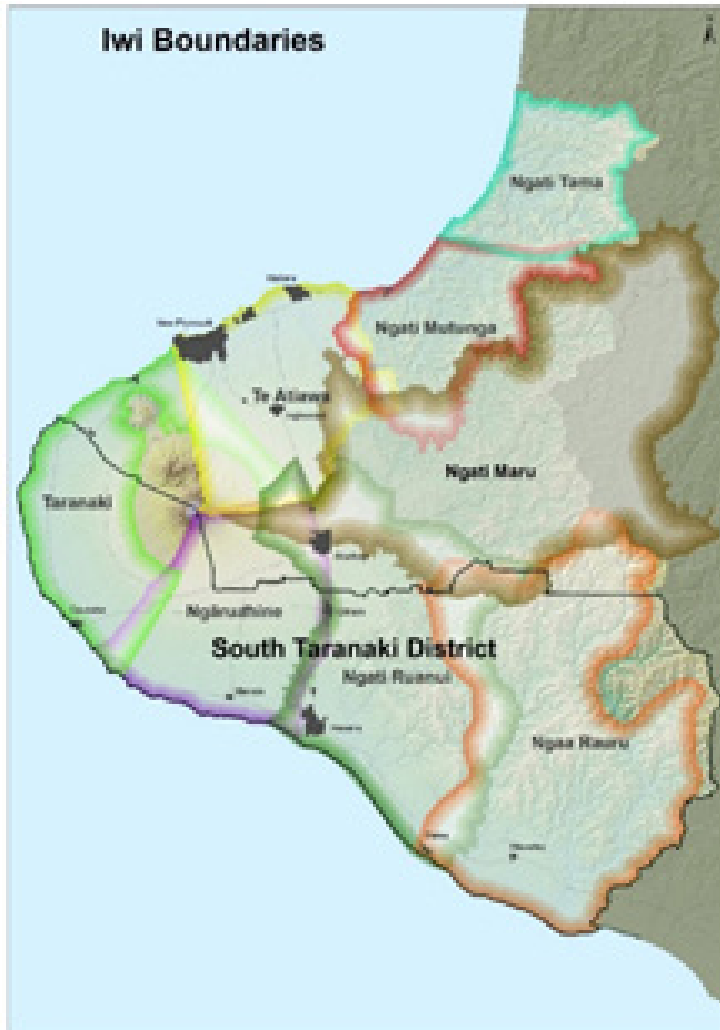


### Community priorities

- Implement our **Environment & Sustainability Strategy**:
  - Develop an **energy and carbon reduction plan** and climate change risk assessment
  - Develop a District-wide **climate change adaptation plan** and support climate change research relevant to the District
  - **Reduce waste** going to landfill by 5% by 2023
  - Review and renew our 2018 **Waste Management and Minimisation Plan**
  - Progress development of a **regional organic waste facility** or facilities
  - Undertake **biodiversity restoration and protection work** in Council parks and reserves
- Maintain **Pātea Moles**

# Working in Partnership with Iwi

## **Ka mahi ngātahi ki te Iwi**



The South Taranaki District Council is committed to upholding the mana of Māori by building strong relationships with Iwi and providing opportunities for Māori to contribute effectively and actively in decision-making processes that will affect the wider community.

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

The four Iwi and the Council have agreed to develop an Iwi-Council Partnership Strategy and an agreement with each Iwi. The intention was to have the Strategy in place by the time the Council's 2021-2031 Long Term Plan took effect. However due to resources, COVID and other factors we were unable to achieve this. We continue to work together with South Taranaki's four Iwi to complete this mahi with the aim of having an Iwi-Council Partnership Strategy ready for the 2024-2034 Long Term Plan.

Although the Strategy is not in place we are still working with Taranaki, Ngāruahine, Ngāti Ruanui and Ngā Rauru Kīitahi Iwi to build relationships and identify areas where Māori can contribute to Council's decision-making processes. A key step for us during the 2022/23 Annual Plan will be the introduction of two Māori wards with one councillor elected from each ward, during the local body elections in October 2022.

**“By working together and continuing to build strong relationships with South Taranaki Iwi we can work collaboratively to be more effective and innovative at improving the wellbeing of all South Taranaki residents.”**

**Cr Gary Brown**





**“The landmark decision to include two Māori wards in this year’s election will change the landscape around our Council table in the second half of the financial year. This should encourage a more inclusive lens on Council’s decision making process and help South Taranaki to be the most liveable District for a greater percentage of its population.”**

**Cr Celine Filbee**

*Photo by Pip Guthrie*

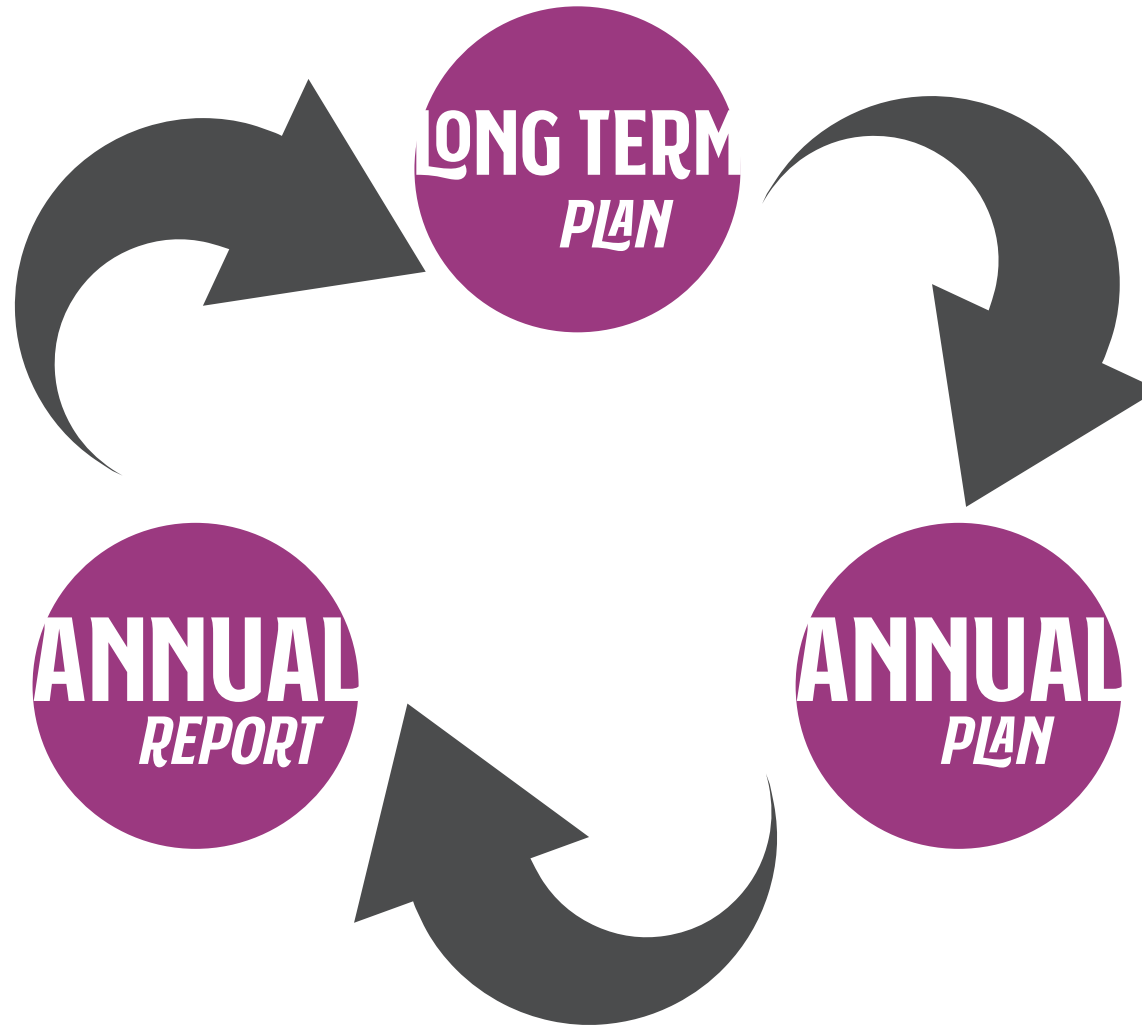


# Te Hōtaka Anga Whakamua, Te Hōtaka ā-Tau me te Wātaka Pūrongo -Tau

## The LTP, Annual Plan and Annual Report Cycle

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

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



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

# Ā mātou mahi

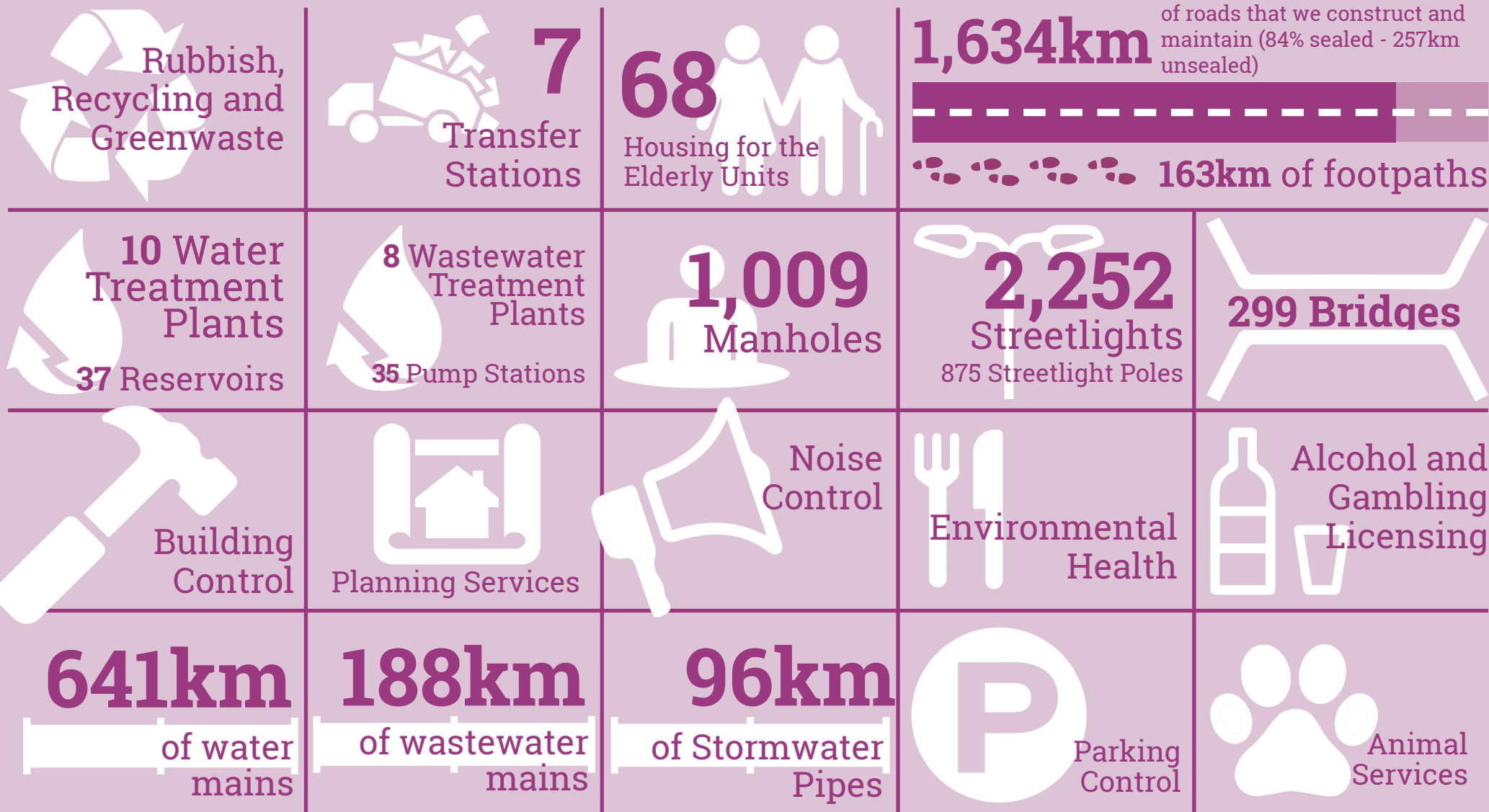
## What we do

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

 <p><b>Community Facilities</b></p>	<p><b>7</b> </p> <p><b>Campgrounds</b></p>	<p><b>7</b> </p> <p><b>Swimming Pools</b> and support Ōpunakē Community Baths financially</p>	<p><b>9</b> </p> <p><b>Urban Halls</b> As well as financially support 34 rural halls</p>	<p><b>TSB Hub</b> and financially support Ōpunakē's Sinclair Electrical and Refrigeration Events Centre</p> 
<p> Financially support Hāwera Cinemas</p>	<p><b>15</b> </p> <p><b>Sportsgrounds</b></p>	<p><b>6</b>  Premier Parks 54 other parks 700 hectares of parks and reserves District-wide</p>	<p><b>6</b> </p> <p><b>Pathways</b></p>	<p><b>38</b> </p> <p><b>Playgrounds</b></p>
<p><b>36</b> </p> <p><b>Public Toilets</b></p>	<p><b>10</b> </p> <p><b>Cemeteries</b></p>	<p><b>Arts and Culture</b> </p>	<p><b>7</b> </p> <p><b>LibraryPlus</b></p>	<p>Have a partnership with <b>Aotea Utanganui Museum of South Taranaki</b></p> 
<p><b>Economic Development</b> </p>	<p><b>Tourism</b> </p>	<p><b>Events</b> </p>	<p><b>South Taranaki i-SITE Visitor Centre</b> </p>	<p><b>Civil Defence</b> </p>

Ā mātou mahi

# What we do



# Ngā tāke Kaunihera Katoa

## All About Rates

### How rates work

This section of the Annual Budget Update provides a brief overview of how our rating system works and examples of what your rates might look like for the 2022/23 year. The Funding Impact Statement includes more information about rates including due dates and rate examples. This lets you see how we calculate your rates, and the services you might be paying for in 2022/23. 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 total rates have increased by 2.84%. This is less than the increase projected in the Long Term Plan (LTP) of 4.68%. The Council has been able to achieve this low increase by reducing the water (-\$28.75), wastewater (-\$11.50) and kerbside rubbish/recycling collection (-\$23.00) targeted rates (including GST) and funding these activities using accumulated reserves. The total collection of the separate targeted rate for Hāwera businesses

in the commercial/industrial zone also remains at the same amount as 2021/22.

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 affects 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 affects rates affordability

Not all of Council's spending is paid for by rates. In fact, 44% will come from other sources in the 2022/23 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 affects rates affordability

There are 14,310 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 among all of these properties and 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 affects 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 that would need to be recovered in the following year or years.



**“By using income from our Council’s Long Term Investment Fund we have been able to support projects and development across the District while also keeping rates affordable.”**

**Cr Jack Rangiwahia**

# Whakataura Reiti

## Rating Examples

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



**URBAN**

	\$200,000 2021/22	\$372,000 2022/23	\$320,000 2021/22	\$595,200 2022/23	\$480,000 2021/22	\$892,800 2022/23	\$600,000 2021/22	\$1,116,000 2022/23
General Rates	\$184.50	\$297.13	\$295.20	\$475.41	\$442.80	\$713.12	\$553.50	\$891.40
Roading	\$127.44	\$196.19	\$203.90	\$313.91	\$305.85	\$470.86	\$382.31	\$588.58
UAGC	\$663.16	\$690.98	\$663.16	\$690.98	\$663.16	\$690.98	\$663.16	\$690.98
Water	\$661.25	\$632.50	\$661.25	\$632.50	\$661.25	\$632.50	\$661.25	\$632.50
Wastewater	\$759.00	\$747.50	\$759.00	\$747.50	\$759.00	\$747.50	\$759.00	\$747.50
Kerbside	\$218.50	\$195.50	\$218.50	\$195.50	\$218.50	\$195.50	\$218.50	\$195.50
<b>Total Rates</b>	<b>\$2,613.85</b>	<b>\$2,759.80</b>	\$2,801.01	\$3,055.80	<b>\$3,050.56</b>	<b>\$3,450.46</b>	<b>\$3,237.72</b>	<b>\$3,746.46</b>
Percentage Increase		5.58%		9.10%		13.11%		15.71%
Dollar Increase		\$145.95		\$254.79		\$399.90		\$508.74

\*2022/23 Property Values projected using average increase (86.0%)



**HÄWERA  
COMMERCIAL**

	\$600,000 2021/22	\$844,200 2022/23
General Rates	\$553.50	\$674.30
Roading	\$382.31	\$445.23
UAGC	\$663.16	\$690.98
Water	\$661.25	\$632.50
Wastewater	\$759.00	\$747.50
Hāwera Business Rate	\$542.04	\$564.13
<b>Total Rates</b>	<b>\$3,561.26</b>	<b>\$3,754.64</b>
Percentage Increase		5.43%
Dollar Increase		\$193.38

\*2022/23 Property Values projected using average increase (40.7%)



**RURAL**

	\$5,300,000 2021/22	\$5,294,700 2022/23	\$8,000,000 2021/22	\$7,992,000 2022/23
General Rates	\$4,889.28	\$4,229.12	\$7,380.04	\$6,383.57
Roading	\$3,377.08	\$2,792.43	\$5,097.47	\$4,215.00
UAGC	\$663.16	\$690.98	\$663.16	\$690.98
Water				
Wastewater				
Hāwera Business Rate				
<b>Total Rates</b>	<b>\$8,929.52</b>	<b>\$7,712.53</b>	<b>\$13,140.67</b>	<b>\$11,289.55</b>
Percentage Increase		(13.63%)		(14.09%)
Dollar Increase		(\$1,216.98)		(\$1,851.12)

\*2022/23 Property Values projected using average change (-0.1%)



**“South Taranaki is a great place to live with our amazing coastlines and incredible Maunga/Mountain. But to be the most liveable District we also need to be affordable - which is why I’m pleased, despite rapidly rising costs, the Council has been able to keep the average rate increase to 2.8%, while continuing to support development across the District.”**

**Cr Andy Beccard**

# Ngā tāke Kaunihera Katoa

## All About Rates

### Projections for General and Targeted Rates

	For the year ended 30 June	2021/22	2022/23
<b>Rate</b>			
District Rate*		3.75%	4.26%
General Rate - Cents per \$		0.09225	0.07987
Roading Rate - Cents per \$		0.06372	0.05274
UAGC		\$663	\$691
<b>Targeted Rates**</b>			
Water Targeted Rate		\$661	\$633
Wastewater Targeted Rate		\$759	\$748
Kerbside Collection Rate		\$219	\$196
Water meter and only charge <= 32mm		\$150	\$150
Water meter and backflow charge <=32mm		\$260	\$260
Water meter and only charge <= 40mm		\$175	\$175
Water meter and backflow charge <=40mm		\$325	\$325
Water meter and backflow charge <=50mm		\$460	\$460
Water meter and backflow charge >50mm		\$630	\$630
<b>Water by meter rates per cubic meter</b>			
Urban - Town (including High User)		\$2.75	\$2.75
Urban Water Extra High User		\$2.97	\$2.97
Waimate West (including Inaha)		\$1.10	\$1.10
<b>Total Rates</b>		<b>4.68%</b>	<b>2.84%</b>

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

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



# Ngā tāke Kaunihera Katoa

## All About Rates

### District Revaluations

The cost of rates vary from property to property depending on the value of your property and the services you receive. Every three years all the properties within the District are valued by an independent valuation company (for example, Quotable Value New Zealand) to reflect market movements and capital improvements undertaken by property owners. Council has no control or influence over this revaluation process.

The latest valuation was done in September last year, and the new capital values will be used for calculating a portion of the 2022/23 rates.

Since our last valuation three years ago the District has had an average increase in property value of 20.4%. This was largely driven by increases in the residential (average 86%) and commercial (average 40.7%) sectors - while dairy and pastoral properties saw a small (average -0.1%) decrease.

### What does this mean for rates?

If your property's valuation increased more than the District average increase (20.4%), you will pay more than the 2.84% rate increase explained in this Plan. Consequently, if your property's capital value did not increase as much as the District's average movement then your rates will not increase as much as indicated and may even decrease.

However, just because your property rating value may have increased by a certain amount, does not mean that your rates will change proportionately. Property rating values are just one component used to determine the share of the total rates paid. In our District only the general and roading portion of your rates are based on your property's capital value. All the other rates are uniform (the same) for all properties for the services being delivered, for example, water, wastewater, kerbside collection.

For example, if a property previously valued at \$200,000 had increased in

value by 86% (which is the average increase for residential properties) to now be worth \$372,000, the rate increase will be 5.58%, not 86%.

Check out the examples we have provided on page 22 as a guide to see how the change in property valuations may affect your property.

### Do the total rates Council collects increase because of property value increases?

No. The total amount of rates collected does not change as a result of the increased value of properties in the District. If you think of the budget like a pie, that pie doesn't get any bigger because of revaluation. Your property's value just determines the portion of the pie that you're going to pay and ensures your portion is the same as others whose properties are valued the same as yours.

# Financial Commentary

## Balanced budget

Under Section 100 of the Local Government Act 2002 (LGA02), a council is required to deliver a balanced budget and explain those areas where projected operating expenditure needs are not met from operating revenues.

In accordance with that requirement, the Council has satisfied itself that it is not financially prudent to fund all/part of the depreciation expenditure on its non-strategic assets. It funds part of the depreciation that will enable components of the assets to be replaced, to ensure that the full useful life of the asset's structure can be achieved. A decision on the total replacement of the asset will be made at the time its useful life has expired.

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

## Forecast Financial Position

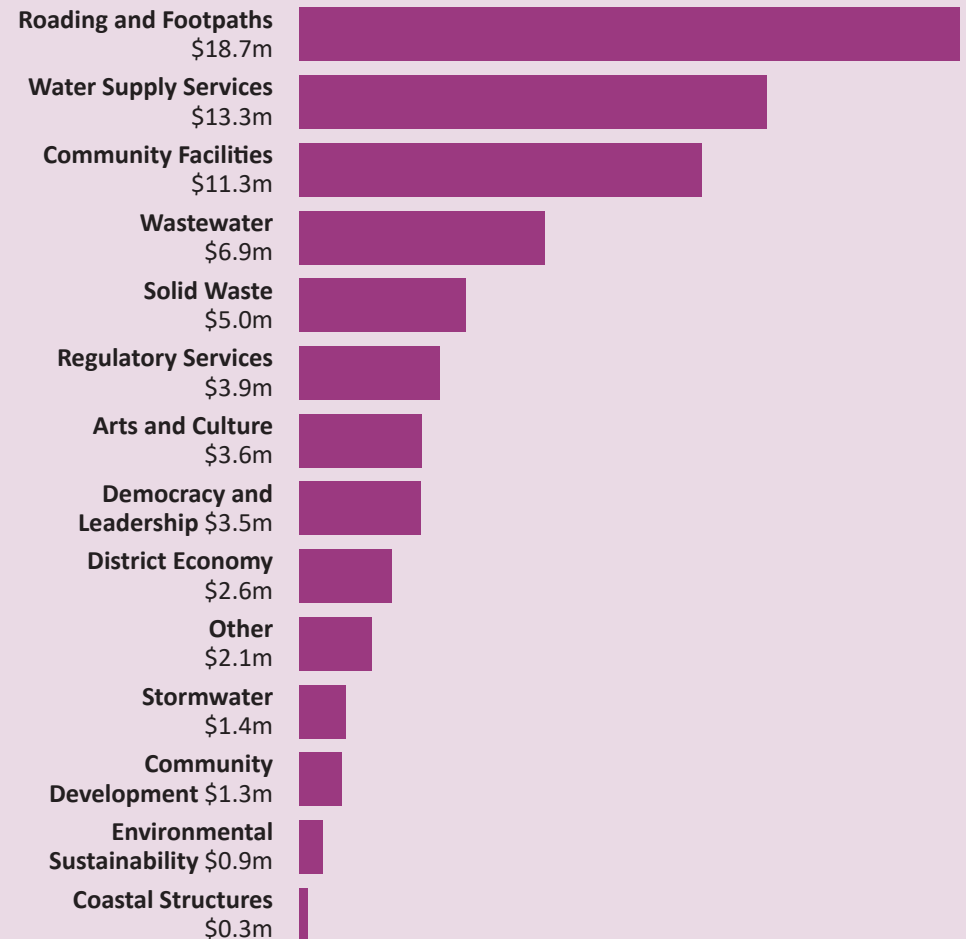
The projected financial position shows

what the Council owns (assets) and what it owes (liabilities) and the difference between them, (equity) is effectively the net value belonging to the Council. In 2022/23 it is forecast that our equity will grow to \$1,001 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.

## 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 \$4,164,000 (\$2,305,000 predicted in the LTP) to \$74.7 million.

## Projected Expenditure - \$74.7m



# Pūrongo Pūtea

## Financial Commentary

### Projected Income- \$80.7m



Our total revenue from rates is projected to increase by \$1,260,000 (as per Funding Impact Statement for Ratings) which is lower than the \$2,054,000 predicted in the LTP. The balance of our income is projected to increase by \$2,707,000 compared to the \$911,000 decrease predicted in the LTP. This is mainly due to an increase in capital contributions, grants and subsidies.

### Debt and Long Term Investment Fund (LTIF)

Our debt is projected to reduce slightly to \$144.90 million (including internal borrowings of \$14.24 million) by the end of 2022/23, as a result of the anticipated level of spending on capital projects in the coming year. Projected loan repayments of \$5.35 million include repayments on internal borrowings of \$1.38 million for 2022/23. We believe 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, including other investments, is projected to be at \$160.55 million including internal borrowings of \$14.24 million. The projected return on the LTIF is \$8.59 million return for 2022/23. The LTIF drawdown has been adjusted higher, to \$8.2m including additional contribution of \$1.1m for the Te Ramanui project that the Council approved in late 2021. It is prudent to highlight the risk associated with the LTIF and the fact that the net debt position can go up or down depending on the LTIF's performance. It is subject to market movements, so there is a potential risk (albeit low) that the 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 is confident its strategy is prudent, sustainable and appropriate for the

long term.

### Inflation

We have predicted inflation mainly by using the Local Government Costs Index (LGCI) provided by BERL. However, looking at the current inflation rate, which is higher than the LGCI, the Council decided to take cautionary approach by adopting a higher inflation rate for large operational contracts relating to Water, Wastewater, Stormwater and Roading activities.

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Democracy and Leadership/Te Poumanukura

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	2,754	2,965	3,000
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	494	512	519
<b>Total operating funding (A)</b>	<b>3,248</b>	<b>3,478</b>	<b>3,519</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	1,133	1,252	1,310
Finance costs	1	0	2
Internal Charges and overheads applied	2,108	2,208	2,191
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,242</b>	<b>3,462</b>	<b>3,503</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>7</b>	<b>16</b>	<b>16</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
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
<b>Total sources of capital funding (C)</b>	<b>0</b>	<b>0</b>	<b>0</b>

<b>Applications of capital funding</b>			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	7	16	16
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>7</b>	<b>16</b>	<b>16</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(7)</b>	<b>(16)</b>	<b>(16)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>7</b>	<b>16</b>	<b>16</b>



We provide governance processes that enable the community to participate in decision-making and ensure quality decisions are made in accordance with statutory requirements.

To do this well we need to keep the community informed about what is happening, how decisions will affect them and how they can participate in meetings and consultation/submission processes.



**“This Annual Plan supports our vision to make South Taranaki the most liveable District. It has a good balance of focussing on our infrastructural needs, while also providing for lifestyle improvements and affordability. It’s particularly pleasing to see our small town centre revitalisation plans get underway and that we are making headway with implementing our Environmental and Sustainability Strategy.”**

**Cr Steffy Mackay**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Water Supply/Ngā Puna Wai

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	14,054	14,585	14,508
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	94	98	97
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	435	450	445
<b>Total operating funding (A)</b>	<b>14,583</b>	<b>15,132</b>	<b>15,050</b>

#### Applications of operating funding

Payments to staff and suppliers	3,771	3,556	3,721
Finance costs	1,725	1,564	1,674
Internal Charges and overheads applied	2,645	2,759	2,804
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>8,142</b>	<b>7,879</b>	<b>8,199</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>6,442</b>	<b>7,253</b>	<b>6,852</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	1,602	2	0
Development and financial contributions	574	634	1,061
Increase (decrease) in debt	9,026	1,171	1,723
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	2
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>11,202</b>	<b>1,806</b>	<b>2,786</b>

#### Applications of capital funding

- To meet additional demand	6,053	225	2,706
- To improve the level of service	4,860	4,207	5,788
- To replace existing assets	6,167	3,734	3,027
Increase (decrease) in reserves	563	893	(1,882)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>17,644</b>	<b>9,060</b>	<b>9,638</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(6,442)</b>	<b>(7,253)</b>	<b>(6,852)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>5,319</b>	<b>5,854</b>	<b>5,834</b>



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

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

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

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	1,102	1,163	1,241
Targeted Rates	9	9	9
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1	1	1
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	198	201	215
<b>Total operating funding (A)</b>	<b>1,309</b>	<b>1,374</b>	<b>1,496</b>

<b>Applications of operating funding</b>			
Payments to staff and suppliers	224	231	219
Finance costs	154	134	156
Internal Charges and overheads applied	365	384	395
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>743</b>	<b>750</b>	<b>770</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>566</b>	<b>624</b>	<b>695</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	319	478	413
Increase (decrease) in debt	1,464	17	1,115
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,783</b>	<b>495</b>	<b>1,528</b>

<b>Applications of capital funding</b>			
- To meet additional demand	1,196	596	1,418
- To improve the level of service	255	110	280
- To replace existing assets	905	411	352
Increase (decrease) in reserves	(7)	2	173
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,349</b>	<b>1,119</b>	<b>2,223</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(566)</b>	<b>(624)</b>	<b>(695)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>689</b>	<b>732</b>	<b>739</b>



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

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

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

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Wastewater/Ngā Parapara

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	0	0	0
Targeted Rates	5,370	5,899	5,341
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1,175	1,216	1,220
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	4	4	4
<b>Total operating funding (A)</b>	<b>6,549</b>	<b>7,119</b>	<b>6,565</b>

#### Applications of operating funding

Payments to staff and suppliers	3,327	3,318	3,394
Finance costs	1,092	1,039	1,135
Internal Charges and overheads applied	1,075	1,110	1,014
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>5,494</b>	<b>5,467</b>	<b>5,543</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>1,055</b>	<b>1,652</b>	<b>1,022</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	640	0	0
Development and financial contributions	164	334	275
Increase (decrease) in debt	3,826	2,115	2,839
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>4,630</b>	<b>2,449</b>	<b>3,113</b>

#### Applications of capital funding

- To meet additional demand	615	636	870
- To improve the level of service	2,073	698	1,045
- To replace existing assets	2,562	2,749	3,502
Increase (decrease) in reserves	435	19	(1,282)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>5,685</b>	<b>4,102</b>	<b>4,135</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,055)</b>	<b>(1,652)</b>	<b>(1,022)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>1,565</b>	<b>1,643</b>	<b>1,723</b>



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

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

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



# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Solid Waste/Para Totoka

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	551	472	551
Targeted Rates	1,604	1,604	1,454
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	1,442	1,591	1,759
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	735	816	867
<b>Total operating funding (A)</b>	<b>4,332</b>	<b>4,483</b>	<b>4,632</b>

#### Applications of operating funding

Payments to staff and suppliers	3,591	3,786	4,363
Finance costs	112	110	121
Internal Charges and overheads applied	450	474	469
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>4,153</b>	<b>4,369</b>	<b>4,953</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>179</b>	<b>114</b>	<b>(321)</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	94	318	6
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>94</b>	<b>318</b>	<b>6</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	194	415	104
- To replace existing assets	101	113	112
Increase (decrease) in reserves	(23)	(96)	(531)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>273</b>	<b>432</b>	<b>(315)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(179)</b>	<b>(114)</b>	<b>321</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>108</b>	<b>155</b>	<b>112</b>



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

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Roothing and Footpaths/Ngā Huarahi Ararau

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	36	35	24
Targeted Rates	6,121	6,472	6,181
Subsidies and grants for operating purposes	6,186	6,140	5,808
Fees and Charges	140	144	143
Internal Charges and Overheads Recovered	771	794	840
Local authorities fuel tax, fines, infringement fees and other receipts	1,318	1,337	1,816
<b>Total operating funding (A)</b>	<b>14,571</b>	<b>14,923</b>	<b>14,811</b>

#### Applications of operating funding

Payments to staff and suppliers	10,986	10,976	11,146
Finance costs	259	229	219
Internal Charges and overheads applied	382	404	369
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>11,628</b>	<b>11,610</b>	<b>11,734</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>2,943</b>	<b>3,313</b>	<b>3,078</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	5,297	5,462	6,179
Development and financial contributions	253	407	412
Increase (decrease) in debt	2,096	(4)	1,126
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>7,646</b>	<b>5,864</b>	<b>7,716</b>

#### Applications of capital funding

- To meet additional demand	1,084	658	1,688
- To improve the level of service	11,339	2,733	3,994
- To replace existing assets	7,700	5,949	6,216
Increase (decrease) in reserves	(9,532)	(162)	(1,104)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>10,589</b>	<b>9,177</b>	<b>10,794</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(2,943)</b>	<b>(3,313)</b>	<b>(3,078)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>7,426</b>	<b>7,931</b>	<b>7,844</b>



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

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

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



**“Your local councillors have local knowledge of our communities. Safe, reliable and accessible roading infrastructure is essential for the District’s social and economic development. I’m pleased in this Annual Plan we have budgeted to invest approximately \$10.8 million on our District road network, which will make our roads safer for everyone to use.”**

**Cr Bryan Roach**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Community Facilities/Ngā Huhua Kaunihera

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
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#### Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	5,636	5,934	6,076
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	7	7	7
Fees and Charges	1,580	1,626	1,610
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	2,914	2,922	2,941
<b>Total operating funding (A)</b>	<b>10,137</b>	<b>10,490</b>	<b>10,635</b>

#### Applications of operating funding

Payments to staff and suppliers	5,974	6,231	6,415
Finance costs	831	722	865
Internal Charges and overheads applied	1,448	1,551	1,518
Operating funding applications	1	1	1
<b>Total applications of operating funding (B)</b>	<b>8,255</b>	<b>8,505</b>	<b>8,799</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>1,882</b>	<b>1,985</b>	<b>1,836</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
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#### Sources of capital funding

Subsidies and grants for capital expenditure	32	1	200
Development and financial contributions	0	0	0
Increase (decrease) in debt	481	(120)	1,266
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	5
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>513</b>	<b>(119)</b>	<b>1,472</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	223	270	826
- To replace existing assets	2,326	1,856	2,780
Increase (decrease) in reserves	(153)	(260)	(298)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>2,396</b>	<b>1,867</b>	<b>3,308</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,882)</b>	<b>(1,985)</b>	<b>(1,836)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>2,776</b>	<b>2,908</b>	<b>2,851</b>



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

Parks and Reserves, Public Spaces, Pathways, Halls and Swimming Pools deliver facilities for people to be active, socialise, interact and have fun. These facilities are delivered to enhance the social, health and cultural well-being of our communities.

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

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



**“The South Taranaki District Council recognises the importance of providing beautiful parks and reserves for everyone to enjoy”**

**Cr Diana Reid**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	2,843	2,957	2,854
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	41	41	32
Fees and Charges	27	61	26
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	591	600	657
<b>Total operating funding (A)</b>	<b>3,501</b>	<b>3,658</b>	<b>3,569</b>

#### Applications of operating funding

Payments to staff and suppliers	2,078	2,142	2,128
Finance costs	24	20	25
Internal Charges and overheads applied	1,029	1,135	1,070
Operating funding applications	0	0	21
<b>Total applications of operating funding (B)</b>	<b>3,131</b>	<b>3,297</b>	<b>3,244</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>370</b>	<b>361</b>	<b>325</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(45)	(45)	(45)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(45)</b>	<b>(45)</b>	<b>(45)</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	313	325	339
Increase (decrease) in reserves	12	(9)	(59)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>325</b>	<b>316</b>	<b>280</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(370)</b>	<b>(361)</b>	<b>(325)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>407</b>	<b>372</b>	<b>409</b>



Arts, Culture and Heritage allows us to build vibrant communities and enables people to be connected and informed through opportunities to participate in creative outlets and by honouring and protecting the past.

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

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



**“The greatest resource we have in our District is our people. Our communities have a ‘can-do’ attitude, which was particularly evident during the February storms and in response to COVID-19. This Annual Plan is focused on supporting initiatives that help keep our diverse communities connected and strong.”**

**Cr Aarun Langton**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	1,153	1,270	1,181
Targeted Rates	169	172	169
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	102	106	140
Internal Charges and Overheads Recovered	45	46	45
Local authorities fuel tax, fines, infringement fees and other receipts	1,035	1,055	1,073
<b>Total operating funding (A)</b>	<b>2,504</b>	<b>2,649</b>	<b>2,608</b>

#### Applications of operating funding

Payments to staff and suppliers	1,095	1,143	1,175
Finance costs	292	267	370
Internal Charges and overheads applied	334	359	347
Operating funding applications	289	292	292
<b>Total applications of operating funding (B)</b>	<b>2,009</b>	<b>2,061</b>	<b>2,183</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>495</b>	<b>588</b>	<b>425</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	1,800
Development and financial contributions	0	0	0
Increase (decrease) in debt	1,340	(551)	1,788
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>1,340</b>	<b>(551)</b>	<b>3,588</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	5,055	2,219	15,590
- To replace existing assets	0	12	94
Increase (decrease) in reserves	(2,863)	(1,555)	(5,327)
Increase (decrease) in investments	(357)	(639)	(6,344)
<b>Total applications of capital funding (D)</b>	<b>1,835</b>	<b>37</b>	<b>4,014</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(495)</b>	<b>(588)</b>	<b>(425)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>438</b>	<b>517</b>	<b>515</b>



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

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

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





**“We want to actively promote growth while ensuring that South Taranaki is a sustainable District, which manages its resources in a way that preserves our environment for future generations to enjoy.”**

**Cr Robert Northcott**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	1,032	1,052	1,076
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	272	263	267
<b>Total operating funding (A)</b>	<b>1,304</b>	<b>1,315</b>	<b>1,343</b>

#### Applications of operating funding

Payments to staff and suppliers	397	398	373
Finance costs	37	33	40
Internal Charges and overheads applied	262	288	263
Operating funding applications	560	562	633
<b>Total applications of operating funding (B)</b>	<b>1,257</b>	<b>1,281</b>	<b>1,309</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>48</b>	<b>35</b>	<b>34</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of capital funding

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	(41)	(28)	(28)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>(41)</b>	<b>(28)</b>	<b>(28)</b>

#### 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	6	6
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>6</b>	<b>6</b>	<b>6</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(48)</b>	<b>(35)</b>	<b>(34)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>1</b>	<b>1</b>	<b>1</b>



We are committed to working in partnership with our communities to ensure that their views and aspirations are considered, and they are supported to develop and implement projects that improve their wellbeing and contribute to our Community Outcomes.

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



**“Last year the Council budgeted \$10.6 million to undertake town centre upgrade projects in Eltham, Manaia, Pātea, Waverley and Ōpunakē. I’m looking forward to seeing that work begin in 2022/23 and also at how we can work with Waka Kotahi - New Zealand Transport Agency - to improve the look of traffic slowing solutions in our towns.”**

**Cr Mark Bellringer**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Environmental Sustainability/Tiaki Taiao

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	715	698	731
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	128	121	127
<b>Total operating funding (A)</b>	<b>843</b>	<b>818</b>	<b>857</b>

#### Applications of operating funding

Payments to staff and suppliers	472	420	626
Finance costs	3	4	6
Internal Charges and overheads applied	110	117	158
Operating funding applications	65	65	67
<b>Total applications of operating funding (B)</b>	<b>649</b>	<b>607</b>	<b>857</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>194</b>	<b>211</b>	<b>0</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	12	12	12
Development and financial contributions	0	0	0
Increase (decrease) in debt	80	66	88
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>92</b>	<b>78</b>	<b>100</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	98	101	100
- To replace existing assets	0	0	0
Increase (decrease) in reserves	188	188	0
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>285</b>	<b>289</b>	<b>100</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(194)</b>	<b>(211)</b>	<b>0</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>6</b>	<b>24</b>	<b>0</b>



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

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



**“Climate change and environmental sustainability are key challenges not only for us but globally. Our Council will work with our world leading industries to improve environmental outcomes so we can continue to meet our needs today, without compromising the ability of future generations to meet their needs.”**

**Cr Chris Young**

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Regulatory Services/Ratonga Whakature

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	1,136	1,200	1,282
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	2,131	2,227	2,334
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	216	220	245
<b>Total operating funding (A)</b>	<b>3,484</b>	<b>3,647</b>	<b>3,862</b>

#### Applications of operating funding

Payments to staff and suppliers	2,222	2,322	2,230
Finance costs	17	14	15
Internal Charges and overheads applied	1,171	1,265	1,537
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>3,409</b>	<b>3,600</b>	<b>3,782</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>74</b>	<b>47</b>	<b>80</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of capital funding

Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	144	(21)	(5)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>144</b>	<b>(21)</b>	<b>(5)</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	146	0	6
- To replace existing assets	24	11	13
Increase (decrease) in reserves	47	15	56
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>217</b>	<b>26</b>	<b>75</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(74)</b>	<b>(47)</b>	<b>(80)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>70</b>	<b>84</b>	<b>77</b>



The purpose of this activity is to protect the environment and the people that live in it.

We mainly do this through the administration of a broad range of statutory functions.

The group has a service delivery role across numerous statutes with all five functions working together towards maintaining an attractive place for people to live and to do business and an environment where they feel safe.

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	124	94	143
Targeted Rates	0	0	0
Subsidies and grants for operating purposes	0	0	0
Fees and Charges	0	0	0
Internal Charges and Overheads Recovered	0	0	0
Local authorities fuel tax, fines, infringement fees and other receipts	22	16	25
<b>Total operating funding (A)</b>	<b>147</b>	<b>110</b>	<b>167</b>

#### Applications of operating funding

Payments to staff and suppliers	66	24	34
Finance costs	23	20	19
Internal Charges and overheads applied	22	24	44
Operating funding applications	0	0	0
<b>Total applications of operating funding (B)</b>	<b>112</b>	<b>68</b>	<b>97</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>35</b>	<b>42</b>	<b>70</b>

For the years ended 30th June	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	623	(19)	16
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>623</b>	<b>(19)</b>	<b>16</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	658	11	418
Increase (decrease) in reserves	0	12	(332)
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>658</b>	<b>23</b>	<b>86</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(35)</b>	<b>(42)</b>	<b>(70)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>265</b>	<b>285</b>	<b>155</b>



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

To maintain these facilities we need to protect erosion prone areas close to existing infrastructure, so while this activity is not mandatory, we need to ensure compliance with our resource consents.

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

# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

### Funding Impact Statement for Corporate Activities/Ngā Mahinga Topūranga

For the years ended 30th June	Annual Plan 2021/22 (\$'000)	LTP Year 2 2022/23 (\$'000)	Annual Plan 2022/23 (\$'000)
<b>Sources of Operating Funding</b>			
General Rates, uniform annual general charges, rates penalties	94	1	(55)
Targeted Rates	290	275	300
Subsidies and grants for operating purposes	12	12	12
Fees and Charges	636	645	707
Internal Charges and Overheads Recovered	16,110	17,154	17,384
Local authorities fuel tax, fines, infringement fees and other receipts	2,868	2,944	2,940
<b>Total operating funding (A)</b>	<b>20,011</b>	<b>21,031</b>	<b>21,288</b>

#### Applications of operating funding

Payments to staff and suppliers	12,607	13,007	13,796
Finance costs	344	297	500
Internal Charges and overheads applied	3,764	4,098	3,888
Operating funding applications	59	59	59
<b>Total applications of operating funding (B)</b>	<b>16,774</b>	<b>17,461</b>	<b>18,244</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>3,236</b>	<b>3,570</b>	<b>3,045</b>

For the years ended 30th June	Annual Plan 2021/22 (\$'000)	LTP Year 2 2022/23 (\$'000)	Annual Plan 2022/23 (\$'000)
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	8	1	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	348	(321)	204
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	1
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>356</b>	<b>(320)</b>	<b>(205)</b>

#### Applications of capital funding

- To meet additional demand	0	0	0
- To improve the level of service	957	893	1,130
- To replace existing assets	1,758	1,193	1,666
Increase (decrease) in reserves	877	1,164	453
Increase (decrease) in investments	0	0	0
<b>Total applications of capital funding (D)</b>	<b>3,592</b>	<b>3,250</b>	<b>3,250</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(3,236)</b>	<b>(3,570)</b>	<b>(3,045)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>1,216</b>	<b>1,648</b>	<b>1,302</b>



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

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



# Te Whakapānga Tauākī Pūtea

## Funding Impact Statements

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

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of Operating Funding

General Rates, uniform annual general charges, rates penalties	16,931	17,594	17,847
Targeted Rates	27,117	28,508	27,461
Subsidies and grants for operating purposes	6,246	6,200	5,860
Fees and Charges	7,329	7,714	8,037
Internal Charges and Overheads Recovered	8,457	8,651	8,665
Local authorities fuel tax, fines, infringement fees and other receipts	1,707	1,834	2,426
<b>Total operating funding (A)</b>	<b>67,787</b>	<b>70,501</b>	<b>70,295</b>

#### Applications of operating funding

Payments to staff and suppliers	45,001	45,781	47,525
Finance costs	4,286	3,928	4,542
Operating funding applications	975	980	1,073
<b>Total applications of operating funding (B)</b>	<b>50,262</b>	<b>50,689</b>	<b>53,139</b>
<b>Surplus (deficit) of operation funding (A-B)</b>	<b>17,525</b>	<b>19,812</b>	<b>17,156</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

#### Sources of capital funding

Subsidies and grants for capital expenditure	7,591	5,478	8,191
Development and financial contributions	1,310	1,852	2,160
Increase (decrease) in debt	20,773	3,916	11,430
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	8
Other dedicated capital funding	0	0	0
<b>Total sources of capital funding (C)</b>	<b>29,673</b>	<b>11,246</b>	<b>21,789</b>

#### Applications of capital funding

- To meet additional demand	8,948	2,116	6,682
- To improve the level of service	25,201	11,645	28,864
- To replace existing assets	22,513	16,364	18,519
Increase (decrease) in reserves	(9,107)	1,572	(8,775)
Increase (decrease) in investments	(357)	(639)	(6,344)
<b>Total applications of capital funding (D)</b>	<b>47,198</b>	<b>31,058</b>	<b>38,946</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(17,525)</b>	<b>(19,812)</b>	<b>(17,156)</b>
<b>Funding Balance ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excludes Depreciation of:</b>	<b>20,292</b>	<b>22,170</b>	<b>21,578</b>

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms

### Rates

Rates are a property tax to fund local government activities. Rates are assessed under the Local Government (Rating) Act 2002 on rating units in the Rating Information Database. Where rates requirements are allocated based on a rating unit's value, the rateable value will be the capital value as assessed by the Council's valuation services provider. The latest District-wide revaluation was carried out as at 1 September 2021 and will be effective for the 2022/23 rating year and the two consecutive rating years, except where subsequent maintenance valuations have been required under valuations rules or the Council's rating policies.

Objective:

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

- To be simply administered, easily understood, allow for consistent application and generate minimal compliance costs.
- To spread the incidence of rates as equitably as possible by balancing the level of service provided by the Council with ability to pay and the incidence of costs in relation to benefits received.
- To be neutral in that it does not encourage people to redirect activity in order to avoid its impact.
- To reflect the decisions of the Council's policies and rating reviews.

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

### General Rates

The Council will set a general rate under Section 13 of the Local Government (Rating) Act 2002, on all rateable rating units in the District,

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

2022/23	0.07987 cents
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### Uniform Annual General Charge

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

2022/23	\$690.98
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### Targeted Rates

The Council will charge the following targeted rates:

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

### Roading Rate

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

2022/23	0.05274 cents
---------	---------------

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms

### Water Supply

The Council's water rates are targeted rates for water supply set under sections 16 and 19 of the Local Government (Rating) Act 2002 to fund treatment and distribution of water supply. We have the following payment mechanisms for water supply:

#### Non-metered

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

#### Water differentials

The differential categories for the uniform water supply rate are:

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

supply is assessed for serviceable rating units.

The amounts per SUIP (including GST) are in the table below.

2022/23	
Connected	\$632.50
Serviceable	\$316.25

#### Metered

- A rate per cubic metre of water supplied to each rating unit that is metered and connected to an urban or rural water supply, set under Section 19 of the Local Government (Rating) Act 2002; and
- An amount per connection, based on connection size and backflow prevention availability, set under Section 16 of the Local Government (Rating) Act 2002.

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

2022/23	
Urban - Town	\$2.75
Urban - Extra High User	\$2.97

Waimate West Rural	\$1.10
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The amount per connection (including GST) is set in the table below.

Water meter charge	2022/23
<= 32mm connection	\$150
<= 32mm connection with backflow	\$260
<= 40mm connection	\$175
<= 40mm connection with backflow	\$325
<= 50mm connection with backflow	\$460
> 50mm connection with backflow	\$630

#### Water by Meter Rate – Urban Water Supply

The Urban – Town rate applies to all customers on water by meter rate except the District's two largest consumers, Silver Fern Farms and ANZCO, who are charged an Urban - Extra High User rate.

### Wastewater

The wastewater rate funds treatment

and disposal of wastewater as a fixed amount per SUIP, set under Section 16 of the Local Government (Rating) Act 2002.

#### Wastewater differentials

The differential categories for the wastewater disposal rate are:

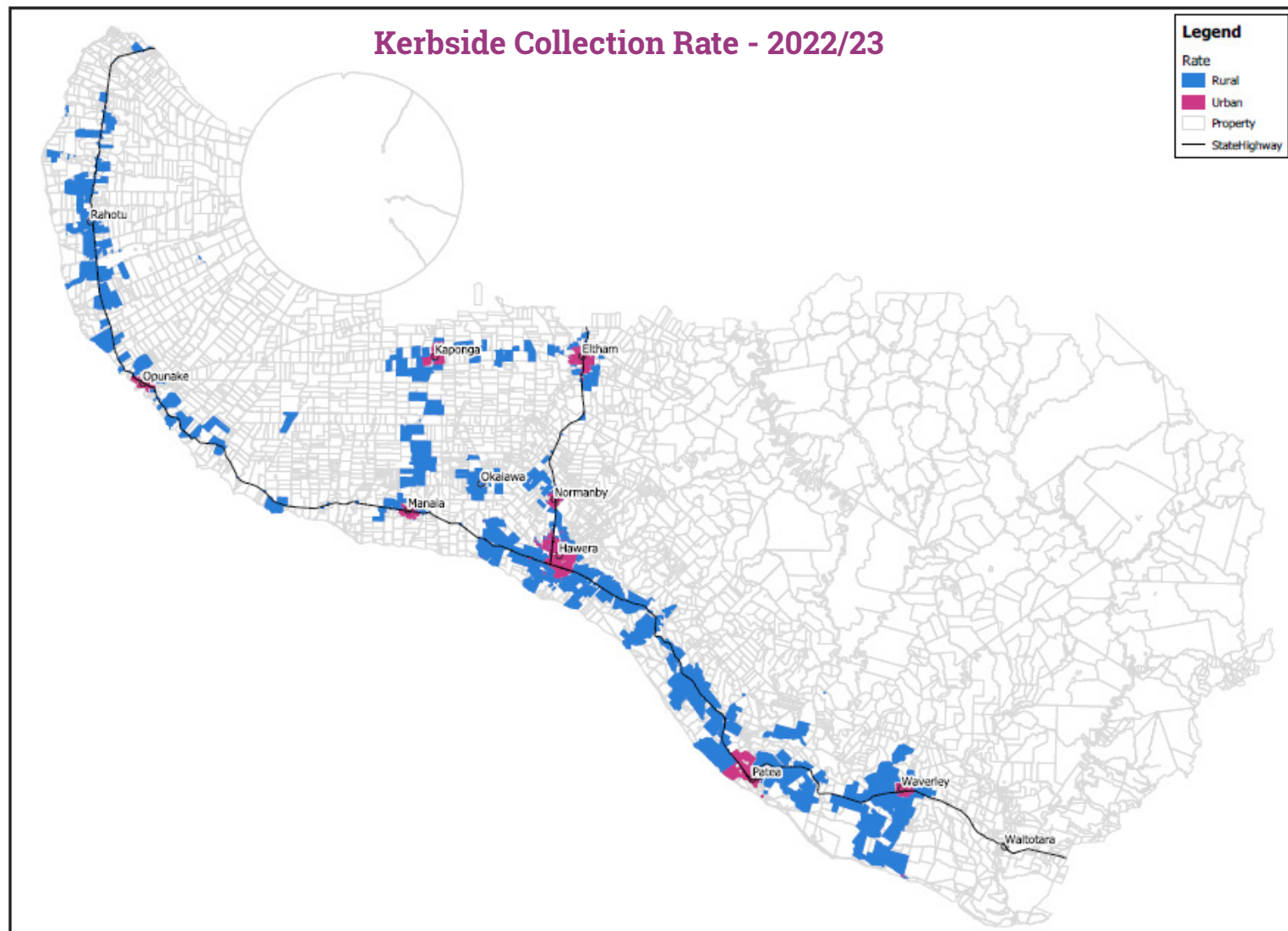
- Connected – any SUIP connected to a public wastewater drain; and
- Serviceable – any SUIP not connected to a public wastewater drain but within 30 metres of such a drain. A half charge of the connected wastewater is assessed for serviceable rating units.

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

2022/23	
Connected	\$747.50
Serviceable	\$373.75

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms



### Kerbside Collection Services

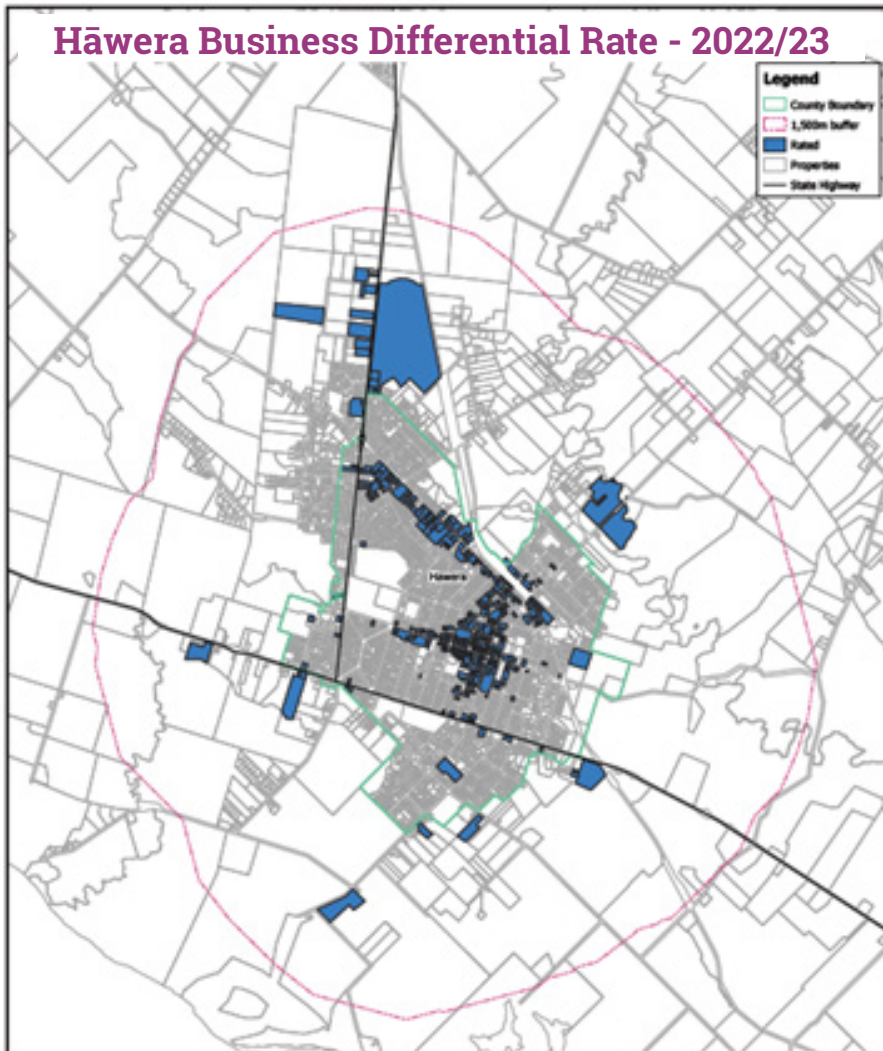
The kerbside collection targeted rate is charged for the number of sets of bins each rating unit uses. For example, a property that has two sets of bins for refuse and recycling will be charged two targeted kerbside collection rates. This is set under Section 16 of the Local Government (Rating) Act 2002.

The targeted rates for kerbside collection are:

- Urban - \$195.50 for each set of refuse and recycling bins for every rating unit situated within the urban areas of Pungarehu, Rāhōtu, Ōpunakē, Kaponga, Eltham, Manāia, Ōhawe, Hāwera, Normanby, Pātea, Waverley and Waverley Beach where the service is available.
- Rural - \$195.50 for each set of refuse and recycling bins for every rating unit situated within the rural area where the service is available and where the Council is prepared to provide the service.

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms



### Hāwera Business Rate

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

The amount per dollar of capital value (including GST) is:

<b>2022/23</b>	0.06682 cents
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### Eltham Drainage Rate

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

#### Class A Land

- Swamp land within 600m of an improved main drain

#### Class B Land

- Swamp land between 600m and 1000m of an improved main drain

- Swamp land within 400m of a main drain not improved in this scheme but maintained by the Eltham Drainage Board
- Where foreign waters (that is, from catchments outside the drainage district) are discharged into main drains via subsidiary drains, a strip 200m wide through the Class “C” land zone is to be placed in Class “B” land

#### Class C Land

- Swamp land over 1000m from and draining into a main drain
- Hill country that drains into a main drain provided that the area of hill country in Class “C” does not exceed three times the area of swamp in classes “A”, “B” and “C” on the property

The amount per dollar of land value (including GST) is:

	<b>2022/23</b>
Class A Land	0.01107 cents
Class B Land	0.00720 cents
Class C Land	0.00386 cents

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms

### Voluntary Targeted Rate - Warmer Homes Scheme

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

The rate is payable for nine years. The interest rate for the current year (2022/23) is 4.00%

First year rated*	% paid this year
2014/15	14.37
2015/16	14.18
2016/17	13.99
2017/18	13.81
2018/19	13.64
2019/20	13.47
2020/21	13.33

2021/22	13.25
2022/23	13.25

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

### Due dates and penalties

Rates (except for water by meter and water meter services) for the 2022/23 year (1 July 2022 to 30 June 2023) will be payable in four instalments, due on or by:

#### Due Dates for Payment of Rates

1 <sup>st</sup> Instalment	31 August 2022
2 <sup>nd</sup> Instalment	30 November 2022
3 <sup>rd</sup> Instalment	22 February 2023
4 <sup>th</sup> Instalment	31 May 2023

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

#### Dates when Penalties will be applied

1 <sup>st</sup> Instalment	1 September 2022
2 <sup>nd</sup> Instalment	1 December 2022
3 <sup>rd</sup> Instalment	23 February 2023

4 <sup>th</sup> Instalment	1 June 2023
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### Water by Meter (and Water Meter Servicing) Rate Due Dates

Invoice Month	Due Dates
July 2022	20 August 2022
August 2022	20 September 2022
September 2022	20 October 2022
October 2022	20 November 2022
November 2022	20 December 2022
December 2022	20 January 2023
January 2023	20 February 2023
February 2023	20 March 2023
March 2023	20 April 2023
April 2023	20 May 2023
May 2023	20 June 2023
June 2023	20 July 2023

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

### Discount

In accordance with Section 55 of the Local Government (Rating) Act 2002, a discount of 2% of the total year's rates, excluding water by meter rates, will be allowed where they are paid in full on or before 31<sup>st</sup> August 2022.

### Rating Base Information

2022/23	
Projected number of rating units	14,310
Projected capital value of rating units (\$m)	\$13,465
Projected total land value of rating units (\$m)	\$9,061

### Definition of SUIP:

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

# Ngā Paearu Tāke Kaunihera

## Rating Mechanisms

### Guidelines

Any part of a rating unit means:

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

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

### Examples of Rating Impact

The examples (on page 22), show the impact of the rating proposals on low, medium and high valued urban and rural properties as well as one example of a commercial property in Hāwera. They are required to be provided under clause 15(5) of Schedule 10 of the Local Government Act 2002 and are indicative only. The examples exclude water by meter rates and Warmer Homes Scheme rates.

### Total Rates for 2022/23

Total Rates	Annual Plan 2022/23 (\$000)	LTP 2021/22 (\$000)
General Rates	\$9,361	\$8,861
Uniform Annual General Charge (UAGC)	\$8,578	\$8,151
<b>Sub-Total</b>	<b>\$17,939</b>	<b>\$17,012</b>
Roading Rate	\$6,181	\$6,121
Urban Water Targeted Rates – Connected and Serviceable	\$4,480	\$4,618
Urban Water – Water by meter charges	\$4,585	\$4,399
Waimate West Water Supply – Water by meter charges	\$5,442	\$5,037
Wastewater Targeted Rates	\$5,341	\$5,370
Kerbside Collection Rates – Urban and Rural	\$1,454	\$1,604
Eltham Drainage Rates	\$9	\$9
Hawera Business Rates	\$169	\$169
Warmer Homes Scheme Rates	\$300	\$290
<b>Sub-total Targeted Rates</b>	<b>\$27,961</b>	<b>\$27,617</b>
<b>Total</b>	<b>\$45,899</b>	<b>\$44,629</b>

*The figures above do not include GST, which will be added at applicable rates.*

*The figures above include internal Rates the Council charges itself.*

# Prospective Financial Statements

## Prospective Statement of Financial Performance

<i>For the years ended 30th June</i>	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Revenue</b>			
Revenue from exchange transactions			
- Water by meter rate	9,531	9,839	9,841
- LTIF Income	8,407	8,596	8,590
- Interest Income	50	55	61
Revenue from non-exchange transactions			
- Rates	34,517	36,263	35,467
- Fees and charges	7,329	7,714	8,037
- Sundry Revenue	1,708	1,834	2,440
- Operational grants and subsidies	6,246	6,200	5,860
- Capital contributions, grants and subsidies	8,900	7,330	10,359
<b>Total Revenue</b>	<b>76,688</b>	<b>77,831</b>	<b>80,655</b>

<b>Expenditure</b>			
Community Development	1,257	1,281	1,310
Arts and Culture	3,524	3,657	3,640
Democracy and Leadership	3,248	3,478	3,519
District Economy	2,388	2,518	2,641
Environmental Management	656	631	857
Regulatory Services	3,479	3,684	3,859
Community Facilities	10,601	10,986	11,261
Roading and Footpaths	18,197	18,672	18,654

<i>For the years ended 30th June</i>	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Solid Waste	4,219	4,487	5,023
Stormwater	1,332	1,388	1,412
Wastewater	6,728	6,808	6,941
Water Supply Services	12,691	12,983	13,261
Coastal Structures	377	353	253
Corporate Activities	1,855	1,933	2,085
<b>Total Expenditure</b>	<b>70,554</b>	<b>72,859</b>	<b>74,718</b>
Net costs of services - Surplus/(Deficit)	6,134	4,972	5,936
Taxation	0	0	0
<b>Surplus/(Deficit) after taxation*</b>	<b>6,134</b>	<b>4,972</b>	<b>5,936</b>

### Disclosures

Total expenditure includes:			
Direct Costs	45,976	46,761	48,598
Interest	4,286	3,928	4,542
Amortisation and Depreciation	20,292	22,170	21,578

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



# Prospective Financial Statements

## Prospective Statement of Comprehensive Revenue and Expenditure

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			
<b>Revenue</b>			
Revenue from exchange transactions			
- Water by meter rate	9,531	9,839	9,841
- LTIF Income	8,407	8,596	8,590
- Interest Income	50	55	61
Revenue from non-exchange transactions			
- Rates	34,517	36,263	35,467
- Fees and charges	7,329	7,714	8,037
- Sundry Revenue	1,708	1,834	2,440
- Operational grants and subsidies	6,246	6,200	5,860
- Capital contributions, grants and subsidies	8,900	7,330	10,359
<b>Total Revenue</b>	<b>76,688</b>	<b>77,831</b>	<b>80,655</b>
<b>Expenditure</b>			
Other costs	45,976	46,761	48,598
Interests	4,286	3,928	4,542
Depreciation	20,292	22,170	21,578
<b>Total Expenditure</b>	<b>70,554</b>	<b>72,859</b>	<b>74,718</b>
<b>Net costs of services - Surplus/(Deficit)</b>	<b>6,134</b>	<b>4,972</b>	<b>5,936</b>
Gains on asset revaluations	30,037	-	-
<b>Total comprehensive income for the year</b>	<b>36,171</b>	<b>4,972</b>	<b>5,936</b>

## Prospective Statement of Changes in Equity

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			
<b>Equity at the start of the year</b>	<b>943,666</b>	<b>979,837</b>	<b>995,470</b>
Gain on asset revaluations	30,037	0	0
Surplus/(Deficit) for the year	6,134	4,972	5,936
<b>Equity at the end of the year</b>	<b>979,837</b>	<b>984,809</b>	<b>1,001,406</b>

# Prospective Financial Statements

## Prospective Statement of Financial Position

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			
<b>Current Assets</b>			
Cash and cash equivalents	2,297	843	3,268
Accounts Receivable	11,024	11,188	7,467
Stocks	121	121	82
Prepayments	856	656	689
Long Term Investment Fund	110,834	113,144	108,331
<b>Total Current Assets</b>	<b>125,132</b>	<b>125,952</b>	<b>119,834</b>
<b>Non Current Assets</b>			
Long Term Investment Fund and other investments	27,709	28,286	38,063
Intangible Assets	611	511	1,342
Property, Plant and Equipment	983,235	991,291	993,270
Other Assets	3,539	3,484	0
<b>Total Non Current Assets</b>	<b>1,015,093</b>	<b>1,023,572</b>	<b>1,032,675</b>
<b>Total Assets</b>	<b>1,140,226</b>	<b>1,149,523</b>	<b>1,152,512</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Current Liabilities</b>			
Other current liabilities	970	1,070	1,365
Accounts Payable	8,958	9,250	12,932
Income Received in Advance	429	489	1,191

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			
Current Portion of term liabilities	12,112	12,112	10,000
<b>Total Current Liabilities</b>	<b>22,469</b>	<b>22,921</b>	<b>25,488</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Non-Current Liabilities</b>			
Term Liabilities	120,284	124,200	120,665
Landfill Aftercare Provision and Other Liabilities	17,636	17,593	4,953
<b>Total Non-Current Liabilities</b>	<b>137,920</b>	<b>141,793</b>	<b>125,618</b>

<b>Total Liabilities</b>	<b>160,388</b>	<b>164,714</b>	<b>151,106</b>
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	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<b>Net Assets</b>			
Represented by:	979,837	984,810	1,001,406
Accumulated Balances	489,134	491,641	473,359
Restricted and Statutory Reserves	1,983	2,161	2,753
Investment Revaluation Reserves	0	0	6
Separate Operating Reserves	915	1,754	3,736
Capital Replacement Reserves	679	673	360
Council Created Reserves	154,698	156,152	158,726
Asset Revaluation Reserves	332,429	332,429	362,466
<b>Total Equity</b>	<b>979,837</b>	<b>984,810</b>	<b>1,001,406</b>

# Prospective Financial Statements

## Prospective Statement of Cash Flows

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

### Cash Flow from operating activities

<b>Cash will be provided from:</b>			
Rates	46,457	46,078	46,041
Dividends	0	0	0
Interest on Investments	1,897	1,945	2,012
Other Revenue	24,183	23,078	27,367
Regional Council Rates	2,200	2,250	3,200
	<b>74,737</b>	<b>73,351</b>	<b>78,620</b>

### Cash will be applied to:

Payments to Suppliers and Employees	45,535	45,718	48,881
Agency Rates paid over	2,200	2,250	3,200
Interest paid on loans	4,286	3,928	4,542
	<b>52,061</b>	<b>51,938</b>	<b>56,623</b>
<b>Net Cash from Operating Activities</b>	<b>22,676</b>	<b>21,412</b>	<b>21,997</b>

### Cash will be provided from:

Net cash inflow from Investments	2,984	3,343	8,994
<b>Total Investing cash provided</b>	<b>2,984</b>	<b>3,343</b>	<b>8,994</b>

	Annual Plan 2021/22 (\$000)	LTP Year 2 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
<i>For the years ended 30th June</i>			

### Cash will be applied to:

Purchase and Development of Fixed Assets	56,663	30,125	54,064
Purchase of Investments	0	0	0
<b>Total Investing Cash Applied</b>	<b>56,663</b>	<b>30,125</b>	<b>54,064</b>
<b>Net Cash from Investing Activities</b>	<b>(53,680)</b>	<b>(26,783)</b>	<b>(45,070)</b>

### Cash Flows from Investing Activities

#### Cash will be provided from:

Loans Raised	26,855	9,277	15,443
Loans Raised - Current Portion	0	0	10,000
<b>Total Financing Cash Provided</b>	<b>26,855</b>	<b>9,277</b>	<b>25,443</b>

#### Cash will be applied to:

Repayment of Loans	6,083	5,361	4,013
Repayment of Loans - Current Portion	0	0	10,000
<b>Total Financing Cash Applied</b>	<b>6,083</b>	<b>5,361</b>	<b>14,013</b>
<b>Net Cash from Financing Activities</b>	<b>20,772</b>	<b>3,916</b>	<b>11,430</b>
<b>Net Increase/(Decrease) in Cash Held</b>	<b>(10,231)</b>	<b>(1,455)</b>	<b>(11,642)</b>
<b>Total Cash Resources at 1 July</b>	<b>12,528</b>	<b>2,297</b>	<b>14,910</b>
<b>Total Cash Resources at 30 June</b>	<b>2,297</b>	<b>843</b>	<b>3,268</b>

# 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 – \$46.10m	\$45.31m	Yes
	Rate Increase – 4.68%	2.84%	Yes
Debt Affordability - Net Debt	150%	(24%)	Yes
Debt Affordability - Net Interest Expense	15% of Annual Income	3%	Yes
Debt Affordability - Net Interest Expense	25% of Annual Rates Income	6%	Yes
Debt Affordability - Net Debt per capita	\$2,000	(\$676)	Yes
Balance Budget	Planned Revenue equals or is greater than its planned expenses	108%	Yes
Essential Services	Planned Expenditure on network services is equal or greater than expected depreciation on network services	191%	Yes
Debt Servicing	10% of Revenue	5.63%	Yes

# Te Ihirangi Take Whairawa

## Capital Projects Programme

Activity	Revised Capital Works Programme 2022/23	LTP Capital Works Programme	Comments
<b>Economic Development</b>	\$1,766,270	\$2,230,871	Deferred projects from 2019/20 – Te Ramanui o Ruapūtahanga and professional fees
<b>Housing for the Elderly</b>	\$256,044	\$154,868	Deferred budget from previous years
<b>Support Services</b>	\$1,422,594	\$1,305,486	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)
<b>Licensing</b>	\$3,072	\$0	As planned
<b>Animal Services</b>	\$15,637	\$10,530	As planned plus one additional project – Pound upgrade due to Animal Welfare Act changes
<b>Campgrounds</b>	\$222,535	\$223,872	As planned – plus deferred project from 2018/19 – Ōpunakē Beach Holiday Park (garage and storage facilities)
<b>Cemeteries</b>	\$53,737	\$54,060	As planned plus deferred project from 2019/20 – Hāwera Cemetery extension
<b>Library Plus</b>	\$313,152	\$325,303	As planned with reduced expenditure
<b>Halls</b>	\$1,467,318	\$935,458	As planned with less two projects
<b>Parks, Reserves and Public Spaces</b>	\$479,226	\$442,126	As planned
<b>Rural Pools</b>	\$31,610	\$47,700	As planned plus one additional project – Eltham Swimming Pool
<b>TSB Hub</b>	\$142,246	\$143,100	As planned
<b>Public Toilets</b>	\$21,073	\$24,913	As planned
<b>Environment &amp; Sustainability</b>	\$99,958	\$100,924	Deferred project from 2019/20 (replacement of roof)
<b>Aquatic Centre</b>	\$63,220	\$63,600	As planned

# Te Ihirangi Take Whairawa

## Capital Projects Programme

Activity	Revised Capital Works Programme 2022/23	LTP Capital Works Programme	Comments
<b>Corporate Property</b>	\$811,117	\$780,449	As planned plus two deferred projects from previous years and increased budget for fencing and Centennial Close renewals
<b>Coastal Structures</b>	\$10,866	\$10,970	As planned
<b>Urban Water Supply</b>	\$3,658,028	\$6,017,535	As planned – plus one brought forward project from 2021/22 – Duplication Kāpuni to Hāwera Trunk Main
<b>Waimate West Water Supply</b>	\$3,188,703	\$2,149,023	As planned – one deferred project from 2019/20 (new reservoir)
<b>Stormwater</b>	\$738,506	\$1,117,169	As planned
<b>Solid Waste</b>	\$199,629	\$527,657	As planned
<b>Wastewater</b>	\$3,782,694	\$4,082,507	As planned
<b>Roading</b>	\$10,863,336	\$9,340,056	As planned plus increased spend on traffic services and footpaths
<b>Total Capital</b>	\$29,554,450	\$30,125,279	
Carry-overs from 2020/21 & 2021/22	\$24,510,000		Carry-over projects from prior years.

# 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 Reserve is maintained for each targeted rate to ensure that the funds are held and used for the specific purpose intended.

## Separate Operating Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000
Roading	1,728	20,162	(18,737)	(2,765)	388
Regional Road Safety	60	560	(574)	0	46
Water Supply Urban	378	10,405	(9,404)	(1,114)	266
Wastewater	591	6,840	(7,266)	(5)	160
Eltham Drainage	35	9	(7)	0	36
Water Supply Waimate West/Inaha	3,706	5,700	(4,514)	(2,875)	2,018
Solid Waste Collection	1,353	1,750	(2,280)	0	822
Hāwera Town Co-ordinator	0	169	(169)	0	0
	<b>7,851</b>	<b>45,595</b>	<b>(42,952)</b>	<b>(6,759)</b>	<b>3,736</b>

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

# Statement of Special Reserves Funds

## Council Created Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000	Purpose of Funds
Safer Communities	3	0	0	0	3	To manage the balance of funds from Safer Community grants to be used on youth programmes.
Economic Development Fund	20	0	0	0	21	To enable the Council to strategically intervene when required by practically supporting new businesses.
Forestry	173	3	0	0	176	To manage income and expenditure relating to the joint venture forestry investment.
Ōkōtuku Domain	26	6	(3)	5	34	To manage revenue from the leasing of Crown land on behalf of the Ōkōtuku Domain Committee.
Centennial Close 1% Contribution	10	0	0	0	11	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	145,710	9,195	0	(11,490)	143,415	To manage funds derived from the sale of the Council's shareholding in Egmont Electricity and to provide a rates subsidy.
LTIF Internally Invested Fund	15,574	0	0	(1,337)	14,237	Debt funding from the LTIF
Tourism Reserves	207	80	(80)	0	207	To fund various tourism related projects.
Tangata Whenua Reserve	2	50	(50)	0	1	For the management of grants to Tangata Whenua
Community Board Funding	3	79	(79)	0	2	For the management of funding to the community boards
Painting Reserves	444	202	(132)	0	514	To fund various painting projects.
Riparian/Indigenous	5	31	(30)	0	6	To fund riparian planting throughout the District.
Disaster Recovery	50	60	(10)	0	100	To be used for "self-insurance" for assets (other than roading) which are not insured and for claims below deductibles
	<b>162,226</b>	<b>9,696</b>	<b>(374)</b>	<b>(12,822)</b>	<b>158,726</b>	

## Capital Replacement Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000	Purpose of Funds
Capital Replacement Reserves	287	0	0	73	360	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	16	0	0	0	16	To hold funds from property sold in the Eltham-Kaponga ward for funding of various projects in the Eltham ward.
Hāwera Property	0	0	0	0	0	To hold funds from property sold in the Te Hāwera ward for funding of various projects in the Te Hāwera ward.
Pool Plant	0	0	0	0	0	To provide funds for District pools.
Larcom Bequest Turuturu Mokai	102	2	0	0	104	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	171	3	0	0	174	To hold funds from property sold in the Pātea ward for funding of various projects in the Pātea ward.
Wairoa Recreation Reserve	690	68	(25)	0	732	To manage revenue from the leasing of Crown land vested in the Council and fees/charges from the campground for capital works on the Wairoa Recreation Reserve.
Harbour Endowment	434	109	(16)	(4)	523	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	66	1	(1)	0	66	To provide grants of up to \$400 towards tertiary education for eligible applicants. Only interest income from the fund may be used.
Kaūpokonui Beach	68	21	(10)	0	79	To manage lease income from Crown land vested in the Council for capital works requested by the Kaūpokonui Beach Society.
	<b>1,546</b>	<b>205</b>	<b>(52)</b>	<b>(4)</b>	<b>1,694</b>	

# Statement of Special Reserves Funds

## Statutory Reserves

	Opening Balance \$000	Income \$000	Expenditure \$000	Other Adj \$000	Closing Balance \$000	Purpose of Funds
Eltham Reserve Contributions	46	1	0	0	47	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Eltham-Kaponga ward.
Hāwera Reserve Contributions	555	61	0	0	616	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Te Hāwera ward.
Pātea Reserves Contributions	0	0	0	0	0	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Pātea ward.
District Reserve Contributions	0	0	0	0	0	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the District.
Waimate Development Levy	301	6	0	0	307	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 former Waimate Plains District Council. The principal fund to remain at no less than \$260,000.
Waverley Reserve Contributions	0	0	0	0	0	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Waverley ward.
Ōpunakē Reserve Contributions	42	1	0	0	43	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Ōpunakē ward.
Manaia Reserve Contributions	45	1	0	0	46	To manage reserve contributions collected under the RMA to be used for acquisition or development of reserves in the Manaia ward.
	<b>988</b>	<b>70</b>	<b>0</b>	<b>0</b>	<b>1,058</b>	

# 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 a public benefit entity. The prospective financial statements are for the Council as a separate legal entity. Consolidated prospective statements for the Council and its subsidiaries have not been prepared.

## Statement of Compliance and Basis of Preparation

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

Financial Reporting Act 1993.

The councillors and Management accept responsibility for the preparation of the prospective financial statements, including appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual financial results have been incorporated within the prospective financial statements. The financial information in this Annual Plan may not be appropriate for purposes other than those prescribed.

## Measurement Base

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

presented in New Zealand dollars.

## Changes in Accounting Policies PBE FRS 48 Service Performance Reporting

PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for the year ending 30 June 2023, with early application permitted. The Council has not yet determined how application of PBE FRS 48 will affect its statement of service performance. The Council will apply the new amended standard in its Annual Report for the year 2023.

## Significant Accounting Policies

### 1. Subsidiary Entity

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

### 2. Revenue

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

### Exchange Transactions

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

### Non-Exchange Transactions

A non-exchange transaction occurs when the Council receives value from another party without giving approximately equal value in exchange. An inflow of resources from non-exchange transaction recognised as

## Statement of Accounting Policies

an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

### **a. Rates**

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

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

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

exchange revenue.

### **b. Government Grants and Subsidies**

Government grants and subsidies are recognised upon entitlement at their fair value, which is when conditions pertaining to eligible expenditure have been fulfilled. The Council receives government grants from Waka Kotahi 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 (for example, building consent fees) where the transaction is based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting

periods in which the services are provided. Within rendering of services most activities are partially funded by rates and therefore classified as non-exchange revenue.

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

### **d. Investment Income**

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

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

### **e. Other Grants, Bequests and Vested Assets**

Other grants, bequests and

assets vested in the Council are recognised when control over the asset is obtained. Vested assets are recognised as revenue at the fair value of the assets at the time of vesting. This revenue is classified as non-exchange revenue.

### **f. Capital Contributions**

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

### **g. Gains**

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

### **h. Foreign Currency - Exchange Differences**

Foreign currency transactions have been converted into New Zealand dollars at the rate of exchange at the date of the transaction. Gains or losses on exchange have

# Statement of Accounting Policies

been recognised in the Surplus/Deficit. Gains on foreign currency exchange are classified as exchange revenue.

### 3. Expenses

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

#### a. Personnel Costs

Salaries and Wages are recognised as an expense as employees provide services.

#### b. Grants and Sponsorships

Expenditure is classified as a grant or sponsorship if it results in a transfer of resources to another party in return for compliance with certain conditions relating to the operating activities of that party. It includes any expenditure arising from a funding arrangement with another party that has been entered into to achieve the Council's objectives. Grants and sponsorships are distinct from donations, which are discretionary

or charitable gifts. Where grants and sponsorships are discretionary until payment, the expense is recognised when the payment is made. Otherwise, it is recognised when the specific criteria have been fulfilled.

#### c. Finance Expenses - Interest

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

#### d. Depreciation and Amortisation

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

### 4. Taxation

#### a. Goods and Services Tax (GST)

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

#### b. Income Tax

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

#### c. Deferred Tax

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

probable.

### 5. Financial Instruments

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

#### a. Financial Assets

Financial Assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss, in which case the transaction costs are recognised in the Surplus/Deficit. Purchases and sales of investments are recognised on trade-date, the date on which there is a

# Statement of Accounting Policies

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

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. 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.

## Other Financial Assets

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

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

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

A financial asset is classified

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

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

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

Financial assets classified at amortised cost are subsequently measured at amortised cost using

the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

## Subsequent measurement of financial assets at FVTOCRE

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

Financial assets in this category

# Statement of Accounting Policies

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

## Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit.

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

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

## Expected credit loss allowance (ECL)

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

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

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

The Council and group consider a financial asset to be in default when the financial asset is more

than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

## 6. Financial Liabilities

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

# Statement of Accounting Policies

## **a. Impairment of Financial Assets**

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

## **b. Derivative Financial Instruments and Hedging Activities**

The Council uses derivative financial instruments to hedge its exposure to interest rate risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, we do not hold or issue derivative financial instruments for trading purposes. 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 we would pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties.

## **c. Financial Guarantee Contracts**

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's-length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the

fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that the Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a financial guarantee cannot be reliably determined, a liability is recognised at the amount of the loss allowance determined in accordance with the ECL model described in 5 under the "Other Assets".

Financial guarantees are subsequently measured at the higher of:

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

## **7. Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call

with banks and other short-term highly liquid investments with original maturities of three months or less. It includes all funds held for day-to-day management and does not include funds set aside for specific purposes (for example, Reserve Funds).

## **8. Accounts Receivable**

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific



# Statement of Accounting Policies

to the debtors and the economic environment.

Rates are “written-off”:

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

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

## 9. Inventories

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

## 10. Investments

Investments in bank deposits are recognised at cost plus accrued

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

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

## 11. Property, Plant and Equipment

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

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

For assets that are re-valued, the

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

## Disposals

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

Gains and losses on disposals

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

## Operational Assets

These include land, 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 2020. 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.

# Statement of Accounting Policies

## Restricted Assets

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

Land and buildings are valued at fair value, as determined from market-based evidence, by Beca Projects NZ Limited, Registered Valuers, as at 30 June 2020. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise.

Parks and Recreation Assets were valued at fair value by Beca Projects NZ Limited, as at 30 June 2020. Valuations are carried out on a three-yearly cycle.

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

## Infrastructural Assets

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function.

Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited as at 30 June 2020. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise.

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

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.

## 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	1.22% - 33.33%
Motor Vehicles	4.00% - 20.00%
Plant and Equipment	3.33% - 33.33%

Information Systems Equipment	10.00% - 50.00%
Library Books	10.00% - 20.00%
Furniture and Fittings	5.00% - 20.00%
Office Equipment	10.00% - 25.00%

### Infrastructural Assets

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function.

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method.

A number of estimates and assumptions are exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating any obsolescence or surplus capacity of the asset.
- Estimating the replacement cost of the asset. The replacement cost is derived from recent construction contracts in the region for

# Statement of Accounting Policies

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 expense. To minimise this risk, infrastructural assets useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration,

and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Beca Projects NZ Limited, Registered Valuers as at 30 June 2020. Valuations are generally carried out on a three-yearly cycle unless market conditions require otherwise. Infrastructural land under Roads is no longer revalued.

Certain infrastructural assets and land have been vested in the Council as part of the sub-divisional consent process. The vested asset has been valued at the latest appropriately certified government valuation or at a mutually agreed market value or at a value determined through arbitration. Vested infrastructural

assets have been based on the actual quantities of infrastructural components vested and current “in the ground” cost of providing identical services. All other assets are valued at historical cost less accumulated depreciation.

### Roading

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

The significant component depreciation rates are as follows:

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

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

Water Reticulation	4 - 143 years	0.70% - 25.00%
Water Treatment Plants	5 - 100 years	1.00% - 20.00%
Water Point	4 - 123 years	0.81% - 25.00%
Sewerage Reticulation	10 - 178 years	0.57% - 10.00%
Sewerage Treatment Plants	14 - 100 years	1.00% - 7.14%
Wastewater Point	10 - 124 years	0.81% - 10.00%
Wastewater Station	15 - 80 years	1.25% - 6.67%
Stormwater Pipes	20 - 150 years	0.67% - 5.00%
Stormwater Point	20 - 110 years	0.91% - 5.00%

# Statement of Accounting Policies

## Restricted Assets

### Heritage and Cultural Assets

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

Heritage and Cultural Assets	23 - 250 years	0.40% - 4.35%
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### Parks and recreation assets

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

Parks and Recreation Assets	6 - 15 years	6.67% - 16.67%
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## Assets under Construction

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

## 14. Intangible Assets

Software licences are recognised at cost and amortised on a straight

line basis over the life of the licence (three to ten years) at a range of 10.00% to 33.33% per annum.

## 15. 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.

## 16. Employee Entitlements

Provision is made for employee benefits accumulating as a result of services rendered.

Provision is made in respect of the Council's liability for annual leave and sick leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while other provisions have been calculated on an actuarial basis at current rates of pay.

## 17. Landfill Post-Closure Costs

As operator of the District landfills,

the Council has a legal obligation to provide on-going maintenance and monitoring services at the landfill site after closure. Post-closure costs are recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements, known improvements in technology and all other costs associated with landfill post-closure.

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

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

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

## 18. Community Loans

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

## 19. Public Equity

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

# Statement of Accounting Policies

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

## 20. Leases

Leases where the Council 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 effectively transfer to the lessee substantially all of the risks and benefits incidental to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Statement

of Financial Position. The leased assets are depreciated over the period the Council expects to benefit from their use.

## 21. Statement of Cash Flows

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

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

Investing activities relate to the acquisition and disposal of non-current assets.

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

## 22. Allocation of Overheads

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

## 23. Critical accounting estimates and assumptions

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

detailed below.

### *Infrastructural assets*

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuation. These include:

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

# Statement of Accounting Policies

useful lives.

## *Critical judgements in applying accounting policies*

Management has consistently applied the Council's accounting policies for the period ended 30 June 2021 and has not been required to exercise critical judgement in implementing these policies beyond what would be expected on a normal day to day basis.

## **24. Borrowing Costs**

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



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