



CHAPTER FIVE

Policies,
summaries and
statements

CHAPTER FIVE

Policies

Overall revenue and financing policy	<u>431</u>
Specific rates polices	<u>459</u>
Significant accounting policies	<u>471</u>
Summary financial contributions policy	<u>482</u>
Treasury Policy	<u>485</u>
Significance and engagement policy	<u>490</u>

Summaries and statements

Statement on Council-controlled organisations	<u>492</u>
Activity funding impact statements	<u>496</u>
Glossary	<u>511</u>

OVERALL REVENUE AND FINANCING POLICY

INTRODUCTION

Our Revenue and Financing Policy for each group of activities can be found on [page 435](#).

This policy deals with the revenue and financing decisions taken at a “whole of Council” level. It documents our high level rating philosophy and summarises the rationale for the rating decisions taken. We have considered the distribution and timing of benefits, rating efficiency and transparency, community preferences and the overall impact on the economic, cultural, social and environmental well-being of our District. In particular, we have considered the impacts of our rating proposals on a range of representative properties; these are shown in Chapter Four on pages [366 to 370](#) of this Plan.

When read in conjunction with the Funding Impact Statement, in Chapter Four on pages [344 to 364](#), this policy provides the link between the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive.

COUNCIL'S FUNDING PHILOSOPHY

Ratepayers have told us that fairness and equity in rating is very important to them. We try wherever practical, to maintain a close relationship between the benefits received by groups of ratepayers and the rates they pay for those services, especially where communities within our District have differing levels of service. Where levels of service are more uniform or where it is impractical to identify groups of ratepayers that principally benefit, we use General Rates which are essentially a tax. In theory taxation is not related to benefit received but is charged according to an assessment of ability to pay – in the case of council rates this is assessed by property value.

In principle, we seek to recover the maximum amount possible from the direct users of a service (the ‘user-pays’ principle) or from those that create the need for a service (the ‘exacerbator-pays’ principle). The primary tools we use to achieve these principles are fees and targeted rates. We also seek to ensure that people pay for services at the time they consume them, (the ‘inter-generational equity’ principle). Costs of service include capital costs, direct operational costs, depreciation, interest and loan repayments. The tools we use to achieve inter-generational equity include loans, financial contributions and increases in the rating base resulting from growth.

FEES

These are funding tools which are used where the users of services can be individually identified, for example building consents.

TARGETED RATES

Targeted rates tend to be used where categories of ratepayers can be identified as a group, rather than individually as primarily benefiting from a service or contributing to the requirement for a Council service, for example stormwater.

FINANCIAL CONTRIBUTIONS

Our policy for recovering the costs of infrastructure built to accommodate growth is to use financial contributions. Our Financial Contributions Policy is set through our District Plan under the Resource Management Act 1991.

The detail of the policy is published as part of the District Plan and is available on our website www.westernbay.govt.nz and at our offices and libraries.

DEBT FINANCING

As we have no significant reserves, we rely on loans to finance infrastructure development, for example wastewater schemes. The portion of interest and loan repayments relating to growth is generally funded through financial contributions however in periods of low growth may be funded from rates. This is detailed in our Financial Strategy. Chapter Two on page [55 to 56](#). The remainder is funded by annual rates or charges. We acknowledge that the interest on loans increases the overall cost of services but we believe that this is offset by a more equitable allocation of cost between existing and future ratepayers. As our rating base increases with new development there are more ratepayers to meet the cost of interest and loan repayments.

For transportation infrastructure, however, we have traditionally used less financing. For this activity, where the capital development programme is more evenly spread over time and the users of the service are less easy to identify individually, we have primarily used rates to finance capital expenditure with loans and financial contributions used to a lesser degree.

The overall use of debt financing is limited by the extent of our indebtedness and the principles of prudent financial management. Our Financial Strategy in Chapter Two, page [48 - 61](#) proposes a limit on debt and our Treasury Policy, [page 485](#) contains limits on debt and interest payments in relation to our assets and revenue. The term of our debt is related to the useful life of the asset financed but do not generally exceed 30 years, as the financing costs exceed the value of the asset and ensures the costs of future

renewals are taken into consideration. This ensures that the people benefiting from the asset repay the loan before the asset's life is over.

For several activities we operate a current account funding programme to smooth rates increases over time and to ensure renewals are adequately provided for. The level of rates in year one of the Long Term Plan is set such that once inflation is added to each of the ten years of the Plan, the projected current account balance in years 10 and 30 is adequate to meet the balanced budget test. The current account balance reflects all revenue and expenditure (including operating and capital costs) and all funding requirements (including loans, financial contributions and other revenue).

Our District Plan provides that waivers and reductions to financial contributions levied under the Resource Management Act 1991 are agreed through our Annual Plan process. The Long Term Plan 2015-2025 is also our Annual Plan for 2015/2016.

DEPRECIATION FUNDING AND CURRENT ACCOUNT DEFICIT FUNDING

Prudent financial management requires organisations to plan for the replacement or renewal of their assets when they reach the end of their useful lives to maintain the service they provide. The inter-generational equity principle suggests that, ideally, today's ratepayers should pay for the 'asset-life' they are consuming and likewise future generations should pay for their share of the asset's life. There are three principal ways this can be achieved:

1. Pay as you go

- Capital funded annually by rating existing ratepayers to cover the expenses incurred in that year.

Suitable when capital expenditure is evenly spread over the years so there is less risk that today's ratepayers are not paying their fair share when compared to future ratepayers.

2. Saving for asset replacement

(charge rates over the life of the asset – spend later)

- Ratepayers are rated annually to fund depreciation which builds up in a reserve account to fund future replacements of assets.

Unsuitable if ratepayers are already servicing debt incurred to acquire the existing asset. If debt were incurred today's ratepayers would be paying twice for the asset, once through debt repayments and interest and again through financing the depreciation.

3. Borrowing to fund asset replacement

(spend now – charge rates over the life of the asset)

- Ratepayers are rated annually to fund interest and capital repayments on loans matched to the life of the asset. In the future, replacement of the asset would be financed in the same way.

Suitable if our overall level of debt can accommodate the required borrowing.

There is no legal requirement for councils to accumulate dedicated depreciation reserves, however the Local Government Act 2002 (LGA) requires that councils have a balanced budget, which means that revenue must be greater than operating expenditure (which includes depreciation). As the balanced budget test is conducted at the local authority level it is considered acceptable and within the bounds of prudence to run an operating deficit on one activity and a surplus on another. This means that we are not required to retain revenue on an annual basis in dedicated depreciation reserves if we can show through our financial strategy that future rates revenue is adequate to fund infrastructure renewals when they are needed.

When setting rates we consider the impact they have on the affordability to the various sectors of the community. Where there is a clear need to balance the principles set out above some redistribution of rates may be required. This is done through the development of the financial strategy.

RATING POLICY

1. Rating unit

Under the relevant legislation, we have the ability to set our unit of rating as a dwelling (or separately used inhabited part of a property) as opposed to a property. We have chosen to retain our rating unit as a property consistent with our policy in previous years.

2. Rating basis

The Local Government (Rating) Act 2002 allows us to choose from three rating systems - the land value rating system, the capital value rating system and the annual value rating system. There is no legislation prescribing the best type of rating system for each council.

We will assess the General Rate and all other property value-based rates (except the roading rate) on capital value. The roading rate will be assessed on land value.

We show a land value and an improvement value on our property valuations. The improvement value reflects the added value given to the land by buildings or other structures, including fruit trees, vines and landscaping. Capital value includes both the land value and the value of improvements. The improvement value excludes chattels, stock, crops, machinery or trees other than fruit or nut trees, vines, berry-fruit bushes and live hedges.

Regardless of the rating basis we use, the total amount of rates collected remains the same but the incidence of rating shifts. To illustrate the differences between the land and capital value rating systems for example, consider two identically valued pieces of land, one with a substantial dwelling on it and the other with no improvements. Under the land value rating system the two properties would pay the same rates. Under the capital value rating system the property with the substantial improvement would pay more than the property that was undeveloped.

3. General rates

General Rates consist of a rate in the dollar charged on capital value and a Uniform Annual General Charge (UAGC) which is a flat amount levied on each rating unit. The size of the UAGC is set each year by Council and is used as a levelling tool in the collection of General Rates. If the Uniform Annual General Charge (UAGC) were set at zero the effect would be to increase the amount of General Rates assessed on capital value which would increase the share levied on properties with higher capital values and decrease the share levied on lower capital values.

In setting the level of the UAGC, we consider the following issues:

- The impact of a high UAGC on those with low incomes and relatively low property values/
- The impact of a low UAGC on the relative share of rates levied on large rural properties
- Fairness and equity and the social consequences of an unfair distribution of rates
- The collective effect of other flat charges (e.g. environmental protection rate, targeted rate for libraries) on affordability for low income households.

4. Differential general rate

Our policy is to have the same system for charging General Rates across the whole District.

Our current differential rates policy is:

- | | |
|-------------------------------------|-----|
| • Residential zoned areas | 1.0 |
| • Rural zoned areas | 1.0 |
| • Commercial/industrial zoned areas | 1.0 |
| • Post-harvest zoned areas | 1.0 |

These differentials apply only to the General Rate.

5. Multiple dwelling differentials

There are no multiple dwelling differentials for any rates assessed on capital value.

6. Environmental protection rate

The Environmental Protection Rate is a fixed charge on each rateable unit. It funds a number of activities that are seen to benefit the District as a whole.

7. Roading rates

There are three roading rates:

- Roading rate on land value
- Roading charge (fixed amount on every property in our district)
- Rural works charge (fixed amount on every rural zoned property).

We use the rural works charge and the roading Uniform Annual Charge (UAC) to reduce the share of roading rates levied on higher value properties. If these fixed charges were not included large pastoral farms, for example, would be liable for an unfairly large share of the revenue required for roading.

We are unable to collect direct user charges; only central government can charge road user fees and levy petrol tax.

The roading rate on land value is calculated using the following differentials:

- | | |
|-------------------------------------|-----|
| • Residential zoned areas | 1.0 |
| • Rural zoned areas | 1.0 |
| • Commercial/industrial zoned areas | 2.0 |
| • Post-harvest zoned areas | 2.0 |

8. Targeted rates

We use targeted rates (as defined in the Local Government (Rating) Act 2002) to collect funds over areas of benefit. This rating tool is chosen where the services provided are specific to a particular community or area within our District and it is not considered fair to charge all ratepayers, e.g. charges for town centre promotion and community halls. Details of these rates are shown in the Funding Impact Statement, Chapter Four page [346 - 364](#). These rates may be collected on a uniform (fixed) basis per property or on the capital value of each property.

9. Water

Water rates are charged using a metered or unmetered Uniform Annual Charge.

Our policy on water meters is that all properties 0.5 ha (1.23 acres) and larger, which are connected to Council's water supply and all properties likely to use more water than the usual household amount will be metered. We are in the process of introducing metering to all other properties in a staged process over the term of this ten year plan due for completion in 2018. In establishing the criteria for water metering we have recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy.

Where meters are in use charges are as follows:

- Each property will be charged the metered Uniform Annual Water Charge for the first meter; and
- An additional Uniform Annual Charge will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance and future meter replacement
- Connections larger than 20mm will be charged additional UACs in proportion to the capacity of the connection
- A charge based on water consumption per m³ is also levied

Where unmetered connections are in place a single annual charge is levied. This charge is higher than the metered water annual charge to take into account water usage.

10. Wastewater

Our policy on wastewater charges is:

10.1 Uniform Annual Charge

All properties connected or available to be connected (within 30 metres of a public wastewater drain) will be charged a Uniform Annual Wastewater Charge.

10.2 Multiple connection charges

We have a policy for charging properties with more than one toilet. It applies to all wastewater schemes.

- Each residential household will pay one standard connection charge to the wastewater scheme regardless of the number of toilets in the dwelling. This charge covers fixed and variable costs
- For non-residential properties with more than one toilet in Katikati, Omokoroa, Te Puke and Waihi Beach, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:
 - 25% of the variable cost component of the standard connection charge, plus
 - 100% the full fixed cost component of the standard connection charge.

- For non-residential properties with more than one toilet in Maketu, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:

- 100% of the variable cost component of the standard connection charge, plus
- 100% the full fixed cost component of the standard connection charge.

Our intention is to achieve a fair allocation of the costs of the wastewater scheme based on the usage of capacity in the system. We acknowledge that in some instances additional toilets may be installed in non-residential properties for convenience which may not result in an increase in total usage.

We have reviewed our multiple pan remission policy in 2015 to address instances where organisations would be charged unduly high amounts by the application of this policy. See page [468](#).

11. Schools

Although the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed, schools are charged for sewage disposal on the same basis as that envisaged by the Act but as a targeted rate for each individual school in our District. This is because schools by and large, have accepted the levies charged.

REVENUE AND FINANCING POLICIES FOR EACH ACTIVITY

LEADERSHIP

REPRESENTATION

COMMUNITY OUTCOME

Leaders are informed by the views of residents to make effective decisions which improve our communities and environment, now and for the future.

GOALS

- Effective representation arrangements for our communities.
- We engage with our communities, listen well, lead effectively and make well informed decisions.
- We actively seek and consider the full range of residents' views on our plans, policies and projects.
- We have strong relationships with tangata whenua and work together in a range of ways so that tangata whenua perspectives inform our decisions.
- Strategic relationships at all levels are maintained and strengthened.
- Financial management is prudent, effective and efficient.

DISCUSSION / RATIONALE

The whole of the District benefits from the representation provided by elected members, while residents of each Community Board area also benefit from having a Community Board.

Resource consent hearings

Consent applicants receive a private benefit when the Regulatory Hearing Committee hears resource consent applications, although it is recognised that the purpose of the Committee is to provide a democratic process for the benefit of the public. No inter-generational benefits have been identified. No exacerbator has been identified.

FUNDING APPROACH

The General Rate and Uniform Annual General Charge fund elected members' expenditure. Community Board rates (a fixed charge per property) fund Community Boards. Targeted rates (a fixed charge per property) over the area of benefit may fund particular community development projects.

Resource consent hearings

Fees and charges to fund up to 25% of the cost of elected members' expenses are charged to the consent applicant. General Rates fund the balance.

PLANNING FOR THE FUTURE

COMMUNITY OUTCOME

In consultation with our communities and guided by our sustainable development approach, we plan for the future.

GOAL

• Develop, monitor, review and advocate policy and plans that support the achievement of our vision for the District, our community outcomes and the direction provided by Smartgrowth.

DISCUSSION / RATIONALE

Policy and planning

The community as a whole benefits from monitoring, policy and planning activities.

Individuals may request private plan changes to the District Plan. Applicants would receive a private benefit from this service and it is possible and practical to charge them a fee to recover the costs of this service.

Council's Strategic and District Planning activities guide Council's high-level, long term vision and plans. To this extent, these activities provide inter-generational benefits. No exacerbator was identified for this activity.

Strategic planning of infrastructure

Infrastructure investigations and feasibility studies are undertaken to provide us with information for decision-making.

At the planning stage it is not always possible to identify individuals or groups who will benefit from an activity. If a project goes ahead, some design work will have been done and consents obtained. This may provide a benefit to the future users of water and wastewater schemes and to groups of ratepayers in the case of stormwater investigations. For other infrastructure planning projects it may be possible to identify individuals who benefit from the resulting development. Third party benefits also result from information gathering and knowledge gained during investigations.

If a project does not go ahead, no private benefit can be identified.

To the extent that the costs of such applications and consent costs are capitalised, it could be considered that this activity delivers an inter-generational benefit.

No exacerbator for this activity was identified.

FUNDING APPROACH

Policy and planning

All expenditure on policy and planning activities is funded from General Rates, with the exception of private District Plan changes where the costs are recovered from the applicant.

Environmental monitoring is funded through ecological financial contributions.

Strategic planning of infrastructure

Central government funding may be available to fund certain infrastructure investigations.

The Bay of Plenty Regional Council may fund particular projects through its Regional Infrastructure Fund.

Wastewater investigations:

Funded 60% from the Environmental Protection Rate and 40% initially loan funded and recovered by Uniform Annual Charges for wastewater.

Water and stormwater investigations:

Funded from General Rates and Uniform Annual General Charge.

All other infrastructure planning costs:

Funding will be assessed on a project by project basis.

BUILDING COMMUNITIES

COMMUNITY BUILDING

COMMUNITY OUTCOME

Social infrastructure (the community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; communities are strong and can influence their futures.

GOALS

- Communities are healthy and safe
- Communities are vibrant and diverse
- Communities participate in the development of their futures.

DISCUSSION / RATIONALE

Building communities - grants and contracts

This policy covers:

- Creative Tauranga
- Sport Bay of Plenty
- Bay of Plenty Surf Lifesaving
- Te Puke Sports fields
- Fee abatement scheme
- Discretionary grants.

The community as a whole benefits from Council's service delivery contracts and grant schemes. Individuals benefiting from these activities cannot be separately identified.

FUNDING APPROACH

General Rates and Uniform Annual General Charge fund this activity.

LIBRARIES AND SERVICE CENTRES

COMMUNITY OUTCOME

Social infrastructure (the community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; communities are strong and can influence their futures.

GOAL

- Communities are vibrant and diverse.

DISCUSSION / RATIONALE

Libraries

The whole community benefits from a better informed and more literate community. Many residents value the existence of a library and service centre and having the option to use them even if they choose not to. Individuals benefit from the learning opportunities provided by libraries and information provided at the service centres. Having a library in a community may contribute to the public's pride in its community and act as an anchor for further development.

Developers and new residents benefit from the provision of local library services which must be increased to cater for growth. Theoretically it would be possible to exclude ratepayers from the service if they refused to pay for it but legislation provides that we cannot charge for membership of libraries.

Te Puna library contract

We fund this contract as a collecting agent in order to secure public access to the facilities for the benefit of the Te Puna community.

We cannot charge user fees for this facility as we do not own the assets.

Customer care – service centres

Many individuals seek information from us in order to comply with Council processes, regulations and procedures. Individuals also obtain other benefits from information provided either in person, via the phone, email or the internet from Council service centres, the Katikati Resource Centre and the Tauranga Citizens' Advice Bureau.

This activity also includes delivery of internal service level agreements to other departments and functions and the monitoring of customer satisfaction with these services. Internal customers can be identified and charged through internal cost recoveries and overheads.

External customers can be identified and could be charged for the service provided.

Katikati resource centre

The Katikati Community Resource Centre offers information, services and support to the community in the areas of health, education and well-being.

FUNDING APPROACH

Libraries

Operational expenditure

Funding targets are set at 96% from the Uniform Annual Charge and 4% from library user fees and charges.

Capital expenditure

Capital expenditure (including renewals) for existing ratepayers is funded by the Uniform Annual Charge and General Rates and the sale proceeds of surplus existing library buildings.

Capital costs arising from growth, including increases in the existing book stock are funded from recreation and leisure financial contributions.

Te Puna library contract

This contract is funded by a targeted rate over the defined area of benefit (Te Puna).

Customer care - service centres

Funded from fees and charges for external customers, where practical and efficient; for example for property file access and printing.

Contributions to the Tauranga Citizens' Advice Bureau is funded from General Rates.

Internal recoveries and overheads where applicable for internal services provided.

The balance of both operational and capital expenditure is funded from General Rates.

Katikati resource centre

Funded from targeted rates (75% from the Katikati Community Board Area of Benefit and 25% from the Waihi Beach Community Board Area of Benefit).

COMMUNITY FACILITIES (Community meeting places, housing for older people and cemeteries)

COMMUNITY OUTCOME

Social infrastructure (the community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; communities are strong and can influence their futures.

GOALS

- Communities are healthy and safe
- Communities are vibrant and diverse.

DISCUSSION / RATIONALE

Community meeting places

All community halls are available to the public. Groups and individuals use the halls for community and recreational use. Users can be identified and are charged by the respective hall committee for hireage. The community benefits from the existence of the hall and the option they have to use it.

In terms of Council policy, the facility must be available to the public and any project eligible for funding must enhance the value of the facility to the public at large.

Hall committees are able to apply for funding for capital development to community trusts and sponsors which could reduce the amount required to be collected by Council from ratepayers.

Housing for older people

The public indirectly benefits from supporting the health and well-being of low income residents through the provision of affordable housing.

Most of the benefits of pensioner housing are gained by the tenants of the units. Access to Council-owned affordable housing is limited to a relatively small number of low income older residents.

Cemeteries

The public receives indirect benefit from this activity through the existence of cemeteries and the option they have of using them. The public also benefits from the heritage values of cemeteries and there are third party benefits associated with public health.

Users of this service are the families of the deceased that choose to use Council cemeteries - from within and outside our District. They can be identified at the time of burial and charged for the use of the cemetery.

The useful life of a cemetery is limited by the rate of uptake of the interment plots. As plots are used and spare capacity reaches a minimum level, we have to develop additional plots or berms.

Booking of plots, without the requirement to pay an appropriate fee results in the need to develop additional berms in the absence of a corresponding income.

Individuals can exclude themselves from using this service by choosing to be cremated or buried in other than Council-owned and operated cemeteries - for example an urupa.

Vandalism can result in additional costs of providing this service.

FUNDING APPROACH

Community meeting places

Operational expenditure (Council's operational costs only)

Funded from General Rates.

Capital expenditure and significant maintenance projects (hall committee costs)

This is funded from a Uniform Annual Charge over a defined hall area of benefit.

Housing for older people

100% of the funding for capital, operations and maintenance is provided from rental income.

Cemeteries

Fees and charges target to recover 70% of capital, operational and renewals costs.

General Rates are used to fund the remaining 30%.

Any shortfall will be funded from the General Rate.

COMMUNITY FACILITIES (Community meeting places, housing for older people and cemeteries)

DISCUSSION / RATIONALE

Gibraltar water scheme

A private water scheme which supplies water to properties in Te Puke (No.3 Road) that are not serviced by Council's water infrastructure.

FUNDING APPROACH

Targeted rate to support Gibraltar water supply company.

CIVIL DEFENCE AND EMERGENCY MANAGEMENT

COMMUNITY OUTCOME

Social infrastructure (community facilities, services and networks that help individuals, families, groups and communities) meets the diverse needs of communities; communities are strong and can influence their futures.

GOAL

- Communities are healthy and safe.

DISCUSSION / RATIONALE

Civil defence

The community as a whole benefits from the District's readiness and policies for dealing with a civil defence emergency. Individuals who directly benefit from this service cannot be separately identified.

Public education advises the community how to cope with civil defence emergencies and how to reduce the likelihood of loss in emergency situations.

Actions that result in increased expenditure on this activity include the careless use, transport and storage of large quantities of hazardous substances resulting in a civil emergency.

Rural fire

The community benefits from the existence of the rural fire service. It values the opportunity to call on the rural fire service if necessary. People benefit even if they do not ever have to use the service.

Actions that result in increased expenditure on this activity include vandalism, careless lighting and poor control of fires in rural areas can lead to out of control fires.

FUNDING APPROACH

Civil defence

Civil defence levy funded from the General Rate.

External funding sources can include:

- Central government cost sharing scheme, whereby a percentage of expenditure incurred in an emergency is refunded, based on the nature of the emergency
- Central government recovery assistance, applicable only if an emergency is declared.

Rural fire

Cost recovery charges from those responsible for causing the fire - wherever possible.

General Rates for the balance of all operational and capital expenditure.

RECREATION AND LEISURE

COMMUNITY OUTCOME

Recreation and leisure facilities are well planned and safe to meet the diverse needs of our community.

GOALS

- Provide safe, healthy and appropriate facilities.
- Provide a basic range of public facilities across the District.
- Work with the wider community including tangata whenua to provide and promote recreation and leisure facilities.
- Support provision of sub-regional recreation and leisure opportunities.
- Protect important natural environmental, cultural and heritage values.
- Ensure resources are secured to provide for future public recreation and leisure needs.

DISCUSSION / RATIONALE

District reserves, harbour structures, recreational service delivery contracts

Reserves provide recreation and open space to the community as a whole and many residents value their existence and the option to use them for both passive and active recreation. Facilities are available for use by visitors and residents alike.

Communities are often proud of their reserves and even if they do not use them themselves, people may recognise a prestige value attached to a particular reserve area.

In many cases it is not practical or efficient to identify the individual users of reserves and recreational assets.

Sports and recreational clubs whose clubhouses occupy parts of our reserves can be identified and are charged rentals. Graziers who occupy reserves for grazing can also be identified and charged. While users of jetties and boat ramps are not charged there could be some commercial use of these structures that could be identified and charged for. Users of swimming pools can be identified and charged by the pool administrators. Income from users contributes to cost of running pools.

The level of provision of recreational assets is linked to demand, which is affected by population growth and development. Property developers can be identified and charged for the resulting consumption of reserves capacity when properties are developed.

Land has an infinite life with the life of improvements exceeding 15 years. Lives of coastal and harbour structures range from 15-50 years. The life of swimming pool assets is estimated at 75 years.

Actions identified that result in increased expenditure on this activity include vandalism, littering and inappropriate use of facilities which results in increased costs to ratepayers for maintenance and replacement of assets.

FUNDING APPROACH

District reserves, harbour structures, recreational service delivery contracts

Loans are used to finance significant reserve land acquisitions opportunities. Loans are serviced (repaid) through recreation and leisure financial contributions when related to growth or from General Rates, as appropriate.

General Rates, fees for commercial use of boat ramps, rentals, lease fees, grazing fees, fines and reparation are used to fund operational expenditure including financing costs, renewals and capital expenditure relating to existing ratepayers.

The Environmental Protection Rate is used to fund coastal erosion projects relating to reserves.

The service delivery contracts for Council's swimming pools is funded from the Uniform Annual General Charge.

Financial contributions are used to fund capital development that is required to accommodate growth and to service loans where appropriate. Such capital developments may include expenditure on assets that are not in council ownership or on council land.

Council encourages communities and clubs to apply for funding from external sources for recreational facilities before approaching Council for funding. Only if communities are unsuccessful in obtaining funding will Council consider contributing funding to any recreation facilities beyond the basic level of provision of facilities outlined in this Strategy,

RECREATION AND LEISURE

DISCUSSION / RATIONALE

Camping grounds

While we do not run motor camps, we do lease property on a commercial basis to various motor camp operators. The lessees of the property have a legal interest in the land and use this for commercial gain. They are charged market rates for the right of occupation through a lease agreement.

The properties are either held as reserve land or as corporate property.

The public benefits from the existence of the camp ground as a community asset and public access to the property is protected by Section 17 of the Reserves Act 1977, subject to any specific terms of the lease and bylaws.

The Reserves Act also requires that any financial surpluses generated from reserve land must be used for reserve purposes, providing a public benefit.

The land and improvements to the property revert to Council on expiry, surrender, breach or otherwise of each lease. No inter-generational benefits have been recognised as the useful life of the assets is not known.

Actions that result in increased expenditure on this activity include legal disputes which may arise with lessees and could result in increased expenditure such as increased compliance and monitoring costs.

FUNDING APPROACH

Camping grounds

Lease rentals fund operating costs, overheads and maintenance of the properties undertaken by Council. Any shortfall will be funded from the General Rate.

REGULATORY SERVICES - ANIMAL CONTROL SERVICES

COMMUNITY OUTCOME

Regulatory services support community well-being.

GOAL

- Animal control services provide a safe environment for the public taking into account the needs of animal owners.

DISCUSSION / RATIONALE

Animal control services

The public benefits from the enforcement of bylaws and legislation aimed at meeting health, public order and safety requirements. In relation to dog control in particular, the community as a whole benefits from Council's response to complaints about uncontrolled or nuisance dogs.

Similarly patrolling public places and enforcement of designated dog on leash/prohibited areas (especially during the holiday season) benefit the wider community as does impounding and sometimes destruction of unregistered, nuisance dogs.

FUNDING APPROACH

Animal control services

Funding targets for the dog control activity are set at 80% private benefit funded through dog registration fees, impounding fees and fines, and 20% public benefit funded through General Rates.

Funding targets for the livestock control activity are set at 60% private benefit funded through user fees and impounding fees and 40% public benefit funded through General Rates.

REGULATORY SERVICES - ANIMAL CONTROL SERVICES

DISCUSSION / RATIONALE

Animal control services

Registration of dogs provides a benefit to identifiable individuals as lost and found dogs can be returned to owners. Dog owners who do not maintain control of their animals may cause public nuisance and/or danger, requiring the attention of animal control officers. While identified offenders are fined, there remains an unrecovered cost of enforcement. People can avoid using the registration services by not owning a dog.

There is a more defined private benefit that can be attributed to livestock control services where we respond to complaints about wandering stock. In most cases stray stock is returned to the owner by animal control officers. Offenders can only be prosecuted through the courts and unrecovered costs of enforcement remain in cases where it is unreasonable and impatient to prosecute.

Education improves overall public safety and reduces the incidence of complaints.

FUNDING APPROACH

Animal control services

Funding targets for the dog control activity are set at 80% private benefit funded through dog registration fees, impounding fees and fines, and 20% public benefit funded through General Rates.

Funding targets for the livestock control activity are set at 60% private benefit funded through user fees and impounding fees and 40% public benefit funded through General Rates.

REGULATORY SERVICES - BUILDING SERVICES

COMMUNITY OUTCOME

Regulatory services support community well-being.

GOAL

• Building work is regulated to ensure the health and safety of people and sustainability in design and construction methods.

DISCUSSION / RATIONALE

Building services

Health and building services public enquiry and compliance

The public benefits from the assurance that building standards are being upheld. However a private benefit can be attributed to an applicant for a building consent and the administration, processing and inspection costs charged accordingly.

Public education and the monitoring and investigation of complaints improve safety and benefits the community.

Individuals have the opportunity to obtain information on consents and licences even if they are not applicants themselves.

The community may benefit from the use of information obtained by individuals.

When applicants are well informed, consents and licences can be processed more smoothly. The public may benefit from this in terms of reduced numbers of objections.

FUNDING APPROACH

Building services - public enquiry and compliance

The costs of processing and approving building consent applications and inspections are targeted to be funded 100% through user fees.

Any shortfall is funded from the General Rate.

REGULATORY SERVICES - BUILDING SERVICES

DISCUSSION / RATIONALE

Land information memoranda (LIMs)

LIMs enable members of the public to be well informed in their property purchase decisions and illegal or dangerous situations will come to the attention of the Council.

Encouragement of the use of LIMs places pressure on owners of un-consented illegal or dangerous properties to comply with the relevant regulations.

FUNDING APPROACH

Land information memoranda (LIMs)

Funding of the LIMs service is 50% user fees and 50% from General Rates.

REGULATORY SERVICES - RESOURCE CONSENTS

COMMUNITY OUTCOME

Regulatory services support community well-being.

GOAL

- The quality of the environment enjoyed by residents and visitors is maintained and enhanced.

DISCUSSION / RATIONALE

Processing of resource consents

Control of development and the imposition of consent conditions benefits the public in general. Our District Plan rules are designed to control the negative effects of development and to impose charges on developers to mitigate those negative effects for the benefit of the public. The implementation of our District Plan therefore benefits the community as a whole. Similarly the facilitation of consultation with affected parties, iwi and ourselves as infrastructure owners benefits the community.

A private benefit is derived by applicants for resource consents who can be identified and charged for the service.

Where resource consents are appealed to the Environment Court we have no ability to charge appellants or other parties in the appeal process.

Resource consent public enquiry process

Individuals derive a private benefit from this service when making enquiries and could be identified and charged for this service.

Although the benefits of this activity are assessed as 5% public and 95% private, it is not our policy to charge for this service as it is in the interests of ratepayers and residents.

Resource consent monitoring and District Plan compliance

Enforcement of consent conditions ensures that development of our District is consistent with our District Plan, benefiting the whole community rather than individuals. Protection lot monitoring, noise control and bylaw enforcement benefit the community as a whole.

FUNDING APPROACH

Processing of resource consents

For non-notified resource consent applications, a target of 80% is funded from user fees and charges and 20% from General Rates.

For notified resource consent applications, a target of 75% is funded from user fees and charges and 25% from General Rates.

For subdivision consent applications, 100% is funded from user fees and charges.

Appeals to the Environment Court are funded 100% from General Rates.

Any shortfall is funded from the General Rate.

Resource consent public enquiries

Funding is 100% from General Rates.

Resource consent monitoring and District Plan compliance

This activity is funded 10% from user fees and infringement fines and 90% from General Rates.

REGULATORY SERVICES - RESOURCE CONSENTS

DISCUSSION / RATIONALE

Individuals being monitored can be identified and charged when they receive the service.
Monitoring expenditure can increase where there is non-compliance with consent conditions and enforcement is required. Cost recovery can include infringement fines and/or prosecution through the court.

FUNDING APPROACH

REGULATORY SERVICES - COMMUNITY PROTECTION

COMMUNITY OUTCOME

Regulatory services support community well-being.

GOAL

• Community protection – protect and preserve the environment and public health and safety by minimising risks from nuisance and offensive behaviour.

DISCUSSION / RATIONALE

Traffic and parking services

Enforcement of bylaws for improving and maintaining traffic safety provides a public benefit. Individuals who will benefit in the future from traffic safety measures cannot be identified but include pedestrians and cyclists as well as motor vehicle owners.

Enforcement of parking bylaws enables businesses in the patrolled areas to benefit from accessible parking close to their businesses.

Individuals who can be identified benefit from the potential opportunity to use convenient parking spaces.

Licensing and inspection services of premises

The public benefits from the assurance that premises selling liquor are appropriately licensed, complying with the conditions of their licence and meeting the obligation to reduce

alcohol-related harm. Similarly, public health and safety is protected when food and other premises are appropriately registered and dangerous goods premises are licensed.

Private benefit is also derived from applicants for these various licenses as they are legally required before a business can operate. Applicants can be identified and charged for these services.

FUNDING APPROACH

Traffic and parking services

Funded 100% through infringement fines.

Licensing and inspection services of premises

Licensing and inspection services funded 70% by user fees and 30% from General Rates.

TRANSPORTATION

COMMUNITY OUTCOME

Transportation networks are safe, affordable, sustainable and planned to meet our community's needs and support economic development.

GOAL

- Transportation networks support and promote economic development
- The impact on the environment of the transportation system is mitigated where practicable
- Transport systems enable healthy activity and reduce transport-related public health risks
- Transport systems improve access and mobility
- Land use and transportation network planning are integrated.

DISCUSSION / RATIONALE

Network optimisation and network development

Council has a statutory responsibility under the Local Government Act 2002 to manage its transportation network for the benefit of the community.

Both individuals and the community as a whole benefit from the efficient flow of goods, services and people through the transport network. Through registration, individual vehicles can be identified when they use the road. It is practically possible to charge road users through fuel taxes and road user charges and tolls. It is also possible to exclude road users who refuse to pay through enforcement of registration and tolling parts of the roading network.

When roads are not at capacity increased use by individuals does not reduce the ability of others to use the road. Conversely when capacity is reached, increased use of the road by individuals reduces the ability of others to use the road.

Public benefits of improving/maximising the efficient flows of goods and services and people through the network include:

- Reductions in emissions and energy efficiency improvements as a result of reduced travel distances and/or congestion
- Contribution to improved social cohesion by increasing accessibility within the District
- Indirect benefits of improved economic wellbeing.

Private benefits identified include:

- Developers benefit from the ability to subdivide. This growth may result in uptake of the existing roading capacity
- Road users benefit from the maintenance and upgrade of roads by having reduced vehicle operating costs, reduced accidents, reduced driver frustration, reduced travelling times and increased road user comfort
- Safety improvements and travel time savings for road and rail users from increasing use of rail to transport bulk items
- Improved pedestrian mobility by removing heavy vehicle traffic from local town centres.

FUNDING APPROACH

Capital expenditure

- Roothing Rates including Roothing Uniform Annual Charge (UAC) and Rural Works charge for capital expenditure to service existing ratepayers
- Financial contributions for capital expenditure to accommodate growth and/or to pay for any excess consumption in the roading network. Includes the related loan servicing costs (interest, administration)
- Private contributions, where applicable, in terms of our policy
- New Zealand Transport Agency (NZTA) subsidies for eligible projects (49 - 51% for this Long Term Plan).

Where appropriate loans are used to finance large projects and then funded from the sources above.

Operational, maintenance and renewals expenditure including financing costs that relate to existing ratepayers

- Roothing Rate Uniform Annual Charge on all properties in our District
- Roothing Rate based on land value for all residential, commercial, industrial, post-harvest zoned and rural properties
- Rural Works charge for all rural zoned properties
- New Zealand Transport Agency (NZTA) subsidies for eligible projects (49% - 51% for this Long Term Plan).

For particular community projects or higher levels of service, as negotiated with the relevant community

Targeted rates over the defined area of benefit.

Roading rates may be used to service interest payments and growth related debt in times of low growth.

TRANSPORTATION

DISCUSSION / RATIONALE

Commercial/Industrial and Post Harvest zoned properties are charged a differential of 2 in the roading rate. The rationale for this is that high volumes and heavy vehicles servicing these properties cause the infrastructure to wear at a higher rate.

Integrated planning creates time and cost efficiencies which benefit individual transport users.

Developers benefit from integrated transport planning because well connected subdivisions may command higher section prices.

Our ability to recover for private benefit is limited by Government policy on the use of vehicle registration charges. This funding is provided through New Zealand Transport Agency (NZTA) subsidies which are available according to certain criteria.

The components of roading have widely varying design lives ranging from 3 to 75 years. The key roading component lives are:

- Base course - 25-75 years
- Seal - 12 years
- Unsealed road surfaces - 3-5 years.

Actions that result in increased expenditure on this activity include:

- Illegally overloaded vehicles that reduce the life of the road
- Cattle crossings that require cleaning up
- Heavy traffic turning in driveways which damages the edges of roads.

Environmental mitigation

The community as a whole benefits from the effective management of the environmental impacts of the transport network as a result of:

- Actions taken to reduce negative environmental effects
- Environmental recovery costs reduced by the ability to undertake immediate action to mitigate or reduce the environmental impact.

Emergency environmental response services provide a private benefit to those affected or responsible for accidents through our ability to undertake immediate action.

These individuals could be identified at the time they use the service.

Improved travel demand management benefits identifiable individuals by reducing travel time and energy consumption.

Owners of poorly maintained vehicle, which contribute to excessive emissions, may result in more Council expenditure being required for this activity.

FUNDING APPROACH

TRANSPORTATION

DISCUSSION / RATIONALE

FUNDING APPROACH

Health and safety

The public benefits of transport-related health impacts include:

- The potential for reduced community health costs through increased physical activity for example use of cycleways, walkways and footpaths
- Improved road safety and personal security
- Reduced vehicle emissions.

Pedestrians and cyclists cannot be as easily identified as vehicles when they use the roads. It would be impractical to identify the individual users of walkways and cycleways.

Seal Extensions: residents in the vicinity of roads undergoing seal extension enjoy a private benefit as they could technically be identified and charged. They could benefit from the potential reduction in vehicle wear and tear, increased road-user comfort, productive gains resulting from elimination of dust and increased property values.

Modal choice and mobility

The transport network forms a vital part of any community's means of communication and movement of goods, services and people which benefits the community as a whole, even if they do not actually use some parts of it.

The community as a whole also benefits from others using the transport network; for example visitors, ambulances, fire service, postal delivery, etc.

The community and affected individuals gain indirect and direct benefits from the increased mobility of transport disadvantaged people, through the effect it has on their ability to participate in the economy and play a part in the social life of the community.

Reducing heavy traffic volumes helps to improve individual pedestrian mobility, however it is not practical to individually identify those receiving this benefit. Individual users of public transport could theoretically be identified. However, where public transport is subsidised, charging the full cost of the service would defeat the purpose of the subsidy.

The availability of alternative transport modes (including public transport) has the potential to reduce congestion and travel times for individual road users who can be separately identified.

WATER SUPPLY

COMMUNITY OUTCOME

Water supply is provided to our community in a sustainable manner.

GOAL

- Provide potable water of an appropriate standard and quality to meet the needs of consumers within the three supply zones.
- Sustainably manage our water resource, water supply infrastructure and consumer use of water across the three supply zones.

DISCUSSION / RATIONALE

We have a statutory responsibility as an administering body under the Local Government Act 2002 to manage our District's water supply for the benefit of the community. However, it should be noted that many rural ratepayers in our District are not connected to Council water supplies as they provide their own water.

Provision of potable water provides public health and sanitation benefits to the community. It enables commercial and industrial businesses to have access to clean water for their activities.

If potable water were unavailable economic development would be constrained and the community as a whole would suffer.

Water supply schemes provide fire-fighting capability to the community.

Individuals provided with water can be identified and charged for the service. Increased use of water by some customers reduces the amount available for others. We are progressively implementing water metering across the District which will help extend the life of existing water supply schemes, help identify water losses through leaks and ensure that those individuals who use more water pay their fair share.

Water supply, treatment facilities and reticulation systems have surplus capacity designed to cater for growth. Developers who take advantage of this capacity by subdividing properties can be identified and charged.

The life of assets ranges from 40 to 100 years and are designed to cater for growth.

Actions identified that result in increased expenditure on this activity include:

- Undetected leaks resulting in water losses
- Illegal connections contributing to water losses
- Poor maintenance of pipes and taps leading to water losses
- Customers with large connections and a rapid delivery rate (>20mm) affect the level of service that can be offered elsewhere, especially in peak demand times.

FUNDING APPROACH

Capital expenditure

Initially financed by loans to match the life of the asset which are serviced from:

- Financial contributions, for expenditure to accommodate growth and/or to pay for the consumption of excess capacity in the water supply system. Includes the related loan servicing (holding) costs
- User fees and charges for capital expenditure to service existing ratepayers.

Operational, maintenance and renewals expenditure including financing costs that relate to existing ratepayers

User fees and charges including:

- Metered uniform annual charges and charges for actual water consumed via metering
- Unmetered water uniform annual charges
- Connection fees including additional fees for large connections >20mm
- Availability charges - to those properties able to connect but not connected.

General Rates may be used to service interest payments and growth related debt in times of low growth.

STORMWATER

COMMUNITY OUTCOME

Stormwater approaches are innovative, affordable and sustainable and lead to a reduction in flooding events.

(Flooding events are defined as an overflow of stormwater from a stormwater system that enters a habitable floor).

GOAL

- There is a localised reduction of the risk of flooding events in existing floodable areas.
- There is no increase in flooding event risk to existing development from new development or land use change.
- Urban development is avoided in flood-prone areas unless mitigation measures can be provided that do not affect the capacity / effective functioning of existing downstream stormwater systems.
- Communities are engaged and informed about various approaches to stormwater management and their views are sought and taken into account.
- Compliance and monitoring activities are carried out.
- Communities are engaged and informed about various approaches to coastal erosion management and their views are sought and taken into account.

DISCUSSION / RATIONALE

Stormwater - General

Education aimed at raising community awareness of stormwater issues and good practice benefits the District as a whole.

Some communities will be required to implement higher standards of stormwater treatment as a result of having sensitive receiving environments, for example wetlands, estuaries and harbours. While these communities could be seen as the cause of the adverse environmental effects, protection of these environments also benefits the whole District.

Individual property owners within a community cannot exclude themselves from benefiting from the existence of a stormwater system and we could not exclude them from receiving these benefits if they refused to pay for the service.

Different communities may benefit from different levels of service for stormwater. This could be as a result of topographical conditions, for example steep slopes, unstable land or density of settlement, i.e. urban versus rural densities of development.

Individuals benefit from the delivery of this service through the reduction in risk of damage due to flooding and/or erosion on their properties. Properties that benefit from stormwater assets can be identified.

Individuals also benefit from this service as it reduces the risk of flooding to commercial and business centres.

Developers benefit from the existence of excess capacity in the stormwater system. In some cases stormwater assets and levels of service have to be increased to enable development to proceed.

Not all ratepayers are connected to a stormwater system, primarily our District's towns and small settlements are connected but not our rural residents.

FUNDING APPROACH

Capital expenditure

Financed initially by loans and serviced from:

- Financial contributions, if expenditure is to accommodate growth and/or to pay for the consumption of excess capacity in the stormwater supply system. Includes the related loan servicing (holding) costs
- For capital expenditure to service existing ratepayers. 90% Uniform Annual Charges over the defined area of benefit which has a reticulated stormwater system. 10% from General Rates.

Areas of benefit

- Urban Growth nodes - Katikati, Omokoroa, Te Puke, Waihi Beach (including Pios Beach, Athenree)
- Small settlements - Kauri Point, Maketu/Little Waihi, Paengaroa, Pukehina, Tanners Point and Te Puna
- Minden.

Operational, maintenance and renewals expenditure including financing costs that relate to existing ratepayers

90% Uniform Annual Charges over the defined area of benefit which has a reticulated stormwater system. 10% from General Rates.

STORMWATER

DISCUSSION / RATIONALE

Stormwater - General (cont.)

Not all ratepayers are connected to a stormwater system, primarily our District's towns and small settlements are connected but not our rural residents.

Some actions increase expenditure on this service:

- Modifications to overland flow paths through minor earthworks, construction of retaining walls or fences
- Growth of trees or shrubs in overland flow paths
- Additional paving, hard surfaces or buildings may increase the volume of stormwater run-off and reduce its quality/effectiveness
- Inappropriate disposal of hazardous substances and contaminants into the stormwater system increases the requirements for stormwater prior to discharge.

Expected useful lives of stormwater assets:

- Reticulated stormwater >60 years
- Open drains 30 to 50 years.

Some drains and reticulation systems have surplus capacity which can be utilized by later developments.

If this activity were funded using a rate in the dollar a disproportionate burden of the funding would fall on high value properties, especially those in rural areas where there is limited stormwater infrastructure benefit received.

Waihi Beach coastal protection project

This policy applies to the project that comprises:

- Dune enhancement - 412m dune enhancement (shoreline at northern end of Shaw Road)
- Rock revetment - 1047m rock revetment (along shoreline at Shaw Road, Ayr Street and the Loop) and 1.2m wide timber access ways
- Three Mile Creek works - 146m dune enhancement (shoreline off Glen Isla Place) and creek training at Three Mile Creek using training groynes
- Maintenance and monitoring during the life of the works.

The policy does not apply to:

- Coastal erosion works in other locations, intended for the purpose of protecting Council esplanade reserves, strategic harbour walkways or public access ways. Such structures are included in the District Reserves Activity
- Additional works at Two Mile Creek, e.g. Creek Training.

FUNDING APPROACH

Areas of benefit

- Urban Growth nodes - Katikati, Omokoroa, Te Puke, Waihi Beach (including Pios Beach, Athenree)
- Small settlements - Kauri Point, Maketu/Little Waihi, Paengaroa, Pukehina, Tanners Point and Te Puna
- Minden.

General Rates may be used to service interest payments and growth related debt in times of low growth.

Waihi Beach coastal protection project

Loans will be used to finance capital expenditure, excluding renewals, over a 25 year period.

These loans will be serviced from the following revenue sources:

General rate reserves

To finance up to 5% of the capital cost of the project.

Balance of Waihi Beach Drainage Reserve and Waihi Beach Erosion Reserve

Lump sums transferred to finance the capital cost of the project. (\$272,000)

Rates collected for coastal protection works (2003/04) - Lump sum transferred to finance the capital cost of the project. (\$245,474)

Uniform Annual General Charge (UAGC)

To fund the revenue required for capital and all operating, maintenance and finance costs of the Three Mile Creek training groynes.

STORMWATER

DISCUSSION / RATIONALE

Waihi Beach coastal protection project

If coastal erosion went uncontrolled and damage to property occurred, the image of Waihi Beach could be adversely affected.

If protection works were not constructed other costs may be imposed on the community such as litigation in the event of property loss or the need for other solutions to the erosion problem.

Walkways along the top of the rock revetment will provide public access.

Two Council reserves (Elizabeth Street Reserve and Brewer Park) will be protected through these works. These reserves comprise two out of 85 properties in the primary hazard area. The works reduce the risk of erosion to esplanade reserves but the works themselves will reduce the amenity value of the esplanade reserves.

In areas where beach scraping and dune care is undertaken there is expected to be some improved beach amenity value and environmental enhancement.

Two Mile Creek and Three Mile Creek provide waterways into which stormwater discharges flow from both rural and urban catchments. The eroding effects of additional stormwater from increased urban development are not considered significant in terms of intensity, when compared to the overall quantity of stormwater from existing urban and rural catchments. Three Mile Creek receives treated discharges from the Waihi Beach wastewater treatment plant.

The Waihi Beach community therefore benefits from the existence of Two Mile Creek and Three Mile Creek but there is no direct stormwater or wastewater benefit from the erosion mitigation works.

Individual properties that receive benefits from the reduced risk of property damage resulting from coastal erosion can be identified and can be charged for the service.

The life of the protection works is 25 years. The works are designed to protect buildings and property that have a long life.

FUNDING APPROACH

Uniform Annual Charge for the Waihi Beach Ward

To fund 25% of the remaining revenue requirement for capital and all operating, maintenance and financing cost of the rock revetment works. To fund 30% of the remaining revenue requirement for capital and all operating, maintenance and financing cost of the coastal protection works for the dune enhancement work (northern end and off Glen Isla Place).

Area of benefit targeted rates

Uniform Annual Charge for 83 beachfront properties directly benefiting from the works

or

- lump-sum contributions* equivalent to loan and interest portion of revenue requirement over 25 years; and*
- area of benefit targeted rates to meet the revenue required for maintenance and operations for those properties that elect to take up the lump-sum payment option.*

To fund 75% of the remaining revenue requirement for capital and all operating, maintenance and financing costs of the rock revetment (53 properties).

To fund 70% of the remaining revenue requirement for capital and all operating, maintenance and financing costs of the coastal protection works for the dune enhancement, northern end (23 properties) and off Glen Isla Place (7 properties).

** a lump-sum payment option is offered each year to the properties benefiting from the rock revetment.*

STORMWATER

DISCUSSION / RATIONALE

Two Mile Creek

A public benefit has been identified as there is no practicable alternative to using Two Mile Creek to convey the stormwater that collects in this area to the ocean.

FUNDING APPROACH

Council conveys stormwater collected above Two Mile Creek to the ocean through Two Mile Creek the increase in dwellings and changes to rainfall patterns have led to the banks of the creek eroding. It has been identified that there is a private benefit from the proposed capital works as the mitigation of erosion protects those properties from further loss of land or damage.

Capital Works

Above Dillon Street bridge

- Capital works to be funded 90% from growth communities UAC and 10% from General Rates.
- Any land required to achieve the preferred solution will be vested by the respective land owners.

Below Dillon Street bridge

- 25% to be funded by the properties who receive a direct benefit as a result of the works.
- The balance will be funded 90% from growth UAC and 10% from General Rates.

PROTECTING THE ENVIRONMENT

NATURAL ENVIRONMENT

COMMUNITY OUTCOME

Areas of our natural environment with important environmental, cultural and heritage values are protected.

GOALS

- Support the provision of environmental education and information across our District.
- Support community based environmental projects.

DISCUSSION / RATIONALE

Natural environment support

(Local environmental officer and service delivery contracts).

The community as a whole benefits from activities to protect and enhance the environment. Valuable environmental features are preserved for future generations. Individuals take part in community education and facilitation activities but even those that do not participate benefit from the results.

Public and private land owners adjoining areas where remedial work has occurred may gain increased amenity value to their properties.

Actions that result in increased expenditure on this activity include:

- Land owner neglect, lack of pest control
- Growth and subdivision alters the natural environment and increases the need to protect ecological features that remain.

Natural environment incentives

The public benefits from fencing of ecological areas from farming activities in that biodiversity or valuable environmental features are preserved.

Fencing subsidies can assist farming activities by containing stock and helping to pay for fencing.

Council's incentivisation policy is designed to provide encouragement to individuals to protect the environment so it is difficult to allocate to particular ratepayers the private benefit share of costs.

There is a need to recognise the work of volunteers in reducing our costs for this activity.

Intergenerational benefits include:

- Protection and enhancement will provide health and amenity value
- Fencing ecological features will protect them for future generations
- Growth and subdivision will increase the need to protect ecological features that remain.

Waihi Land Drainage

Private owned drainage system which services low lying farmland in the Pukehina area.

FUNDING APPROACH

Ecological financial contributions fund:

- 80% of the cost of fencing grants
- 100% environmental education service delivery contract
- 100% regional biodiversity forum grants
- Compensation for esplanade reserves.

Environmental protection rate funds:

- 20% of the costs of fencing grants
- 100% of the community environmental programme.

Recreation and leisure financial contributions fund:

- 50% of Council's contribution to the Coast Care programme.

General Rates fund:

- 50% of Council's contribution the Coast Care programme
- The Community Participation programme
- Rates remission and other incentives not funded by recreation and leisure financial contributions.

In addition, for specific projects targeted rates are used for:

- Pukehina Beach Coastal side of Pukehina Parade for 80% of the grant to Pukehina Ratepayers Association for the costs of the sand relocation project
- Remaining properties in Pukehina Beach for the remaining 20% of the grant to Pukehina Ratepayers Association for the sand relocation project.

Targeted rate to properties receiving a direct benefit from the drainage system.

WASTEWATER

COMMUNITY OUTCOME

Wastewater services are well planned and maintained to ensure a clean and healthy environment.

GOALS

- All areas in our District served by our reticulated wastewater disposal systems meet acceptable health, safety and environmental standards
- Assist small urban communities along the Tauranga Harbour to ensure that the wastewater disposal options available to them meet health and safety requirements.

DISCUSSION / RATIONALE

Provision of reticulated wastewater systems in the district provides public health and sanitation benefits to the community. If adequate wastewater disposal systems were unavailable economic development may be constrained or environmental standards may be compromised, which would affect the community as a whole.

Individuals provided with reticulated wastewater can be identified and charged for the service. Wastewater reticulation systems, treatment facilities and disposal systems have surplus capacity designed to cater for growth. Developers who take advantage of this capacity by subdividing can be identified and charged.

Increased volumes of wastewater produced by some commercial and industrial users (trade waste) require that the capacity of the system be larger. Higher toxicity of the wastewater produced by some users requires more treatment in order to meet consents for disposal.

Many ratepayers are not connected to our wastewater systems and construct and maintain their own septic tanks.

Actions that result in increased expenditure on this activity include:

- Illegal disposal of stormwater into the wastewater systems via illegal private connections and sub-standard private connections
- Infiltration and inflow into reticulation systems through poorly maintained or badly constructed reticulation systems
- Illegal discharges of trade waste into domestic sewers
- Trade waste discharges which are not measured or charged
- Pollution of the harbour and coastal areas from poorly maintained septic tanks
- Pollution caused by septic tank de-sludging
- Contractors disposing of septage at non-conforming disposal sites.

Wastewater infrastructure typically has a long life:

- Reticulation and manholes 60 to 100 years, depending on pipe material
- Pumps and pump stations 25 years on average
- Wastewater treatment and disposal facilities 50 years.

FUNDING APPROACH

Capital expenditure

Initially financed from loans and serviced from:

- Financial contributions, if expenditure is to accommodate growth and/or to pay for the consumption of excess capacity in the wastewater supply system. Includes the related loan servicing (holding) costs
- Wastewater targeted rates over the applicable area of benefit for capital expenditure (excluding renewals) to service existing ratepayers.

Operational, maintenance and renewals expenditure including financing costs that relate to existing ratepayers

Funding sources to cover 96% of the revenue requirement include:

- Area of benefit targeted rates (uniform charges)
- Availability charges
- Multiple connection charges
- Capital charges
- Financial contributions
- Fees and charges from trade waste and connections
- Subsidies (if available).

To fund 4% of the revenue requirement:

- Environmental protection rate.

General Rates may be used to service interest payments and growth related debt in times of low growth.

SOLID WASTE

COMMUNITY OUTCOME

Efficient waste management practices minimise environmental harm and waste.

GOALS

- Minimise the total quantity of residual waste for disposal through effective planning, education and enforcement so people reduce, reuse and recycle.
- Provide good information so people dispose of residual waste in an environmentally acceptable manner.
- Work with our communities to create a clean environment by encouraging and recognising innovative solutions to waste problems.

DISCUSSION / RATIONALE

Education, promotion of waste minimisation benefits, planning for and monitoring waste benefits our district as a whole. When individuals make use of education and information on waste and hazardous waste issues the community benefits as a result.

If the remediation and monitoring of closed landfills were not undertaken it would affect the community as a whole, through downstream effects on the environment.

The existence of greenwaste and recycling facilities will benefit those in the local area.

If convenient facilities are not provided to dispose of greenwaste it may be more likely that it will be illegally dumped and may result in increased enforcement and regulatory costs for the whole community.

It is sometimes possible to identify individuals who are illegally dumping cars and other rubbish. They may be prosecuted.

Individuals using greenwaste and recycling facilities can be identified and charged for the service.

Council wishes to encourage recycling and therefore chooses not to charge gate fees at its recycling drop off facilities.

Council also wishes to consolidate its revenue collection for this activity by geographical area of benefit and has chosen to combine targeted rates for greenwaste and recycling with targeted rates for landfill remediation and monitoring where facilities are available.

The life of greenwaste and recycling assets is estimated at 25 years. Achieving a cleaner environment benefits future generations through not leaving a legacy of waste.

Illegal dumping and littering requires cleaning up which increases costs. Offenders often cannot be identified.

We have a responsibility to ensure that remediation and monitoring of closed landfills continues.

FUNDING APPROACH

Capital expenditure excluding renewals

Initially financed by loans and serviced from solid waste targeted rates (uniform annual charges) over the applicable area of benefit (currently Eastern, Western and Omokoroa).

Waste minimisation levy received from the Ministry of the Environment to fund waste minimisation activities.

Operational, maintenance and renewals expenditure

Provided from:

- Environmental protection rate to fund District-wide operational expenditure
- Area of benefit targeted rates uniform annual charges (Eastern and Western) and user fees to fund renewals and all operating, maintenance and financing costs of closed landfills, green waste and recycling centres
- Waste Minimisation levy to fund waste minimisation activities
- User fees, area of benefit targeted rates to fund renewals of capital and all operational, maintenance and financing costs of Omokoroa greenwaste facility.

SUPPORTING OUR ECONOMY

ECONOMIC

COMMUNITY OUTCOME

To encourage the sustainable use of local resources in a way which strengthens economic opportunities and improves social outcomes.

GOALS

- Foster partnerships between organisations, including local and central government and businesses to support economic, social, cultural and environmental development.
- Council services are committed to being business friendly to encourage and enable businesses to flourish and contribute to building vibrant communities.
- Enable an environment where community groups and business can collaborate and work together on shared outcomes for communities.

DISCUSSION / RATIONALE

Economic development

The public benefits from a strong and sustainable local economy, increased prosperity and the availability of a wide range of employment opportunities provide third party benefits to the public.

The promotion of the region as a desirable place to work and do business and the facilitation of investment and training opportunities in the District also provide benefits to the whole District.

The marketing, development and management of the region as a tourism destination benefits both the tourism industry and other businesses in our District. The community may receive third party benefits because, if tourism is growing, facilities can be developed to cater for visitors that are also enjoyed by residents of the region.

In considering the practicality of charging businesses a targeted rate for economic development, it was noted that it would be technically difficult to identify 'businesses' located on land zoned rural or residential. In addition, horticultural and agricultural businesses also benefitted from economic development expenditure as they are also businesses.

Town centre promotion

Council support for town centre promotion programmes benefits the respective communities. Individuals cannot be excluded from receiving the benefit. The town centre business community derives a greater benefit from town centre promotion than the community as a whole.

Visitor information

This service is provided in anticipation of visitors' needs for information. There are public benefits from the existence of the service and from the option of using it when they need it.

Some individuals benefitting from the visitor information service can be identified and charged. Some commercial tourism operators may benefit from referrals by the service.

It is not our policy to charge users for the provision of visitor information. Volunteers provide some of this service.

FUNDING APPROACH

Funding is provided from:

General Rates (Uniform Annual General Charge):

- Economic development
- Tourism support.

General Rates on capital value:

- Visitor information services.

Uniform annual charges on Community Board areas of growth centres:

- Town centre plan implementation
- Economic and community development projects.

Ward uniform annual charges (UACs) for:

- Town centre promotion
- Service delivery contracts.

Uniform annual charges on commercial and industrial zoned and post harvest zoned properties:

- Town centre promotion
- Service delivery contracts.

Uniform annual general charge (UAGC) for:

- Town centre development projects across our District.

SUPPORT SERVICES

DISCUSSION / RATIONALE

Internal services

The users of this activity are other Council functions or departments. As a result there are no public benefits identified.

The users of these services are identifiable. Where particular costs can be allocated to specific departments on a user-pays basis they can be charged through internal recovery of direct costs.

Where it is not possible to identify specific departments costs can be allocated to departments and functions in a fair and consistent manner through the overhead allocation process.

When overheads are allocated to activities that are funded by fees or targeted rates there may be a consequential increase or decrease in fees required to fund that activity.

Land has an infinite life and the life or remaining corporate assets will depend on their composition and purposes. This could range from 10 to 75 years.

FUNDING APPROACH

Internal services

All costs are recovered on a user-pays basis, through overhead allocation and allocation of the General Rate.

SPECIFIC RATES POLICIES

	Page
Early payment of rates in current financial year	460
Early payment of rates for subsequent financial year (discount for future years' rates)	460
Rates remission on land covenanted for the protection of natural environments	461
Remission of rates penalties	461
Rates relief and postponement on Māori freehold land	462
Rates Postponement Policy	464
Rates Postponement Conversion Policy	465
Rates remission on rating units re-zoned at the instance of Council	467
Rates remission of uniform charges	467
Rates remission for land owned and used by a society or association of persons for games or sports (except galloping, races, harness races or greyhound races)	468
Rates remission of wastewater charges	468
Rates remissions – natural disasters and emergencies	470

SPECIFIC RATES POLICIES

In addition to Council's overall rating policies, specific policies have also been established over time to accommodate individual ratepayer circumstances that have been identified as requiring a specific approach. By having these specific policies available Council considers it provides a more equitable and fair rating system.

Early payment of rates in current financial year

1. POLICY OBJECTIVE

Council has Treasury risks arising from debt raising, investments and associated interest rate management activity.

2. GENERAL APPROACH

Council recognises the cash flow advantage which results from early payment of rates and offers a discount to encourage this outcome. This discount is to be set each year through the annual planning process.

3. CRITERIA

3.1 Current year rates must be paid by the discount date specified in the rates assessment resolution of Council.

4. PROCEDURES

4.1 To qualify for the discount provisions all prior year rates must have been paid.

Early payment of rates for subsequent financial year (discount for future years' rates)

1. POLICY OBJECTIVE

To provide ratepayers with the option of paying for rates for capital projects either now or in the future.

2. GENERAL APPROACH

Council recognises that some ratepayers prefer to pay a lump sum for capital projects rather than pay increased rates and that the early payment of rates benefits Council in terms of cash flow and the reduction in total debt.

To achieve equity and fairness Council will apply this policy only for a period for which interest rates have certainty for that period.

3. CRITERIA

3.1 The early payment discount will only apply for:

3.1.1 Capital rates

3.1.2 For a period set in the Annual Plan or Long Term Plan.

3.2 The rates must be paid by a date specified in the Annual Plan.

3.3 Council reserves the right where additional rates are required during the period to reassess that rate due.

3.4 The discount amount will equal Council's estimated weighted cost of interest over the period.

4. PROCEDURES

The ratepayer must notify the Council on the application form prior to 1 July of the year the capital rate is due.

Rates remission on land covenanted for the protection of natural environments

1. POLICY OBJECTIVE

To encourage the conservation of natural environments.

2. GENERAL APPROACH

Ratepayers who own rating units and qualify either under criteria 2.1 or 2.2 may receive remission of rates on that portion of their property covenanted or designated as a protection lot.

2.1 Rating units with a Queen Elizabeth II Trust covenant:

The area of the property used for the purposes of the Queen Elizabeth II Trust covenant is defined as that portion of the property set aside and protected. This area excludes any curtilage and any area not used for environmental protection purposes.

2.2 Rating units with protection lots defined by the subdivision rules of Council's District Plan.

3. CRITERIA

3.1 Ratepayers may apply on completion of a covenant with the Queen Elizabeth II Trust and thereafter remission will be automatic.

3.2 Rating units with protection lots will automatically receive rates remission on the protected lot.

Remission of rates penalties

1. POLICY OBJECTIVE

To fairly and reasonably apply penalties to rates received after the due penalty date resulting from circumstances outside the ratepayer's control.

2. GENERAL APPROACH

2.1 **Criteria**

2.1.1 Remission of one penalty will be considered in any one rating year where payment has been late due to significant family disruption. Remission will be considered in the case of death, illness or accident of a family member, within 60 days of the due date.

2.1.2 Excellent payment history, with no penalties incurred within the previous five years.

2.1.3 Remission of penalties will be on the basis of good economics.

2.1.4 Remission of the penalty will be granted if the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

2.2 **Conditions**

2.2.1 Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

3. PROCEDURES

3.1 Decisions on remission of penalties will be delegated to officers by separate resolution of Council.

Rates relief and postponement on Māori freehold land

1. POLICY OBJECTIVE

In consideration of those matters under Section 108(4) of the Local Government Act 2002 (LGA) Council's policy objective is to recognise the special issues associated with the ownership of Māori freehold land by providing for rates relief and postponement subject to the criteria and conditions of this policy. Māori freehold land is defined in the Local Government (Rating) Act 2002 as land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court

2. GENERAL APPROACH

The above objective has been considered and Council's policy response is provided for in the following sections. Only land that is:

- (a) Defined as Māori freehold land (LGA); or
- (b) By Council agreement, former Māori freehold land whose status was changed to general land by the 1967 Status Declaration legislation may qualify for remission under this policy.

3. CRITERIA

3.1 Rates arrears may be remitted or postponed on satisfaction of the following criteria:

- 3.1.1** Māori freehold land under the Local Government (Rating) Act 2002.
- 3.1.2** An identified owner or agent of owner to be recorded on the rating records pursuant to section 92 Local Government (Rating) Act 2002.
- 3.1.3** Presentation of annual accounts and cash flow statements prepared by qualified persons where required.
- 3.1.4** By negotiating:
 - (a) Appropriate remission of penalties.
 - (b) Postponing and progressively writing off arrears over a maximum of five years, where the block can only meet current rates.

3.2 Economic development

For the purpose of economic development negotiations may be entered into with trustees on the following basis to encourage development because of the lack of the ability to borrow.

3.2.1 The maximum rates to be written off are:

- Year 1 - Not more than 80% written off in year one.
- Year 2 - Not more than 60% written off in year two.
- Year 3 - Not more than 40% written off in year three.
- Year 4 - Not more than 20% written off in year four.
- Year 5 - Full rates payable in year five.

3.2.2 All economic development applications to provide the following evidence:

- (a) A 5-year projected cash flow prepared by a suitably qualified person.
- (b) The projected cash flow to show an increase in the annual cash surplus over the period.
- (c) An agreement by the Māori Rates Working Party that the projected cash flow is realistic plus can be achieved.

3.2.3 Rates to be remitted on an annual basis, subject to the following information being provided annually:

- (a) Annual accounts, prepared by a qualified person.
- (b) Cash flow for remaining years of write-off proposal.
- (c) Report from owners/trustees.

3.3 Avoiding alienation of Māori land – specifically small, unproductive and unoccupied blocks

3.3.1 Where blocks are small, unproductive and unoccupied, lists of owners, trustees and title details shall be obtained from the Māori Land Court and inspected to confirm:

- The land is currently idle.
- There is no immediate possibility of development.

Contact shall be established with owners or trustees to discuss and negotiate options for the payment and remission of rates.

3.3.2 Blocks considered to be too small to be productive and unoccupied as determined by the Māori Rates Working Party, shall be placed on the Annual Remission List (see 4 overleaf).

3.4 To support the traditional use of dwellings on part of multiple-owned Māori land and to recognise the level of community services provided

3.4.1 Where there is more than one dwelling on the land apportionments may be created for the occupiers based on the area occupied and with the written consent of the trustee or occupier.

3.4.2 Rates may be negotiated as follows:

- Where there can be no further dwellings then all rates shall be apportioned equally between the occupiers of the land
- Where the land is not built out and such apportioning is not appropriate, then a separate apportionment shall be created for the residue
- Where such residue is deemed to be uneconomical it shall be placed on the Annual Remission List, (see 4 below) until such time as the whole of the land becomes fully utilised.

3.4.3 Rate remission may be negotiated as follows:

- Postpone the debt, subject to the payment of current rates
- All penalties on the postponed amount shall be waived
- The debtor's instalments must, at minimum meet current rates
- Should payments meet requirements for a period of three years, all arrears may be remitted.

3.5 Relationship of Māori with their culture, traditions and ancestral lands

3.5.1 Where blocks are situated wholly or partially on multiple-owned Māori land they may be placed on an Annual Remission List subject to one or more of the following criteria being met:

- Unoccupied
- Contains indigenous forest of high ecological value
- A traditional and important food source for tangata whenua
- A traditional and important source for cultural, medicinal and spiritual needs of tangata whenua
- Strong spiritual and symbolic significance to iwi/hapu/whanau
- Important source of cultural materials and medicines
- Includes important tribal landmarks significant to tangata whenua
- Important water catchment system to tangata whenua for sustaining physical and spiritual values.

3.5.2 Where part of the land is deemed to be in bush the following will apply:

- (a) Identification, as provided above and below, and calculation of the affected area shall be carried out.
- (b) Rates payable on the balance portions shall be current or comply with other provisions of the policy.

3.5.3 Council will also take into consideration whether the land:

- (a) Has road access and/or access to other services.
- (b) Is contiguous with forest reserves.
- (c) Is complementary to Marae reserve areas.
- (d) Is high land or dispersed blocks of bush land.
- (e) Offers protection of low land development and investment in roads.
- (f) Complements water catchment areas.
- (g) Enhances wildlife areas.

3.5.4 Each block shall meet a robust identification process which will include photographs and valuation data.

3.5.5 Each block shall be checked every four years to verify the land use has remained the same and a Bush Lots Register shall be maintained for the purposes of the policy.

4. PROCEDURES

4.1 Annual Remission Lists shall be submitted to Council at the end of each rating year.

4.2 Blocks shall be researched to confirm that they meet the following criteria before being placed on the Annual Remission List:

- (a) Unoccupied and too small for economic development.
- (b) Multiple owners with no trust in place to administer such land and whereabouts of such owners may be unknown.
- (c) No ability to raise finance to develop such land for residential/papakainga purposes.

4.3 Delegated authority

4.3.1 Chief Executive.

4.3.2 Māori Rates Working Party.

4.4 Māori Rates Working Party may be a sub committee of Council and comprise:

- Three elected members nominated after triennial elections;
- Two staff appointed by the Chief Executive Officer; who have the following roles:
 - (a) to review that the financial information presented to the Working Party is realistic and to ensure that proposals are in Council's financial interest.
 - (b) to act as an advocate for the iwi.

4. PROCEDURES

4.5 A staff group shall be available to support the operation of the Māori Rates Working Party

The Māori Rates Working Party shall have delegated authority to remit or postpone rates on:

- Māori freehold land.
- Former Māori freehold land whose status was changed to general land by the 1967 Status Declaration legislation:
 - (a) Where, in their opinion land utilisation and viability can be improved or Council's rate equity in the property improved; or
 - (b) Where land is being developed by the owners through a properly constituted trust or similar body whose function is to develop the land.

It shall approve new properties for inclusion on any annual remission list.

4.6 Delegation to staff

Delegations to staff will be made by separate resolution of Council.

Rates Postponement policy

1. POLICY OBJECTIVE

To provide relief to ratepayers experiencing hardship from extreme financial circumstances affecting their ability to pay rates.

2. GENERAL APPROACH

Only rating units defined as residential and used solely for residential purposes (as defined by Council) will be eligible for consideration of rates postponement under the conditions and criteria of this policy.

3. CRITERIA

3.1 Criteria

3.1.1 When considering whether extreme financial circumstances exist all of the ratepayer's personal circumstances will be relevant including the following factors: age, physical or mental disability, injury, illness and family circumstances.

3.1.2 Only the person entered as the ratepayer, or their authorised agent may make an application for rates postponement on the basis of extreme financial circumstances. The ratepayer must be the current owner of and have owned for not less than five years, the rating unit which is the subject of the application.

3.1.3 The person entered on Council's rating information database as the "ratepayer" must not own any other rating units or investment properties (whether in the District or in another district).

3.1.4 Consideration will also be given to postponing additional rate penalties for a period of up to 5 years to enable the ratepayer to clear rating debt, at the discretion of Council.

3.2 Conditions

3.2.1 The applicant must have sufficient equity in the property to protect Council's projected rating interest in that property.

3.2.2 Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.

Any postponed rates will be postponed until:

- (a) The death of the ratepayer(s); or
- (b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit; or
- (c) Until the ratepayer(s) ceases to use the property as his/her residence; or
- (d) Until a date specified by Council.

Council may charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

Even if rates are postponed, as a general rule the ratepayer will be required to pay the first \$500 of the rate account.

The policy will apply from the beginning of the rating year in which the application is made, although Council may consider backdating past the rating year in which the application is made depending on the circumstances.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates may be registered as a statutory land charge on the rating unit title. This means Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

4. PROCEDURES

- 4.1** Applications must be on the required form.
- 4.2** Council will consider, on a case by case basis all applications received that meet the criteria set out under part 3 of this policy.
- 4.3** Council may delegate authority to approve applications for rates postponement to particular officers.

Rates Postponement Conversion Policy

1. POLICY OBJECTIVE

To give ratepayers a choice between paying rates now or later subject to the full cost of postponement being met by the ratepayer and Council being satisfied that the risk of loss in any case is minimal.

2. GENERAL APPROACH

Only rating units defined as residential and used for personal residential purposes by the applicant(s) will be eligible for consideration of rates postponement under the criteria and conditions of this policy.

Current and all future rates may be postponed indefinitely if at least one ratepayer (or, if the ratepayer is a family trust, at least one named occupier) is 65 years of age or older. In other cases, current and all future rates may be postponed to a date not more than 15 years from 30 June in the rating year in which application is made.

Owners of units in retirement villages will be eligible provided that Council is satisfied payment of postponed rates can be adequately secured.

Council will add to the postponed rates all financial and administrative costs to ensure neutrality.

Council will establish a reserve fund out of which to meet any shortfall between the net realisation on sale of a property and the amount outstanding for postponed rates and accrued charges, at the time of sale. This will ensure that neither the ratepayer(s) nor the ratepayer(s)' estate will be liable for any shortfall.

3. CRITERIA

3.1 Criteria

3.1.1 Eligibility

Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (which includes, in the case of a family trust owned property, use by a named individual or couple).

3.1.2 Risk

Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this an actuary has been engaged to develop a model that will forecast expected equity when repayment falls due.

3.1.3 Insurance

The property must be insured for its full value and evidence of this produced annually.

3.2 Conditions

Any postponed rates (under this policy) will be postponed until:

- (a) The death of the ratepayer(s) or named individual or couple; or
- (b) Until the ratepayer(s) ceases to be the owner or occupier of the rating unit (if the ratepayer sells the property in order to purchase another within the Council's District, Council will consider transferring the outstanding balance, or as much as is needed, to facilitate the purchase, provided it is satisfied that there is adequate security in the new property for eventual repayment); or
- (c) Until a date specified by Council.

Council will charge an annual fee on postponed rates for the period between the due date and the date they are paid. This fee is designed to cover Council's administrative and financial costs and may vary from year to year.

The financial cost will be the interest Council will incur at the rate of Council's cost of borrowing for funding rates postponed, plus a margin to cover other costs (these will include Council's own in-house costs, a 1% p.a. levy on outstanding balances to cover external management and promotion costs and a reserve fund levy of 0.25% p.a. and a contribution to cover the cost of counselling).

To protect Council against any suggestion of undue influence applicants will be asked to obtain advice from an appropriately qualified and trained counsellor. A counsellor's certificate confirming this will be required before postponement is granted.

The postponed rates or any part thereof may be paid at any time. The applicant may elect to postpone the payment of a lesser sum than that which they would be entitled to have postponed pursuant to this policy.

Postponed rates will be registered as a statutory land charge on the rating unit title. This means that Council will have first call on the proceeds of any revenue from the sale or lease of the rating unit.

4. REVIEW OR SUSPENSION OF POLICY

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. Any resulting modifications will not change the entitlement of people already in the scheme. This includes suspension with the ratepayers having to pay future rates but not previously postponed rates, until the ratepayer is required under 3.2 to make payment.

Council reserves the right not to postpone any further rates once the total of postponed rates and accrued charges exceeds 80% of the rateable value of the property as recorded in Council's rating information database.

The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

5. PROCEDURES

- 5.1 Applications must be on the required form which will be available from any Council office.
- 5.2 The policy will apply from the beginning of the rating year in which the application is made although Council may consider backdating past the rating year in which the application is made depending on the circumstances.
- 5.3 Council notes that recipients may also benefit from other schemes.

Rates remission on rating units re-zoned at the instance of Council

1. POLICY OBJECTIVE

To ensure that owners of rating units that Council has rezoned can maintain their existing rating category of Residential, Rural, Commercial or Industrial until the property in question is on-sold or otherwise alienated.

2. GENERAL APPROACH

2.1 Criteria

To qualify for remission under this part of the policy the rating unit must:

- 2.1.1 Be situated within an area of land that has been rezoned at the instance of Council for a use that would require the owner of the property to pay more rates.

2.2 Conditions

- 2.2.1 The application for rate remission must be made to the Council prior to the commencement of the rating year. Applications received during a rating year will be applicable from the commencement of the following rating year. Applications will not be backdated.

3. CRITERIA

The remission will take the form of a special rateable value, based on the actual usage of the property, as opposed to its zoned usage.

- 3.1 Applications must be made on the required form.
- 3.2 If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a special rating valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for valuations done in this way.

Rates remission of Uniform Annual Charges

1. POLICY OBJECTIVE

To apply rating policy with respect to Uniform Annual Charges on a fair and equitable basis to ratepayers.

2. GENERAL APPROACH

Rating units that meet the criteria under this policy may qualify for a remission of Uniform Annual General Charges and any targeted rate set on the basis of a fixed dollar charge per rating unit.

3. CRITERIA

3.1 Criteria

- 3.1.1 Units must be on land which is contiguous as defined in the Local Government (Rating) Act 2002.

(a) owned by the same person or persons; and

(b) used jointly as a single unit; and

(c) contiguous or separated only by a road, railway, drain, water race, river, or stream

- 3.1.2 No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.

The rating units must be owned, or leased (registered lease for a term of not less than 10 years) by the same ratepayer.

- 3.1.3 Both lessee and owner of contiguous properties need to confirm that the lessee will be paying the rates for the term of the lease.

3.2 Conditions

- 3.2.1 The ratepayer will remain liable for at least one set of each type of uniform charge.
- 3.2.2 The rates database will be amended to reflect the lease situation in the rating year following the application for contiguity.

4. PROCEDURES

- 4.1 Applications must be made in writing.
- 4.2 Council will delegate authority to consider and approve applications to Council officers.

Notes

- (i) For the purpose of this remission policy developers owning subdivided property are specifically excluded.

Rates Remission Policy for land owned and used by a society or association of persons for games or sports (except galloping races, harness races or greyhound races).

1. POLICY OBJECTIVE

To allow sports clubs (and other similar organisations) the ability to claim a 50% discount on rates payable (excludes targeted rates).

2. GENERAL APPROACH

Council recognises that sports clubs provide social and health benefits to their community and is therefore prepared to assist them with payment of rates.

3. CRITERIA

- 3.1** The land is owned and used by a society or association of persons for games or sports.
- 3.2** The land is not used for galloping races, harness races or greyhound races.
- 3.3** Where a club licence under the Sale of Liquor Act 1989 is in force Council will be entitled to separately value that portion of the property and charge full rates on it.

4. PROCEDURES

- 4.1** The ratepayer must notify Council in writing of its status prior to the commencement of the rating year.

Rates remission of wastewater charges

1. POLICY OBJECTIVE

- 1.1** To provide fair and reasonable relief to properties who have wastewater charges greater than a domestic household due to multiple pans.
- 1.2** To provide certainty regarding the conditions which must be satisfied before Council will accept an application for the remission of multiple pan wastewater charges.

2. GENERAL APPROACH

- 2.1** Council has resolved to assist customers with a wastewater remission if they believe that their wastewater charges, based on multiple pans, are not a true reflection of their actual use of the Council wastewater treatment capacity.
- 2.2** Council recognises that certain types of activities on properties with multiple pans offer social, community, recreational, economic and health benefits to the community and is therefore prepared to assess their wastewater charges based on the assumption that 85% of their water supply consumption equates to their wastewater discharge. This is to determine if these customers would pay less under this charging regime rather than being assessed on a multiple pan charge basis.
- 2.3** Council will annually, prior to the initial rates demand being sent, write to all property owners eligible for a multiple pan wastewater remission advising them of the policy and requesting that they advise Council of whether they wish to apply for a remission.

3. POLICY CRITERIA AND CONDITIONS

- 3.1** Rest homes, retirement villages, pension housing and schools are **excluded** from this policy.
- 3.2** To be a qualifying property for a remission under this policy the rating unit must:
 - Be connected to one of the Western Bay of Plenty District Council wastewater reticulated schemes
 - Be connected to a Council water supply via a properly fitted and functioning Council water meter.
- 3.3** The application must be made in writing and signed by the property owner(s).
- 3.4** The application for wastewater remission must be made prior to the issuing of the first (July / December) rates installment for a full remission. Applications will not be backdated.
- 3.5** Applications received after the issuing of the first (July / December) rates installment will only be eligible for a 50% remission.
- 3.6** Applications will not be back dated.

4. POLICY PROCEDURES

- 4.1** The remission will take the form of a rebate of the difference between the standard UAC and multiple pan wastewater charge for the coming rating year and the estimated wastewater charge. This is based on the assumption that wastewater equals 85% of water supply consumption measured for the previous four billing periods. (See worked example below).
- 4.2** The water consumption for the previous four billing periods was been verified by water meter readings undertaken by Council staff.
- 4.3** Only one remission will be granted annually per qualifying property.
- 4.4** Each remission will be assessed on a case by case basis.
- 4.5** Council will delegate authority to consider and approve applications to Council officers.

Worked Example

District-wide	
Average daily water use per household	= 0.6m ³
Average daily wastewater discharge (85% or 0.85 of water use)	= 0.5m ³
Te Puke	
Wastewater Uniform Annual Charge	= \$666.00
Multiple pan charge	= \$440.00

Te Puke property with 30 pans is currently charged on the following basis	
Current wastewater charge	One UAC + 29 multiple pan charges
	(1 x \$666) + (29 x \$440) = (\$666) + (\$12,760)
Total wastewater charge	\$13,426

Wastewater assessment of the property using wastewater remissions policy	
Actual metered average daily water consumption	= 5.81 m ³ /day
Estimated average daily wastewater discharge	= 5.81 x 0.85
	= 4.94 m ³ /day

Wastewater assessment of the property using wastewater remissions policy	
Actual metered average daily water consumption	= 5.81 m ³ /day
Estimated average daily wastewater discharge	= 5.81 x 0.85
	= 4.94 m ³ /day

Wastewater charge under the new policy

Proposed charge

$$1 \text{ UAC} + [(\text{Estimated wastewater discharge} - \text{average daily wastewater discharge}) \times 1 \text{ UAC}]$$

$$\text{Average daily wastewater discharge}$$

$$= \$666 + [(4.94 - 0.5)/0.5 \times \$666]$$

$$= \$666 + \$5,914.08$$

$$= \mathbf{\$6,580.08}$$

$$\text{Wastewater rebate available} = \$13,426 - \$6,580.08 = \$6,845.92$$

5. ASSOCIATED POLICIES

- 5.1** Various rates remissions policies.

Rates remissions - natural disasters and emergencies

1. POLICY OBJECTIVE

- 1.1** This policy is to provide for the possibility of rates remission where a form of natural or other type of disaster or emergency affects one or more rating units' capacity to be inhabited, used or otherwise occupied for an extended period of time.

2. GENERAL APPROACH

- 2.1** To apply rating policy on a fair and equitable basis.

3. CRITERIA

- 3.1** The Council may, on written application from the ratepayer of rating units affected by a natural disaster or emergency, remit up to 100% of annual rates levied.
- 3.2** The Council may consider voiding the need for an application and grant remission for any rating unit or group of rating units collectively affected by a natural disaster or emergency.
- 3.3** Each application will be considered on its merits and remission up to 100% may be granted where it is considered just and equitable to do so.
- 3.4** Applications may be declined if there is evidence to suggest the applicant's actions or inactions contributed to the circumstances under which the application is being made.
- 3.5** Applications for rates remission under this policy will be considered and approved or rejected by a full meeting of Council.

4. PROCEDURES

- 4.1** Applications must be made in writing by 30 June each year to be considered for remission for the following year's rates.
- 4.2** Where an application is approved by Council, the rating unit concerned will become non-rateable for the specific rating year.

SIGNIFICANT ACCOUNTING POLICIES

Prospective Statement of Comprehensive Revenue and Expense	472	Finance costs	475	Disposals	478
Prospective Statement of changes of Equity	472	Grant expenditure	475	Depreciation	478
Prospective Statement of Finance Position	472	Foreign currency transactions	475	Impairment of property, plant & equipment & intangible asset	479
Prospective Statement of Cash Flows	472	Income tax	475	Forestry assets	479
Prospective Statement of Accounting Policies	472	Leases	475	Liabilities	479
Prospective Funding Impact Statements	472	Finance leases	475	Creditors and other payables	479
Reporting entity	473	Operating leases	475	Borrowings	479
Basis of preparation	473	Assets	475	Employee entitlements	479
Statement of compliance	473	Cash and cash equivalents	475	Short-term employee entitlements	479
Measurement base	473	Debtors and other receivables	475	Long-term employee entitlements	479
Functional and Presentation Currency	473	Non-current assets held for sale	475	Provisions	480
Judgement and Estimations	473	Derivative financial instruments	475	Landfill post-closure provision	480
Cautionary Note	473	Financial assets	475	Financial guarantee contracts	480
Changes in accounting policies	473	Financial assets at fair value through surplus or deficit	476	Leaky home settlement costs	480
Assumptions Underlying Prospective Financial Information	473	Loans and receivables	476	Equity	480
Significant accounting policies	474	Held to maturity investments	476	Retained earnings	480
Associate entities	474	Fair value through other comprehensive revenue	476	Restricted reserves	480
Revenue	474	Fair value	476	Council created reserves	480
Rates revenue	474	Impairment of financial assets	476	Asset revaluation reserves	480
Government grants	474	Loans and other receivables and held to maturity investments	476	Goods and services tax (GST)	480
Vested assets	474	Financial assets at fair value through other comprehensive revenue	476	Cost of service statements	481
Interest revenue	474	Investment properties	477	Direct costs	481
Sale of goods	474	Intangible assets	477	Indirect costs	481
Traffic and parking infringements	474	Software acquisition and development	477		
Dividends	474	Emission Trading Scheme New Zealand Units (NZUs)	477		
Financial contributions	474	Amortisation	477		
Other revenue	474	Property, plant and equipment	477		
Construction contracts	474	Revaluation	478		
		Additions	478		

This section includes financial statements and information. The Local Government Act 2002 requires Council to include forecast financial statements for the local authority within the Long Term Plan. The main purpose of providing prospective financial statements is to enable stakeholders (residents and ratepayers, other local authorities, business community groups and government regulatory bodies etc.) to make decisions regarding Council and how it conducts its business. This prospective financial information includes the Prospective Statement of Comprehensive Revenue and Expense, the Prospective Statement of Financial Position, the Prospective Statement of Changes in Equity, the Prospective Statement of Cash Flows, and the accompanying Prospective Statement of Accounting Policies and Notes to the Financial Statements. This information must be prepared according to generally accepted accounting practice (GAAP) and recognised accounting standards.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

The Prospective Statement of Comprehensive Revenue and Expense shows all of Council's prospective revenue earned and expenses incurred for the years ended 30 June 2016 to 30 June 2025. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

This Prospective Statement shows how total comprehensive revenue and expense is arrived at. Total comprehensive revenue and expense is then added or subtracted from Council's equity as shown in the Prospective Statement of Changes in Equity.

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

This Prospective Statement provides information about the nature of changes in Council's equity during the years 2016 to 2025.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

The Prospective Statement of Financial Position shows the assets and liabilities of the Council as at 30 June each year from 2016 to 2025.

Assets include cash, accounts receivable (money owed to Council but not yet received), investments, land, buildings, operational and infrastructural assets. Current assets are amounts owed to Council that are expected to be received within the next 12 months while current liabilities are Council's debts that are due to be paid within the next 12 months. Investments are Council funds held in revenue earning securities while property, plant and equipment are of a permanent nature and are held for the benefit of the community.

Non-current liabilities represent money owed by Council that does not have to be paid within the next 12 months.

PROSPECTIVE STATEMENT OF CASH FLOWS

This Prospective Statement covers all the inflows and outflows of cash during the year covered by the Prospective Statement of Comprehensive Revenue and Expense. The Prospective Statement of Cash Flows identifies the sources and application of cash in respect of Council's operating, investing and financing activities.

PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES

These explain the basis upon which the prospective financial Prospective Statements are prepared. They explain the methods adopted by Council used to measure the transactions incorporated into the financial Prospective Statements above.

PROSPECTIVE FUNDING IMPACT STATEMENTS

The Prospective Funding Impact Statements ("PFIS") have been prepared in accordance with the Local Government (Financial Reporting) Regulations 2011, which came into effect 11 July 2011. This is a reporting requirement unique to local government and the disclosures contained within and the presentation of these statements is not prepared in accordance with generally accepted accounting practices

The purpose of these statements is to report the net cost of services for significant groups of activities ("GOA") of Council, and are represented by the revenue that can be attributed to these activities less the costs of providing the service. They contain all the funding sources for these activities and all the applications of this funding by these activities. The GOA PFIS includes internal transactions between activities such as internal overheads and charges applied and or recovered and internal borrowings.

The PFIS is also prepared at the whole of Council level summarising the transactions contained within the GOA PFIS, eliminating internal transactions, and adding in other transactions not reported in the GOA statements. These items include but are not limited to gain and/or losses on revaluation and vested assets.

They also depart from GAAP as funding sources are disclosed within the PFIS as being either for operational or capital purposes. Revenue such as subsidies received for capital projects, development contributions and proceeds from the sale of assets are recorded as capital funding sources. Under GAAP these are treated as revenue in the Prospective Statement of Comprehensive Revenue and Expense.

STATEMENT OF ACCOUNTING POLICIES FOR PROSPECTIVE FINANCIAL STATEMENTS

REPORTING ENTITY

Western Bay of Plenty District Council (Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled in New Zealand.

The primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a tier one public benefit entity for the purposes of New Zealand equivalents to International Public Sector Accounting Standards (IPSAS).

The financial information contained within the supporting documentation to the Consultation Document may not be appropriate for purposes other than those described.

BASIS OF PREPARATION

These set of prospective financial statements have been prepared in accordance with NZ generally accepted accounting practice (GAAP) and opening balances for the year ended 30 June 2015. Estimates have been restated accordingly if required. No actual financial results have been incorporated within the prospective financial statements

Council and management of Western Bay of Plenty District Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures.

The final prospective financial statements were updated and presented to the Council for adoption on 25 June 2015. The financial information contained within this Long Term Plan may not be appropriated for purposes other than those described.

STATEMENT OF COMPLIANCE

These prospective financial statements have been prepared in accordance with NZ generally accepted accounting practice (GAAP), as required under section 95 and section 111 of the Local Government Act 2002. They comply with PBE IPSAS and have been prepared in accordance with PBE FRS 42 *Prospective Financial Statements* and PBE FRS 46 *First-time Adoption of PBE Standards by Entities Previously Applying NZ IFRSs*.

This is Council's first set of prospective financial statements presented in accordance with PBE Standards.

MEASUREMENT BASE

The prospective financial statements have been prepared on an historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

FUNCTIONAL AND PRESENTATION CURRENCY

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). The functional currency of Council is in New Zealand dollars.

JUDGEMENT AND ESTIMATIONS

In preparing these financial statements, Council has made estimates and assumptions concerning the future, these are outlined in Chapter Two from page [42 - 46](#). These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

CAUTIONARY NOTE

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

The information contained within these prospective financial statements may not be suitable for use in another capacity.

CHANGES IN ACCOUNTING POLICIES

Revenue from rates (excluding water by meter) is now recognised once the rates are struck in accordance with PBE IPSAS 23 Non-exchange Revenue. Previously revenue from rates was recognised when instalment invoices were issued. As rates are invoiced for the period 1 July to 30 June each year it is not expected that this change will have any impact on the prospective rates revenue,

There have been no other changes in accounting policy.

ASSUMPTIONS UNDERLYING PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within these policies and documents is prospective financial information in terms of PBE IPSAS 42 *Prospective Financial Statements*. The purpose for which it has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Council over the financial years from 1 July 2015 to 30 June 2025, and to provide a broad accountability mechanism of the Council to the Community.

SIGNIFICANT ACCOUNTING POLICIES

ASSOCIATE ENTITIES

An associate is an entity over which Western Bay has significant influence and that is neither a subsidiary nor an interest in a joint venture of Western Bay. Western Bay has a 50% ownership in Western Bay Moana Rural Fire Authority and a 1/9th share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% ownership in Western Bay of Plenty Tourism and Visitors' Trust. The investment in these associates is initially recognised at cost and the carrying amount is increased or decreased to recognise Western Bay's share of the surplus or deficit of the associate after the date of acquisition. Western Bay's share of the surplus or deficit of the associate is recognised in Western Bay's statement of comprehensive revenue and expense. Distributions received from an associate reduce the carrying amount of the investment.

Where Western Bay transacts with an associate, surpluses or deficits are eliminated to the extent of Western Bay's interest in the relevant associate.

REVENUE

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council 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 the "taxable event" occurs and the asset recognition criteria are met in accordance with PBE IPSAS 23 *Non-exchange Revenue*. The "taxable event" is the event that government, legislation or other authority has determined will be subject to taxation. Rates collected on behalf of Bay of Plenty Regional Council (BOPRC) are not recognised in the financial statements, except to the extent that they are included in the statement of cashflows, as Western Bay is acting as an agent for BOPRC.

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.

Government grants

Western Bay of Plenty District Council receives government grants from New Zealand Transport Agency (NZTA), which subsidise part of Western Bay of Plenty District Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained

Interest revenue

This is recognised using the effective interest method.

Sale of goods

Revenue from sales of goods is recognised when a product is sold to the customer.

Traffic and parking infringements

Traffic and parking infringements are recognised when tickets are issued.

Dividends

Dividends are recognised when the right to receive payment has been established.

Financial contributions

Financial contributions from subdivision consents are recognised as revenue upon the granting of the resource consent and prior to the completion certificate being issued pursuant to Section 224c of the Resource Management Act 1991. Contributions from land use consents are recognised as revenue upon the granting of the resource consent.

Financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. However, where contributions are collected in advance to fund a service that is not actually provided for in a particular area, the contribution is classified as revenue in advance.

Construction contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to the balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with Council's construction activities in general.

An expected loss on construction contracts is recognised immediately as an expense in the statement of comprehensive revenue and expense.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Finance costs

Borrowing costs are recognised as an expense in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application has been received that meets the specified criteria for the grant.

Discretionary grants are those grants where Western Bay has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Western Bay's decision.

Foreign currency transactions

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

Income tax

Western Bay does not pay income tax as Section CW39 of the Income Tax Act 2007 specifically exempts revenue derived by a local authority from income tax, unless that revenue is derived from a Council Controlled Organisation, a port related commercial undertaking or as a trustee. Leases

LEASES

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Assets

ASSETS

Cash and cash equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Debtors and other receivables

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

A provision for impairment of receivables is established when there is objective evidence that Western

Bay will be unable to collect all amounts due according to the original terms of the receivables.

The amount of the provision is the difference between the asset's carrying amount and the present value of the estimated future cash flows, discounted using the effective interest method.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of comprehensive revenue and expense. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

Derivative financial instruments

Western Bay of Plenty District Council uses derivative financial instruments (interest rate swaps) to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, the Western Bay of Plenty District Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date.

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument and, if so, the nature of the item being hedged. Western Bay has elected not to hedge account for its derivative financial instruments.

The associated gains or losses of these derivatives (that are not hedge accounted) are recognised in the surplus or deficit.

Financial assets

Financial assets and liabilities 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 statement of comprehensive revenue and expense.

Purchases and sales of financial assets are recognised on trade-date, the date on which Western Bay of Plenty District Council commits 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 Western Bay of Plenty District Council has transferred substantially all the risks and rewards of ownership.

Western Bay of Plenty District Council classifies its financial assets into the following categories: fair value through surplus or deficit, held-to maturity investments, loans and receivables and fair value through other comprehensive revenue. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

Western Bay's financial assets at fair value through surplus or deficit include derivatives that are not designated as hedges (interest rate swaps).

After initial recognition they are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Western Bay's loans and receivables comprise cash and cash equivalents, debtors and other receivables, term deposits and related party loans.

After initial recognition they are measured at amortised cost using the effective interest method less impairment. Gains and losses when the asset is impaired or de-recognised are recognised in the statement of comprehensive revenue and expense.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that Western Bay of Plenty District Council has the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition they are measured at amortised cost using the effective interest method less impairment.

Gains and losses when the asset is impaired or de-recognised are recognised in the statement of comprehensive revenue and expense.

Council does not currently hold any financial assets in this category.

Fair value through other comprehensive revenue

Financial assets at fair value through other comprehensive revenue are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance date.

This category encompasses:

- Investments that Western Bay of Plenty District Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that Western Bay of Plenty District Council holds for strategic purposes.

Western Bay of Plenty District Council's investments in its associates are not included in this category as they are held at cost (as allowed by NZ PBE IPSAS 7: Investments in Associates) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition the cumulative gain or loss previously recognised in equity is recognised in the statement of comprehensive revenue and expense.

Investments in this category include shares held in New Zealand Local Government Insurance Corporation.

FAIR VALUE

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance 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. Western Bay uses a variety of methods and makes assumptions that are 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 expected cash flows, are used to determine fair value for the remaining financial instruments.

IMPAIRMENT OF FINANCIAL ASSETS

At each balance date Western Bay of Plenty District 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 or deficit.

Loans and other receivables and held to maturity investments

Impairment is established when there is objective evidence that Western Bay will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/ issuer will enter into bankruptcy and default in payments are considered indicators that the asset is impaired.

The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the statement of comprehensive revenue and expense. When the receivable is uncollectible it is written off against the allowance account.

Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For local authority stock and government stock impairment, losses are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy and default in payments are considered objective indicators that the asset is impaired.

If such evidence exists for investments at fair value through other comprehensive revenue, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If, in a subsequent period, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Investment properties

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, Western Bay of Plenty District Council measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the statement of comprehensive revenue and expense.

There is no depreciation on investment properties.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use by the Western Bay of Plenty District Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Staff training costs are recognised as an expense when incurred.

Emission Trading Scheme New Zealand Units (NZUs)

Council has been allocated and holds NZU's in respect of its forestry stands in the district. NZU's are initially recorded at cost and are subsequently measured at fair value each balance date. Any movement in fair value is recognised in the prospective surplus or deficit.

Costs associated with maintaining NZU's are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line or diminishing value basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is de-recognised.

The amortisation charge for each period is recognised in the prospective statement of comprehensive revenue and expense. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

- Computer software licenses are capitalised at historic cost and are amortised over their estimated useful lives on a straight line or diminishing value basis
- Subdivision rights in relation to the joint purchase of land at Te Tumu, Papamoa by Tauranga City Council and Western Bay of Plenty District Council. This land was purchased with the condition of providing the vendor the option to acquire it sometime in the period from December 2016 to December 2026. This is amortised on a straight line basis over the 10 years.

Neither Council has any intention to develop this land or retain ownership long term.

- Resource consents which are not attributed to a specific asset are capitalised at historic cost and amortised on a straight line basis over their estimated useful lives (usually 20 years).

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment consist of:

(a) Infrastructure assets

Infrastructure assets are the fixed utility systems owned by Western Bay. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.

(b) Restricted assets

Restricted assets are parks and reserves owned by Western Bay which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

(c) Operational assets

These include land, buildings, landfill post closure, library books, plant and equipment and motor vehicles.

Property, plant and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

In most instances, an item of property, plant or equipment is recognised at its cost. Where an asset is acquired at no cost or at a nominal value, it is recognised at fair value as at the date of acquisition.

Revaluation

Western Bay accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the prospective statement of comprehensive revenue and expense.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of comprehensive revenue and expense will be recognised first in the prospective statement of comprehensive revenue and expense up to the amount previously expensed and then credited to the revaluation reserve for that class of asset.

Those asset classes that are revalued are valued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least on a three-yearly valuation cycle. The carrying values of revalued assets are reviewed at each balance date to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are re-valued.

The opening asset values in the prospective financial statements for the asset classes that are re-valued have been based upon estimate fair values as at 1 July 2014. These opening values were derived using a cost adjustment factor for the predicted valuation movement from the date of the last valuation through to 1 July 2014.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if and, only if, it is probable that future economic benefits or service potential associated with the item will flow to the Western Bay of Plenty District Council and the cost of the item can be measured reliably.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are recognised within the prospective surplus or deficit in the period in which the transaction occurs. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Depreciation

Depreciation is provided on a straight-line basis on all buildings, bridges and other structures and diminishing value for motor vehicles, plant and equipment, office equipment and furnishings. Land and drains are nondepreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

BUILDINGS		
• Concrete	100 years	Straight line
• Wooden	40 years	Straight line
• Improvements	10 years	Straight line
Land		Not depreciated
Other plant and equipment	10 years	Diminishing value
Office equipment and furnishings	10 years	Diminishing value
Computer systems	5 years	Diminishing value
Motor vehicles	5 years	Diminishing value
Library books	10-15 years	Straight line
Infrastructural assets		
Rooding network		
• Pavements (base course)	25 to 75 years	Straight line
• Seal	12 years	Straight line
• Unsealed	3 to 5 years	Straight line
• Other	5 to 70 years	Straight line
• Formation (not depreciated)		
BRIDGES		
• Concrete	100 years	Straight line
• Steel	50 years	Straight line
RETICULATION		
• Water	20 to 60 years	Straight line
• Sewerage	60 to 100 years	Straight line
• Stormwater	80 to 120 years	Straight line
• Treatment plant and equipment	25 to 50 years	Straight line
OTHER STRUCTURES		
• Wooden reservoirs	80 years	Straight line
• Concrete reservoirs	100 years	Straight line
• Dams	100 years	Straight line
• Bores	100 years	Straight line

The residual value and useful life of an asset is reviewed and adjusted, if applicable, at each financial year end.

Impairment of property, plant and equipment and intangible assets

Non-financial assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date.

When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

The value in use for cash-generating assets and cash generating units is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written down to the recoverable amount. For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the prospective statement of comprehensive .

For assets not carried at a revalued amount, the total impairment loss is recognised in the prospective statement of comprehensive .

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of comprehensive revenue and expense, a reversal of the impairment loss is also recognised in the prospective statement of comprehensive .

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the prospective statement of comprehensive .

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs, and silvicultural costs and takes into consideration environmental, operational, and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability and equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the Council after deducting all of its liabilities.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Interest-bearing bank loans and overdrafts are initially measured at their fair value net of transaction costs incurred and are subsequently measured at amortised cost using the effective interest method.

Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis in the statement of comprehensive revenue and expense using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Borrowings are classified as current liabilities unless Western Bay has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

EMPLOYEE ENTITLEMENTS

Short-term employee entitlements

Employee benefits that Western Bay of Plenty District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned, but not yet taken at balance date, retiring and long-service leave entitlements expected to be settled within 12 months.

Western Bay recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements

Entitlements that are payable beyond 12 months, such as long-service leave and retiring leave have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement
- The likelihood that staff will reach the point of entitlement and contractual entitlement information; and
- The present value of the estimated future cash flows.

The discount rate is based on the weighted average of interest rates for government stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

PROVISIONS

Western Bay of Plenty District Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in "finance costs".

Landfill post-closure provision

Council, as operator of the Te Puke and Athenree landfills, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is 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 and known improvements in technology. The provision includes all costs associated with landfills post-closure.

FINANCIAL GUARANTEE CONTRACTS

A financial guarantee contract is a contract that requires us to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to meet a payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued as a stand-alone, arms length transaction to an unrelated party its fair value at inception is equal to the consideration received. When no consideration is received liability is recognised based on the probability that we will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised prior to discounting to fair value is disclosed as a contingent liability.

Financial guarantees are subsequently measured at fair value. Any changes in fair value are taken through surplus and deficit. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

LEAKY HOME SETTLEMENT COSTS

As a result of legal precedent that Councils are liable for a share of leaky homes repair costs, a provision for estimated settlement costs has been recognised as a liability in the prospective statement of financial position. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events. The provision includes all expected settlement costs. When there is a high level of uncertainty, a contingent liability is recognised.

EQUITY

Equity is the community's financial interest in the Western Bay of Plenty District Council as measured by the value of total assets less total liabilities. Equity is disaggregated and classified into a number of reserves to enable clearer identification of the use Council makes of its accumulated surpluses. The components of equity are:

- Retained earnings
- Restricted reserves
- Council created reserves
- Asset revaluation reserves; and
- Fair value through other comprehensive revenue reserves.

Retained Earnings

The accumulated surpluses do not represent cash available to offset future rate increases, but rather it represents the community's investment in publicly owned assets resulting from past surpluses.

Restricted reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Western Bay.

Restricted reserves are those subject to specific conditions accepted as binding by Western Bay and which may not be revised by Western Bay without reference to the Courts or a third party. Transfers to and from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Council created reserves

Council created reserves are reserves restricted by Council decision. Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council. Council created reserves consist of specifically named reserves into which funds are put for specific purposes, as well as reserves for unspent revenue from one year which Council deems appropriate to be expended in the following year, usually to finish incomplete, but previously budgeted work. Council created reserves also include reserves for depreciation which have been funded but not yet utilised.

Asset revaluation reserve

The property revaluation reserves recognise any increase or decrease in the carrying value of Council's revalued assets.

GOODS AND SERVICES TAX (GST)

All items in the financial statements are stated exclusive of GST, except for debtors and other receivables and creditors and other payables, which are presented on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the statement of financial position.

The net GST paid to or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

COST OF SERVICE STATEMENTS

Council has derived the cost of service for each significant activity of the Western Bay of Plenty District Council using the cost allocation system set out below:

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Direct costs

These are costs directly attributable to a significant activity. Indirect costs are those costs which can be identified in an economically feasible manner within a specific significant activity. Direct costs are charged directly to the relevant significant activities.

Indirect costs

These are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

SUMMARY OF FINANCIAL CONTRIBUTIONS POLICY

Council is required under sections 102(4) (d) and 106 of the Local Government Act 2002 (LGA) to have either a Development Contribution Policy under the LGA 2002 or a Financial Contribution Policy under section 108(9) of the Resource Management Act 1991 (RMA).

1. GENERAL POSITION STATEMENT

Council's Financial Contributions Policy has been operative since 1991. The full policy is contained in the Western Bay of Plenty District Council District Plan.

Between 2007/09 Council considered whether to retain a Financial Contributions Policy under the Resource Management Act 1991 or move to a Development Contributions Policy under the Local Government Act 2002. Council resolved to retain a Financial Contributions Policy.

1.1 Criteria

Protection of the natural and physical environment and social, economic, cultural and environmental wellbeing of the people and communities from the potential adverse effects of new or intensified development.

- The provision of adequate funding for and efficient utilisation of, the District's infrastructure.
- A financial contributions strategy which ensures that financial contributions are charged on the basis of covering the community's costs of providing infrastructure.
- A financial contributions strategy which is responsive to the social, environmental, cultural and economic needs of the community.
- Timing of development commensurate with the ability to make appropriate provision for infrastructure.

2. SUMMARY OF FINANCIAL CONTRIBUTIONS POLICY

2.1 Introduction

Growth in the District places significant pressure on Council to provide infrastructure at the appropriate levels of service. If growth is not managed in an integrated manner along with the provision of infrastructure, then the levels of service will fall short of the demands of growth and/or Council could be forced to develop infrastructure in an unplanned, ad hoc and inefficient manner.

Integration of the Council's funding strategy with growth management is critical to ensure that funds are spent in the most effective manner possible. Part of the funding strategy is to also ensure that those who require the expenditure pay accordingly. Financial contributions from development are seen as a key part of that strategy to make sure that new development is not subsidised by existing ratepayers.

While it is acknowledged that development in the District has positive effects, it also has the potential to adversely affect the environment, including people and communities, in a range of ways. Some of these effects cannot be adequately avoided or mitigated on a site-by-site basis. Rather, they can best be addressed through the provision of new or improved infrastructure. In some parts of the District the community has already provided infrastructure ahead of development and measures to avoid or mitigate future effects are thus already in place.

The types of adverse effects on the environment associated with new development that are best addressed through integrated provision of infrastructure include:

Wastewater

Effects on the environment including property, people and their health, amenity, social and cultural values through pollution of soil, ground and surface water, the coastal area including beaches and seafood and through odor.

Stormwater

Effects on property, human life and health and amenity and cultural values through flooding, siltation, erosion and pollution of waterways and coastal waters.

Water supply

Effects on health, fire safety, amenity, economic and cultural wellbeing through adequacy and quality of supply.

Transportation and Rooding

Effects on access, mobility and safety, social, cultural and economic wellbeing through inadequate standards for the level of use.

Recreation and Leisure

Effects on wellbeing of people and communities and cultural and amenity values through inadequate or inappropriate provision of open space and facilities.

New development may also have adverse effects on indigenous vegetation and habitats of indigenous fauna through inadequate protection of and, provision for, biodiversity.

Alternative means of funding the necessary additional infrastructure, such as by rates levied on existing properties and/or loans taken out by the Council can place a disproportionate burden on the existing community, which is, in effect, being asked to subsidise growth and change. This may adversely affect the economic well-being of the existing community and may be unsustainable. Conversely new development should not subsidise activities that primarily benefit existing users. There needs to be an equitable sharing of costs between existing residents and new development.

2.2 Integrated growth management (statutory context)

While the Council's financial contributions policy is determined as part of the District Plan process, the schedules of works and consequent amounts payable can be updated each year through the Long Term Plan or Annual Plan process. This is to ensure that amounts charged reflect up to date costs, including actual expenditure and any necessary changes in timing or patterns of growth. Financial contributions can also be reviewed through a plan change through the RMA process. Implementation and monitoring are carried out through separate processes such as the Annual Plan and Annual Report.

2.3 General approach to calculating financial contributions

Financial contributions in the District Plan are based on a buy-in to the surplus capacity of existing infrastructure and/or the payment of a contribution to development programmes involving the upgrading of existing infrastructure or the provision of new infrastructure, both of which allow for future development.

Infrastructure financial contributions are calculated in accordance with formulae set out in the District Plan and are based on approved development programmes. Some of these programmes will be established through urban growth structure plans (water, wastewater, stormwater and urban roading) which include schedules of works to be undertaken, timing and funding (particularly the split between developer and Council funding). For areas not covered by structure plans, e.g. rural areas, geographic spread and the unpredictability of the location of growth makes it difficult to implement planned infrastructure development programmes. Rather than restrict growth, Council wishes to provide for it in a responsive manner. Development in the rural area will be subject to financial contributions that have been developed on a broader catchment or District-wide basis.

Infrastructure provision or upgrades will be implemented through approved infrastructure development programmes that are based on criteria that are triggered by actual growth.

The level of financial contribution is generally calculated by projecting growth for various parts of the District, establishing the need for and, capital costs of, a service or facility for the planning period (including costs which have already been incurred in anticipation of growth) to service that growth and then determining an equitable contribution. Specifically, financial contributions for recreation, transportation and ecological protection are based on future capital expenditure requirements. Financial contributions for water, wastewater and stormwater are based on recovery of the value of existing surplus capacity, plus the value of additional capacity for future dwellings.

The financial contributions for ecological protection are figures which can only be reviewed through a change to the District Plan.

Subdivision is generally a precursor to further development and intensification of the use of land, so financial contributions are generally assessed at the time that a resource consent for a subdivision, development or new activity is granted and are paid directly to Council as the relevant condition of consent provides.

Financial contributions may also apply to land use changes where the new activity has a potential future impact on infrastructure.

As part of its Annual Plan process, Council may resolve to reduce or waive any particular financial contribution that would normally be charged during that year.

Such resolution will be recorded in the Annual Plan. This will be done only where it is shown that wider community detriment would be likely to occur if full financial contributions were charged. Such a community subsidy is intended to be applied only where a clear net disbenefit to the community concerned would otherwise occur.

The following tables summarise the projected capital expenditure requirements over the 10 years of the Long Term Plan (2015-2025) which are attributable to growth and the funding provided by way of financial contributions for this capital expenditure.

The balance of the capital expenditure costs, apart from a small component for strategic roading capital expenditure, is recovered from financial contributions received in subsequent years to the Long Term Plan 2015-2025. Strategic roading comprises key roads that benefit the whole roading network and includes projects such as Omokoroa Road and roundabouts at Te Puna and Te Puke. Strategic roading is funded by a mix of district wide financial contributions, specific financial contributions, developers, subsidies from New Zealand Transport Agency and roading rates.

PROJECTED CAPITAL EXPENDITURE FOR GROWTH

FORECAST \$'000										
COUNCIL ACTIVITY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Transportation	5,411	5,395	7,081	5,670	6,602	5,996	6,178	7,630	6,562	8,444
Water supply	950	461	1,283	-	387	295	1,346	1,831	712	5,290
Communities	2,384	49	60	69	88	988	59	75	67	254
Recreation and leisure	1,067	1,900	1,472	1,465	1,882	3,658	3,017	611	528	3,372
Wastewater	-	831	909	-	895	-	-	661	2,641	812
Stormwater	100	208	406	-	554	2,223	-	3,072	885	-
Economic	1,151	581	282	453	634	712	583	604	123	130

FINANCIAL CONTRIBUTIONS SOUGHT

FORECAST \$'000										
COUNCIL ACTIVITY	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Transportation	2,791	2,330	2,284	2,488	2,556	2,620	2,700	2,753	2,861	2,953
Water supply	820	784	804	1,169	1,217	1,250	1,306	1,336	928	967
Recreation and leisure	1,554	1,585	1,662	1,939	2,005	2,056	2,125	2,229	2,216	2,292
Wastewater	1,382	1,375	1,440	1,891	2,295	2,357	2,464	2,533	2,885	3,006
Stormwater	733	731	751	1,082	1,122	1,157	1,204	1,236	1,303	1,358
Natural environment	111	184	194	206	240	250	265	273	283	293
Totals	7,392	6,990	7,136	8,775	9,435	9,689	10,065	10,361	10,476	10,869

TREASURY POLICY

Treasury Policy

1. POLICY OBJECTIVE

Council has Treasury risks arising from debt raising, investments and associated interest rate management activity.

Treasury activities are:

- Compliance with the Local Government Act 2002
- Develop and maintain professional relationships with the financial markets
- Invest surplus cash in liquid and creditworthy investments
- Raise appropriate finance, in terms of both maturity and interest rate
- Manage the overall cash position of Council's operations.

2. GENERAL APPROACH

- 2.1** Council is a risk-averse entity and does not wish to seek risk from its Treasury activities.
- 2.2** Activity which may be construed as speculative in nature is expressly forbidden.
- 2.3** Council manages both liabilities and cash investments through an internal Treasury activity. Funds are advanced by the Treasury activity for a specific period. Loans are repaid to the Treasury activity based on standard loan lives, depending on the useful lives of the assets.
- 2.3.1** Interest for loans is based on Council's weighted cost of funds.
- 2.3.2** Interest is credited to activities based on investment rates.

3. LIABILITY MANAGEMENT POLICY

- 3.1** Council approves borrowing by resolution during the Annual Planning process.
- 3.2** Council raises borrowing for the following primary purposes:
- 3.2.1** General debt to fund Council's Balance Sheet.
- 3.2.2** Specific debt associated with "special one-off" projects and capital expenditure.
- 3.2.3** To fund assets with inter-generational qualities.

3.3 Specific borrowing limits

In managing borrowing, Council will adhere to the following limits:

- The net interest expense of all external borrowings will not exceed 20% of total revenues
- The net interest expense of all external borrowings will not exceed 25% of annual rates revenue
- Liquid ratio of 1:1
- Current ratio 1.25
- Liquidity ratio (term debt plus committed loan facilities less liquid investments divided by current external debt) to be greater than 110%
- The percentage of net external debt to total revenue to be less than 200% in 2016, 190% in 2017 and 180% in 2018 to 2025.

'Revenue' is defined as earnings from rates, government grants and subsidies, user charges, interest and other revenue.

'Rates' is defined as all revenue under the Local Government (Rating) Act 2002, excluding rates collected on behalf of the Bay of Plenty Regional Council.

'Total revenue' for the purposes of this policy includes: earnings from rates revenue; grants and subsidies; user charges; interest and other operating revenue (excluding vested assets and financial contributions).

3.4 Liquidity and credit risk management

- 3.4.1** Council's ability to readily attract cost-effective borrowing is largely driven by its ability to maintain a strong balance sheet, as well as its ability to rate, manage its image in the market and its relationships with bankers. Where possible, Council seeks a diversified pool of stock and bank borrowing and ensures that bank borrowings are only sought from the approved list of registered banks.
- 3.4.2** To minimise the risk of large concentrations of debt maturing or being reissued in periods where credit margins are high for reasons within or beyond Council's control, Council ensures debt maturity is spread widely over a band of maturities. Council manages this specifically by ensuring that:
- no more than 35% of total borrowing is subject to refinancing in any financial year.
- Total borrowing includes any forecast borrowing.

3.4.3 New Zealand Local Government Funding Agency Limited investment

The Council may borrow from the New Zealand Local Government Funding Agency Limited (LGFA) and, in connection with that borrowing, may enter into the following related transactions to the extent it considers necessary or desirable:

- (a) Contribute a portion of its borrowing back to the LGFA as an equity contribution to the LGFA.
- (b) Provide guarantees of the indebtedness of other local authorities to the LGFA and of the indebtedness of the LGFA itself.
- (c) Commit to contributing additional equity (or subordinated debt) to the LGFA if required.
- (d) Subscribe for shares and uncalled capital in the LGFA; and
- (e) Secure its borrowing from the LGFA, and the performance of other obligations to the LGFA or its creditors with a charge over the Council's rates and rates revenue.

3.5 Risk recognition

- Local government risk is priced to a higher fee and margin level
- The Council's own credit standing, or financial strength as a borrower, deteriorates due to financial, regulatory or other reasons
- A large individual lender to the Council experiences its own financial/exposure difficulties, resulting in the Council not being able to manage their debt portfolio as optimally as desired
- New Zealand investment community experiences a substantial "over supply" of Council investment assets.

A key factor of funding risk management is to spread and control the risk to reduce the concentration of risk at one point in time. This is so that if any of the above events occur, the overall borrowing cost is not unnecessarily increased and the desired maturity profile is not compromised due to market conditions.

3.6 Liquidity/funding risk control limits (borrowings)

3.6.1 Term debt and committed debt facilities must be maintained at an amount that averages 115% of projected peak net debt levels over the next year (per long term cash and debt forecasts).

3.6.2 Disaster recovery requirements are met through the liquidity ratio.

3.6.3 The maturity profile of the total committed funding in respect to all loans and committed facilities is to be controlled by the following system:

PERIOD	MINIMUM	MAXIMUM
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	10%	40%

A maturity schedule outside these limits requires specific Council approval. A 12-month phase-in, non-compliance period is permitted.

3.7 Interest rate risk management

Council's borrowing gives rise to direct exposure to interest rate movements. Generally, given the long-term nature of Council's assets, projects and inter-generational factors and Council's preference to avoid an adverse impact on rates, there is a general tendency to have a high percentage of long-term fixed rate or hedged borrowing.

3.8 Approved financial instruments

Dealing in interest rate products must be limited to financial instruments approved by the Council. Any other financial instrument must be specifically approved by Council on a case-by-case basis and only be applied to the one singular transaction being approved.

CATEGORY	INSTRUMENT
Cash management and borrowing	Bank overdraft Committed cash advance and bank accepted bill facilities (term facilities)
Interest rate risk Management	Uncommitted money market facilities Stock/Bonds issuance Forward rate agreements ('FRAs') on: <ul style="list-style-type: none"> • Bank bills • Government bonds. Interest rate swaps including: <ul style="list-style-type: none"> • Forward start swaps (start date <24 months) • Amortising swaps (whereby notional principal amount reduces). Interest rate options on: <ul style="list-style-type: none"> • Bank bills (purchased caps and one for one collars) • Government bonds • Interest rate swaps (purchased only).

3.9 Interest rate risk control limits

3.9.1 Debt/borrowings

Council debt/borrowings/financial risk management instruments must be within the following fixed/floating interest rate risk control limit:

MASTER FIXED/FLOATING RISK CONTROL LIMIT	
Minimum fixed rate	Maximum fixed rate
50%	95%

3.9.2 'Fixed Rate' is defined as an interest rate repricing date beyond 12 months forward on a continuous rolling basis.

3.9.3 'Floating Rate' is defined as an interest rate repricing within 12 months.

3.9.4 The fixed rate amount at any point in time must be within the following maturity bands:

FIXED RATE MATURITY PROFILE LIMITED		
Period	Minimum cover	Maximum cover
0 to 3 years	15%	60%
3 to 5 years	15%	60%
5 years plus	0%	60%

3.9.5 The percentages are calculated on rolling 12-month projected net debt plus percentage of specific projects as approved by the Risk and Assurance Sub Committee.

3.10 Loan payments

External loans are repaid on due date. The lengths of external loans are based on projected internal loans and cash requirements.

4. INVESTMENT POLICY

4.1 Council maintains investments in the following financial assets:

- Equity investments including shareholdings and loan advances to trading and service enterprises, charitable trusts and incorporated societies; for example sporting and community organisations
- Property investments, including land and buildings
- Treasury instruments incorporating longer term and liquidity investments.

4.2 Equity investments and loan advances

Investments include shareholdings in trading and service enterprises and loan advances to charitable trusts, incorporated societies, residential and rural housing which are consistent with Council's Long Term Plan. Council operates an internal borrowing system for funding infrastructural improvements as well as funding current accounts. This information is reported to the Risk and Assurance Sub Committee on a quarterly basis.

Advances and loans are only provided to organisations where Council has significant interest. In default, the assets of the organisation may not revert to Council, however personal guarantees are obtained from the principals of the organisation.

4.2(a) New Zealand Local Government Funding Agency Limited Investment:

- The Council may invest in shares and other financial instruments of the New Zealand Local Government Funding Agency Limited (LGFA) and may borrow to fund that investment
- The Council's objective in making any such investment will be to:
 - (a) obtain a return on the investment; and
 - (b) ensure that the LGFA has sufficient capital to become and remain viable, meaning that it continues as a source of debt funding for the Council.
- Because of this dual objective, the Council may invest in LGFA shares in circumstances in which the return on that investment is potentially lower than the return it could achieve with alternative investments.

If required in connection with the investment, the Council may also subscribe for uncalled capital in the LGFA.

4.3 Property investments

Council's overall objective is to only own property that is necessary to achieve its outcomes.

Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results. However, from time to time Council may own property solely for investment purposes.

4.4 Treasury investments

Council maintains treasury investments for the following primary reasons:

- Provide ready cash in the event of a natural disaster. This cash is intended to bridge the gap between the disaster and the reinstatement of normal revenue streams and assets
- Invest amounts allocated to accumulated surplus, Council created and restricted reserves, sinking funds and general reserves
- Invest funds allocated for approved future expenditure, to implement strategic initiatives or to support inter-generational allocations
- Invest proceeds from the sale of assets
- Invest surplus cash and working capital funds.

4.8 Counterparty credit risk

Counterparty credit risk is the risk of losses (realised or unrealised) arising from a counterparty defaulting on a financial instrument where Council is a party.

The credit risk to Council in a default event will be weighted differently depending on the type of instrument entered into.

Council will regularly review credit risk. Treasury related transactions would only be entered into with organisations specifically approved by Council.

Counterparties and limits can only be approved on the basis of long term credit ratings (Standard and Poor's or Moody's) being A- and above.

Council is not a long-term investor in Treasury investments.

The following matrix guide below will determine limits:

Counterparty	Minimum long term credit rating - stated and possible	Investments maximum per counterparty (\$1m)	Interest rate risk management instrument maximum per counterparty (\$1m)	Total maximum per counterparty (\$1m)
New Zealand Government	A-	Unlimited	None	Unlimited
Local Government Funding Agency Limited	A-	Unlimited	None	Unlimited
State-owned enterprises (SOE)	A-	5.0	None	5.0
New Zealand registered banks	A-	10.0	10.0	15.0
Corporate bonds	A-	2.0	None	2.0
Local Government Stock	A- (if rated) Unrated	2.0 0.5	None None	2.0 0.5

4.4.1 Treasury investment objectives

Council's primary objective when investing is the protection of its investment. Accordingly, only creditworthy counterparties are acceptable.

Council also seeks to:

- Maximise investment return
- Ensure investments are liquid
- Manage potential capital losses due to interest rate movements if investments need to be liquidated before maturity.

4.4.2 Credit risk is minimised by limiting investments to registered banks, strongly rated State Owned Enterprises (SOE) and corporates within prescribed limits.

4.4.3 Liquidity risk is minimised by ensuring that all investments must be capable of being liquidated in a readily available secondary market. Where practical, Council maintains \$1 million of its investments with a maturity less than one year.

4.5 Interest rate risk management

Council's investments give rise to a direct exposure to a change in interest rates, impacting the return and capital value of its fixed rate investments.

Interest rate risk will be managed by reviewing rolling cashflow forecasts and using risk management instruments to protect investment returns and/or to change interest rate and maturity profile.

4.6 Sinking funds

Under the Local Government Act 2002, Council is not required to use specific borrowing mechanisms and therefore uses its discretion in determining whether a sinking fund mechanism is appropriate. Given that Council will be a net borrower for the remaining life of the existing sinking funds, the sinking funds may, at the Council's discretion, be used for internal borrowing purposes.

4.7 Acquisition and disposal of assets

Any disposal of assets requires the approval of Council except those assets within delegated authority.

4.9 Security

Generally, Council does not offer assets or deemed rates as security for general borrowing programmes.

In some circumstances, with prior Council approval, security may be offered:

- On borrowings by granting a rates charge under the Council's Debenture Trust Deed
- By providing a charge over one or more of the Council's assets.

4.10 Repayment

The Council repays borrowings from the specific sinking fund allocated to that borrowing or from general funds.

4.11 Contingent liabilities

Council from time to time provides financial guarantees to recreation and service organisations. Where possible Council shall obtain cross guarantees. Management ensures that the business plan of the guaranteed party furthers the strategic objectives of Council and that financial statements are received on a regular basis. Should the guarantee be called up, Council will take immediate steps to recover the money.

5. FOREIGN EXCHANGE POLICY

Council has foreign exchange exposure through the occasional purchase of foreign exchange denominated plant, equipment and services.

Generally, all significant commitments for foreign exchange are hedged using foreign exchange contracts, once expenditure is approved. Council uses both spot and forward foreign exchange contracts. All commitments for foreign exchange over \$10,000 are to be hedged.

The use of other foreign exchange risk management products is not permitted.

SIGNIFICANCE AND ENGAGEMENT POLICY

1. POLICY OBJECTIVE

- 1.1** To enable Council and its communities to identify the degree of significance attached to particular issues, proposal, assets, decisions and activities.
- 1.2** To let communities know how and when they can expect to be engaged in Council's decision-making processes.
- 1.3** To inform Council from the beginning of a decision-making process about the extent, form and type of engagement required.

2. POLICY CRITERIA AND PROCEDURES

2.1 Procedures

- 2.1.1** All decisions will be assessed to determine their level of significance using the policy criteria below.
- 2.1.2** If a subject is affected by one or more of the criteria below, the matter is more likely to have a high degree of significance.
- 2.1.3** The higher the degree of significance of a decision the greater the detail and analysis required to be undertaken, in particular for the:
 - (a) Identification and assessment of all reasonably practicable options.
 - (b) Quantification of costs and benefits resulting from the decision to be made.
 - (c) Information to be considered.
 - (d) Written records to demonstrate compliance with procedures in relation to the decision.
- 2.1.4** If Council makes a decision that is inconsistent with this policy, the steps identified in Section 80 of the Local Government Act 2002 will be undertaken.
- 2.1.5** When any subject is determined as having a high degree of significance the nature and extent of engagement proposed will be outlined in an engagement plan to be developed by Council. Subjects having a lesser degree of significance may still involve an engagement process in accordance with the appropriate approach outlined in Schedule 2.
- 2.1.6** Certain significant decisions must be provided for in the Long Term Plan. For instance, any significant alteration to the intended level of service provision for a significant activity, or a decision to transfer the ownership or control of a strategic asset to or from the local authority (see Schedule 1 for a list of Strategic Assets).

2.2 Assessing significance

In assessing the degree of significance of any subject, Council will apply the following criteria:

CRITERIA	EXAMPLES
The number of residents and rate payers affected	High significance: A Local Alcohol Policy can control the number, density and hours of operation of liquor outlets (e.g. pubs, bottle stores) across the District. This policy has the potential to impact on the health and wellbeing of the community (i.e. alcohol related harm). Low significance: 50 metre extension of a walkway.
The extent to which the residents and ratepayers are affected	High significance: Installation of a wastewater scheme into a community e.g. Maketu Low significance: Rural water supply extension.
Whether the subject is likely to impact on future interests of the community	High significance: Building a new library. Low significance: Purchase of balers to compact recycling.
Whether the subject is likely to recognise and provide for Māori cultural values and their relationship to the land and water	High significance: Increasing municipal water takes, dredging of waterways etc. Low significance: Upgrading of a playground.
Whether there is likely to be a high level of community interest in the subject	High significance: Availability of psychoactive substances in the District. Low significance: Changes to the frequency in lawn mowing of reserves.
Whether the subject affects the level of service of a significant activity	High significance: Proposal to increase stormwater infrastructure to a standard that has the capacity to manage a 1 in 50 year rainfall event. Low significance: Reducing inspections of pensioner housing from yearly to once every two years.

CRITERIA	EXAMPLES
Whether the subject has a financial impact on Council or the rating levels of its communities	High significance: Changing from land value to capital value rating of properties. Low significance: Community Board grants
Whether the decision is reversible	High significance: A decision to approve a wastewater system is largely irreversible; in that once the system is installed it would be extremely difficult and costly to change the system in the short term. Low significance: Speed limits.
Whether the likely consequences are controversial	High significance: Local Alcohol Policy Low significance: Water rates remission policy for water leaks.
Whether there is a legal requirement to consult and/or use the special consultative procedure	High significance: Transferring ownership or control of strategic assets. Low significance: Class 4 TAB Venue Gambling Policy.

2.2 Community engagement principles

2.3.1 Engagement will be:

- Meaningful - based on an open mind and willingness to listen.
- Respectful - with the aim of building council-community relationships.
- Supported by the provision of information which is balanced, sufficient and in plain language.
- Inclusive and endeavour to reach all those affected.
- Flexible and tailored to the needs of those who are being engaged.
- Coordinated across Council departments to minimise duplication and engagement fatigue.
- Pragmatic, efficient and value for money.

2.3.2 In considering the nature and extent of community engagement that needs to be undertaken, a range of methods will be identified proportionate to the significance of the subject and the community's preferred ways of engaging with the Council.

SCHEDULE 1 - LIST OF STRATEGIC ASSETS

For the purposes of sections 5 and 76AA(3) of the Local Government Act 2002, Council considers the following assets to be strategic assets:

- The roading network as a whole
- Reserves listed and managed under the Reserves Act 1997 excluding:
 - (a) Reserves identified for investigation for disposal in an adopted Reserve Management Plan
 - (b) Local Purpose Reserves
- Land held under other Acts or as fee simple but listed as reserves or considered as reserves
- Water reticulation network as a whole
- Wastewater plant and network as a whole
- Stormwater reticulation network as a whole
- Library network
- Pensioner housing network.

Please click on the following link for a full copy of the [Significant and Engagement Policy](#)

STATEMENT ON COUNCIL-CONTROLLED ORGANISATIONS

Council-Controlled Organisations (CCOs) are companies, trusts or other types of organisations in which a local authority holds 50% or more of the voting rights or has the power to appoint 50% or more of the directors. CCOs that operate for the purpose of making a profit are known as Council-Controlled Trading Organisations (CCTOs).

Western Bay of Plenty District Council is a member of the following Council-Controlled Organisations (CCOs):

- New Zealand Local Government Funding Agency (LGFA) - a CCTO
- Bay of Plenty Local Authority Shared Services Limited (BOPLASS)
- Western Bay of Plenty Tourism and Visitors Trust (Tourism Bay of Plenty)
- Western Bay Moana Rural Fire Authority (exempted).

These organisations, apart from Western Bay Moana Rural Fire Authority (which has been exempted from CCO reporting requirements under Section 7 of the Local Government Act 2002), have signed a Statement of Intent that is agreed with us and the other member councils.

The Statement of Intent specifies:

- The objectives or purpose of the organisation; and
- The nature and scope of the activities to be delivered; and
- The performance targets and other measures by which the performance of the organisation may be judged in relation to its objectives.

The Statement of Intent is a public document that can be supplied on request.

The table overleaf provides the information stated above:

COUNCIL-CONTROLLED ORGANISATION	PURPOSE
<p>New Zealand Local Government Funding Agency Limited, known as the 'LGFA'</p> <p>The principal shareholder councils of the LGFA are made up of 41 local and regional authorities including:</p> <ul style="list-style-type: none"> • Auckland Council • Bay of Plenty Regional Council • Christchurch City Council • Wellington Regional Council • Hamilton City Council • Hastings District Council • Taupo District Council • Tauranga City Council • Wellington City Council • Western Bay of Plenty District Council • Whangarei District Council <p>and</p> <ul style="list-style-type: none"> • Her Majesty The Queen acting by and through the Minister of Local Government and the Minister of Finance 	<p>The LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provides debt funding to New Zealand local authorities in New Zealand dollars</p> <p>The LGFA only lends to local authorities that enter into all the relevant arrangements with it (participating Local Authorities) and comply with the LGFA's lending policies</p> <p>PRIMARY OBJECTIVE</p> <p>The LGFA will operate with the primary objective of optimising the debt funding terms and conditions for participating Local Authorities. Among other things this includes:</p> <ul style="list-style-type: none"> • Providing debt to participating Local Authorities at the lowest possible interest rates • Making longer-term borrowings available to participating Local Authorities commensurate with the relevant maturity • Enhancing the certainty of access to debt markets for participating Local Authorities, subject always to operating in accordance with sound business practice. <p>ADDITIONAL OBJECTIVES</p> <p>The LGFA has a number of additional objectives which complement the primary objective. These objectives are to:</p> <ul style="list-style-type: none"> • Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated dividend policy • Become the primary source of debt funding for participating Local Authorities • Operate in a manner to ensure LGFA is successful and sustainable in the long-term • Educate and inform all Local Authorities (both participating and non-participating) on matters within the scope of LGFA's operations • Become a leading participant in the New Zealand capital markets • Provide excellent service to participating Local Authorities • Ensure excellent communication exists and be professional in its dealings with all its stakeholders • Ensure its products and services are delivered in a cost-effective manner • Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency • Achieve the financial forecasts set out in its Statement of Intent • Meet or exceed the agreed performance targets.

COUNCIL-CONTROLLED ORGANISATION	PERFORMANCE TARGETS AND MEASURES
<p>New Zealand Local Government Funding Agency Limited, known as the 'LGFA'</p>	<p>The LGFA has the following performance targets:</p> <ul style="list-style-type: none"> • LGFA's average cost of funds relative to the average cost of funds for New Zealand Government. <p>Securities for the period to:</p> <ul style="list-style-type: none"> • 30 June 2016 will be less than 0.50% higher • 30 June 2017 will be less than 0.50% higher • The average margin above the LGFA's cost of funds charged to the highest rated participating Local Authorities will be no more than 0.10%. <p>LGFA's annualised operating overheads will be less than \$5.2 million</p> <p>Total lending to participating Local Authorities at:</p> <ul style="list-style-type: none"> • 30 June 2016 will be at least \$5,400 million • 30 June 2017 will be at least \$6,400 million • Provide at least 50% aggregate long-term debt funding for Participating Local Authorities.
COUNCIL-CONTROLLED ORGANISATION	PURPOSE
<p>Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'</p> <p>The nine shareholding councils of BOPLASS are:</p> <ul style="list-style-type: none"> • Bay of Plenty Regional Council • Gisborne District Council • Kawerau District Council • Opotiki District Council • Rotorua District Council • Taupo District Council • Tauranga City Council • Western Bay of Plenty District Council • Whakatane District Council 	<p>Enable the provision of shared services to any or all local authorities within the Bay of Plenty region. BOPLASS may also sell 'shared' processes and systems as set up under individual agreements to local authorities outside the region.</p> <p>Pursue all opportunities to procure shared services that will benefit the community in the widest sense, through enhanced back office services and/or reduced costs for councils.</p> <p>Explore all possible avenues to provide these services itself or contract them from outside parties, each depending on a rigorous business case and risk assessment.</p> <p>BOPLASS will also act as a true regional vehicle to attract government and other funding, if or when it is made available.</p> <p>ACTIVITIES/DELIVERABLES</p> <p>Investigate, develop and deliver shared back office services and communications where and when that can be done more effectively for any combinations of some, or all of the councils.</p>

COUNCIL-CONTROLLED ORGANISATION	PERFORMANCE TARGETS AND MEASURES
<p>Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'</p>	<p>Over the next three years, the targets are to:</p> <ul style="list-style-type: none"> • Achieve effective operations of at least five shared services with each service contributing appropriately to the costs of the umbrella vehicle • Operate within agreed budgets • Maintain positive cash flow • Survey customers of active shared services at least annually to measure their satisfaction with the levels and quality of service • Survey the directors at least annually to gauge their satisfaction with the: <ul style="list-style-type: none"> - Extent and quality of new service investigation - Business development - Administrative and secretarial support/reporting - Operations of Advisory Groups - Governance and strategic role of the board - Performance of the Executive Officer of BOPLASS.
COUNCIL-CONTROLLED ORGANISATION	PURPOSE
<p>Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty</p> <p>(This is a joint council-controlled Organisation of Western Bay of Plenty District Council and Tauranga City Council)</p>	<p>Destination marketing which promotes the existing destination 'product' and encourages more visitors to stay longer and spend more</p> <p>Destination management and development which addresses the 'whole community response' to improving the quality of the region as a destination 'product' and experience for visitors.</p> <p>Good industry and community relations and communications.</p> <p>Strategic direction and leadership.</p>
	ACTIVITIES/DELIVERABLES
	<p>Delivery of tourism-related activities.</p> <p>Operate Tourism Bay of Plenty offices.</p>
	PERFORMANCE TARGETS AND MEASURES
	<p>Work within the approved budget and business plan</p> <p>Planning and reporting requirements are met</p> <p>Strategic and business plan objectives and performance measures are met</p> <p>Performance targets in the service delivery contract are met including:</p> <ul style="list-style-type: none"> • Office to be open minimum of 5 days excluding public holidays and weekends • At least two joint promotions organised excluding New Zealand Touring Route and Pacific Coast Highway • At least 40,000 visitor guides distributed annually.

ACTIVITY FUNDING IMPACT STATEMENTS

	PAGE
Summary	<u>497</u>
Representation	<u>498</u>
Planning for the future	<u>499</u>
Communities	<u>500</u>
Recreation and leisure	<u>501</u>
Regulatory services	<u>502</u>
Transportation	<u>503</u>
Water supply	<u>504</u>
Stormwater	<u>505</u>
Natural environment	<u>506</u>
Wastewater	<u>507</u>
Solid waste	<u>508</u>
Economic	<u>509</u>
Support services	<u>510</u>

FUNDING IMPACT STATEMENT

Western Bay of Plenty District Council All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET					FORECAST					
	\$'000					\$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	18,373	20,364	21,558	22,427	23,388	24,628	25,417	26,339	26,849	28,154	29,329
Targeted rates (other than a targeted rate for water supply)	36,569	36,790	37,350	38,657	40,005	41,193	42,633	44,288	46,029	47,488	49,290
Subsidies and grants for operating purposes	4,523	7,227	7,959	8,676	7,808	8,708	10,725	8,477	8,732	9,008	10,738
Fees, charges and targeted rates for water supply	6,012	6,612	7,234	7,921	8,716	9,145	9,461	9,797	10,057	10,311	10,584
Interest and dividends from investments	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	3,276	3,447	3,635	3,718	3,910	4,184	4,296	4,507	4,768	4,872	5,073
Total operating funding (A)	68,752	74,440	77,735	81,399	83,826	87,860	92,532	93,408	96,435	99,834	105,013
Applications of operating funding											
Payments to staff and suppliers	47,369	48,008	49,128	50,121	50,672	52,518	54,201	55,996	57,836	59,567	61,386
Finance costs	9,600	8,730	8,940	8,820	8,600	8,063	7,594	6,813	6,031	5,563	5,094
Other operating funding applications	27	40	188	2	97	203	2	47	223	66	52
Total applications of operating funding (B)	56,996	56,778	58,255	58,943	59,370	60,784	61,797	62,856	64,090	65,195	66,532
Operating funding - surplus/(deficit) (A-B)	11,756	17,661	19,480	22,456	24,457	27,076	30,735	30,552	32,346	34,639	38,481
Sources of capital funding											
Subsidies and grants for capital expenditure	3,773	-	4,024	476	-	-	-	-	-	-	-
Financial contributions	4,577	7,392	6,990	7,136	8,775	9,435	9,689	10,065	10,361	10,476	10,869
Increase/(decrease) in debt	3,157	1,213	(369)	431	(9,228)	(7,353)	(10,119)	(11,155)	(10,927)	(9,291)	(4,390)
Gross proceeds from sale of assets	85	85	87	89	92	94	97	100	104	107	111
Lump sum contributions	404	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total Sources of capital funding (C)	11,996	8,690	10,732	8,132	(362)	2,177	(332)	(990)	(463)	1,292	6,590
Applications of capital funding											
Capital Expenditure											
• to meet additional demand	10,860	7,645	5,220	6,913	2,061	6,707	8,027	5,086	8,795	9,928	20,546
• to improve the level of service	5,164	9,535	14,293	9,767	7,006	6,895	6,933	7,917	7,936	8,380	10,321
• to replace existing assets	5,278	10,888	10,272	13,013	11,883	13,255	11,891	14,129	13,729	12,353	11,669
Increase/(decrease) in reserves	2,460	(1,717)	428	896	3,144	2,396	3,552	2,431	1,423	5,270	2,535
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	23,762	26,351	30,213	30,589	24,095	29,253	30,402	29,563	31,883	35,931	45,071
Capital Funding - surplus/(deficit) (C-D)	(11,756)	(17,661)	(19,480)	(22,456)	(24,457)	(27,076)	(30,735)	(30,552)	(32,346)	(34,639)	(38,481)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Representation All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000					FORECAST \$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	2,480	2,943	3,137	3,123	3,285	3,383	3,361	3,497	3,689	3,748	3,832
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	471	580	601	614	627	642	659	676	696	718	737
Local authority fuel tax, fines, infringement fees and other receipts	-	-	77	-	-	83	-	-	91	-	-
Total operating funding (A)	2,950	3,523	3,815	3,738	3,912	4,108	4,019	4,172	4,477	4,467	4,569
Applications of operating funding											
Payments to staff and suppliers	1,474	1,487	1,520	1,552	1,588	1,627	1,668	1,713	1,763	1,815	1,870
Finance costs	(66)	(45)	(24)	(4)	(4)	(4)	(3)	(3)	(3)	(3)	(3)
Internal charges and overhead costs applied	1,449	2,032	2,125	2,177	2,222	2,275	2,342	2,406	2,487	2,578	2,640
Other operating funding applications	27	40	188	2	97	203	2	47	223	66	52
Total applications of operating funding (B)	2,884	3,515	3,808	3,728	3,904	4,102	4,009	4,164	4,470	4,455	4,560
Operating funding - surplus/(deficit) (A-B)	66	8	7	10	8	7	10	9	7	11	9
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	-	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	66	8	7	10	8	7	10	9	7	11	9
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	66	8	7	10	8	7	10	9	7	11	9
Capital funding - surplus/(deficit) (C-D)	(66)	(8)	(7)	(10)	(8)	(7)	(10)	(9)	(7)	(11)	(9)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Planning for the future All information from 2017 - 2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET		FORECAST								
	\$'000		\$'000								
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	2,349	2,195	2,138	2,328	2,254	2,289	2,502	2,432	2,484	2,730	2,655
Targeted rates (other than a targeted rate for water supply)	13	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,362	2,195	2,138	2,328	2,254	2,289	2,502	2,432	2,484	2,730	2,655
Applications of operating funding											
Payments to staff and suppliers	1,656	1,433	1,350	1,511	1,427	1,445	1,623	1,537	1,563	1,766	1,675
Finance costs	(155)	(160)	(169)	(186)	(197)	(208)	(220)	(233)	(246)	(260)	(275)
Internal charges and overhead costs applied	742	752	779	804	816	835	865	884	911	949	967
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,244	2,025	1,961	2,129	2,046	2,072	2,268	2,188	2,228	2,454	2,367
Operating funding - surplus/(deficit) (A-B)	119	170	177	199	208	217	234	244	256	276	288
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	60	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	60	-	-	-	-	-	-	-	-	-	-
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	179	170	177	199	208	217	234	244	256	276	288
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	179	170	177	199	208	217	234	244	256	276	288
Capital funding - surplus/(deficit) (C-D)	(119)	(170)	(177)	(199)	(208)	(217)	(234)	(244)	(256)	(276)	(288)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Communities All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000					FORECAST \$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	2,687	3,098	3,259	3,338	3,356	3,473	3,526	3,649	3,736	3,883	4,001
Targeted rates (other than a targeted rate for water supply)	1,602	1,780	1,943	2,052	2,130	2,080	2,060	2,223	2,322	2,457	2,640
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	72	75	77	79	81	83	86	88	91	95	98
Internal charges and overhead costs recovered	741	779	827	855	866	890	917	951	986	1,028	1,044
Local authority fuel tax, fines, infringement fees and other receipts	479	458	476	490	501	513	529	548	568	590	612
Total operating funding (A)	5,581	6,190	6,581	6,813	6,935	7,039	7,118	7,459	7,703	8,053	8,394
Applications of operating funding											
Payments to staff and suppliers	3,082	3,680	3,678	3,820	3,898	3,983	3,965	4,112	4,194	4,378	4,537
Finance costs	(52)	(47)	29	18	17	11	3	30	19	9	(3)
Internal charges and overhead costs applied	1,959	2,042	2,235	2,291	2,344	2,398	2,471	2,581	2,706	2,805	2,866
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	4,989	5,675	5,942	6,129	6,259	6,392	6,439	6,723	6,919	7,192	7,400
Operating funding - surplus/(deficit) (A-B)	592	515	639	684	676	647	678	736	784	861	994
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	51	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(3)	1,417	51	72	86	78	636	57	82	72	87
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	48	1,417	51	72	86	78	636	57	82	72	87
Applications of capital funding											
Capital expenditure											
• to meet additional demand	51	2,384	49	60	69	88	988	59	75	67	254
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	294	434	336	370	390	410	461	492	482	509	538
Increase/(decrease) in reserves	295	(887)	305	326	304	227	(134)	243	309	357	288
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	640	1,932	690	756	762	726	1,315	794	866	933	1,081
Capital funding - surplus/(deficit) (C-D)	(592)	(515)	(639)	(684)	(676)	(647)	(678)	(736)	(783)	(861)	(994)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Recreation and Leisure All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000					FORECAST \$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	4,425	4,986	5,285	5,631	6,243	6,883	6,848	7,475	7,037	7,237	7,509
Targeted rates (other than a targeted rate for water supply)	208	194	199	203	209	214	220	227	234	242	250
Subsidies and grants for operating purposes	285	70	655	-	-	698	2,489	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	905	1,009	1,037	1,063	1,085	1,108	1,139	1,168	1,199	1,238	1,271
Local authority fuel tax, fines, infringement fees and other receipts	698	687	671	693	736	765	776	779	792	819	840
Total operating funding (A)	6,520	6,946	7,847	7,591	8,272	9,669	11,471	9,649	9,262	9,535	9,869
Applications of operating funding											
Payments to staff and suppliers	3,437	3,636	3,711	3,730	3,935	4,489	4,431	4,224	4,371	4,443	4,758
Finance costs	81	60	64	77	108	147	153	171	190	190	192
Internal charges and overhead costs applied	1,758	1,875	1,935	2,000	2,025	2,069	2,146	2,184	2,244	2,340	2,379
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	5,276	5,571	5,710	5,808	6,068	6,706	6,730	6,579	6,806	6,973	7,330
Operating funding - surplus/(deficit) (A-B)	1,244	1,375	2,137	1,783	2,204	2,962	4,742	3,071	2,457	2,563	2,540
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	1,766	1,554	1,585	1,662	1,939	2,005	2,056	2,125	2,229	2,216	2,292
Increase/(decrease) in debt	197	49	161	462	560	29	208	233	(85)	(57)	138
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,963	1,602	1,746	2,124	2,499	2,034	2,264	2,358	2,144	2,159	2,430
Applications of capital funding											
Capital expenditure											
• to meet additional demand	904	1,067	1,900	1,472	1,465	1,882	3,658	3,017	611	528	3,372
• to improve the level of service	60	270	276	283	291	299	308	331	369	338	349
• to replace existing assets	1,002	765	948	1,533	952	1,396	976	982	4,003	1,037	1,402
Increase/(decrease) in reserves	1,241	876	758	619	1,995	1,420	2,064	1,098	(383)	2,818	(153)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	3,207	2,977	3,883	3,907	4,703	4,997	7,006	5,429	4,601	4,721	4,970
Capital funding - surplus/(deficit) (C-D)	(1,244)	(1,375)	(2,137)	(1,783)	(2,204)	(2,962)	(4,742)	(3,071)	(2,457)	(2,563)	(2,540)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Regulatory All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET	FORECAST									
	\$'000	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	1,894	2,025	1,858	1,288	1,040	948	935	943	943	1,038	951
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	3,177	3,387	3,697	3,908	4,196	4,458	4,601	4,754	4,907	5,062	5,242
Internal charges and overhead costs recovered	-	28	29	30	31	31	33	33	35	37	37
Local authority fuel tax, fines, infringement fees and other receipts	42	37	37	38	39	41	42	43	44	46	48
Total operating funding (A)	5,112	5,477	5,621	5,264	5,306	5,478	5,610	5,773	5,930	6,183	6,278
Applications of operating funding											
Payments to staff and suppliers	3,311	3,553	3,598	3,398	3,439	3,552	3,613	3,734	3,807	3,957	4,031
Finance costs	(9)	(10)	(11)	(13)	(15)	(17)	(19)	(22)	(24)	(28)	(31)
Internal charges and overhead costs applied	1,605	1,610	1,707	1,766	1,788	1,833	1,899	1,950	2,023	2,114	2,144
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	4,907	5,153	5,294	5,151	5,212	5,368	5,492	5,663	5,806	6,043	6,144
Operating funding - surplus/(deficit) (A-B)	205	323	327	113	94	109	118	110	124	140	134
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(39)	(18)	(19)	(21)	(25)	(28)	(31)	(36)	(40)	(44)	(51)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(39)	(18)	(19)	(21)	(25)	(28)	(31)	(36)	(40)	(44)	(51)
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	166	305	308	93	69	81	87	74	84	96	83
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	166	305	308	93	69	81	87	74	84	96	83
Capital funding - surplus/(deficit) (C-D)	(205)	(323)	(327)	(113)	(94)	(109)	(118)	(110)	(124)	(140)	(134)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Transportation All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000					FORECAST \$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	14,188	13,093	13,703	14,090	14,421	14,469	14,840	15,119	15,944	16,437	17,221
Subsidies and grants for operating purposes	4,108	6,881	7,169	8,538	7,664	7,863	8,083	8,318	8,567	8,837	9,124
Fees and charges and targeted rates for water supply	1	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	84	262	264	271	278	284	292	301	308	319	330
Total operating funding (A)	18,381	20,236	21,135	22,898	22,363	22,615	23,214	23,737	24,819	25,593	26,675
Applications of operating funding											
Payments to staff and suppliers	11,066	8,872	8,997	9,197	9,413	9,647	9,905	10,181	10,483	10,810	11,154
Finance costs	1,170	1,369	1,371	1,325	1,300	1,121	1,075	898	724	621	555
Internal charges and overhead costs applied	1,294	1,257	1,298	1,391	1,359	1,389	1,493	1,467	1,510	1,634	1,601
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	13,530	11,498	11,667	11,913	12,072	12,156	12,474	12,546	12,717	13,064	13,310
Operating funding - surplus/(deficit) (A-B)	4,851	8,737	9,468	10,985	10,291	10,459	10,741	11,191	12,103	12,528	13,365
Sources of capital funding											
Subsidies and grants for capital expenditure	3,773	-	-	-	-	-	-	-	-	-	-
Financial contributions	1,254	2,791	2,330	2,284	2,488	2,556	2,620	2,700	2,753	2,861	2,953
Increase/(decrease) in debt	2,285	818	(891)	(438)	(2,964)	(753)	(2,928)	(2,964)	(1,744)	1,105	6,269
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	7,312	3,609	1,440	1,846	(476)	1,804	(309)	(265)	1,009	3,965	9,222
Applications of capital funding											
Capital expenditure											
• to meet additional demand	8,570	1,924	1,119	2,429	-	2,190	72	-	1,857	4,886	10,599
• to improve the level of service	3,473	6,391	5,703	6,225	5,538	5,690	5,857	6,297	6,486	6,691	6,906
• to replace existing assets	107	4,031	4,086	4,178	4,277	4,384	4,503	4,630	4,769	4,917	5,081
Increase/(decrease) in reserves	13	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	12,163	12,346	10,908	12,831	9,815	12,263	10,432	10,927	13,112	16,494	22,586
Capital funding - surplus/(deficit) (C-D)	(4,851)	(8,737)	(9,468)	(10,985)	(10,291)	(10,459)	(10,741)	(11,191)	(12,103)	(12,528)	(13,365)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Water supply All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000					FORECAST \$'000					
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	6,301	6,258	5,967	5,925	6,137	6,465	6,653	6,924	7,094	7,265	7,405
Subsidies and grants for operating purposes	-	51	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	2,695	3,080	3,387	3,858	4,357	4,517	4,683	4,855	4,953	5,043	5,127
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	8,996	9,389	9,354	9,782	10,494	10,982	11,336	11,779	12,047	12,308	12,532
Applications of operating funding											
Payments to staff and suppliers	3,966	4,447	4,748	4,795	4,994	5,046	5,331	5,456	5,682	6,022	6,215
Finance costs	1,654	1,594	1,763	1,954	2,155	2,094	1,938	1,910	1,810	1,751	1,611
Internal charges and overhead costs applied	1,567	1,446	1,485	1,541	1,559	1,590	1,653	1,684	1,727	1,806	1,837
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	7,187	7,486	7,997	8,290	8,707	8,730	8,922	9,049	9,219	9,579	9,664
Operating funding - surplus/(deficit) (A-B)	1,809	1,903	1,357	1,492	1,787	2,252	2,414	2,729	2,828	2,729	2,868
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	414	820	784	804	1,169	1,217	1,250	1,306	1,336	928	967
Increase/(decrease) in debt	52	2,836	2,115	2,970	(974)	(1,241)	(1,708)	(1,588)	(954)	(2,230)	2,257
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	466	3,656	2,899	3,775	196	(24)	(458)	(282)	381	(1,302)	3,224
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	950	461	1,283	-	387	295	1,346	1,831	712	5,290
• to improve the level of service	653	1,122	1,127	1,413	154	75	112	-	76	-	21
• to replace existing assets	1,623	3,487	2,668	2,571	1,828	1,766	1,549	1,102	1,302	715	782
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	2,276	5,559	4,256	5,267	1,983	2,228	1,956	2,447	3,209	1,427	6,092
Capital funding - surplus/(deficit) (C-D)	(1,809)	(1,903)	(1,357)	(1,492)	(1,787)	(2,252)	(2,414)	(2,729)	(2,828)	(2,729)	(2,868)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Stormwater All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET	FORECAST									
	\$'000	\$'000									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	162	1,260	1,635	1,703	1,447	1,521	1,602	1,691	1,776	1,866	1,966
Targeted rates (other than a targeted rate for water supply)	2,635	3,571	3,741	3,918	4,102	4,324	4,556	4,797	4,957	5,119	5,290
Subsidies and grants for operating purposes	-	160	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	2,797	4,990	5,376	5,621	5,549	5,844	6,158	6,489	6,733	6,985	7,256
Applications of operating funding											
Payments to staff and suppliers	617	752	750	783	821	859	901	949	999	1,051	1,110
Finance costs	1,748	1,728	1,671	1,587	1,674	1,648	1,675	1,728	1,780	1,802	1,715
Internal charges and overhead costs applied	587	585	601	619	630	643	664	680	697	724	741
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	2,952	3,065	3,022	2,989	3,124	3,149	3,240	3,357	3,476	3,578	3,567
Operating funding - surplus/(deficit) (A-B)	(156)	1,925	2,354	2,631	2,425	2,695	2,918	3,132	3,258	3,408	3,690
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	293	733	731	751	1,082	1,122	1,157	1,204	1,236	1,303	1,358
Increase/(decrease) in debt	1,022	(950)	(1,403)	292	(545)	277	596	631	100	(1,542)	(2,654)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,316	(217)	(672)	1,043	536	1,398	1,753	1,835	1,336	(238)	(1,296)
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	100	208	406	-	554	2,223	-	3,072	885	-
• to improve the level of service	-	640	716	396	105	-	-	24	-	469	640
• to replace existing assets	1,160	968	758	2,873	2,857	3,539	2,448	4,943	1,522	1,816	1,754
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	1,160	1,708	1,682	3,675	2,962	4,093	4,671	4,967	4,594	3,169	2,394
Capital funding - surplus/(deficit) (C-D)	156	(1,925)	(2,354)	(2,631)	(2,425)	(2,695)	(2,918)	(3,132)	(3,258)	(3,408)	(3,690)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Natural Environment All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000				FORECAST \$'000						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	172	175	178	178	182	184	188	193	195	201	206
Targeted rates (other than a targeted rate for water supply)	15	313	320	329	338	347	357	369	381	394	408
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	187	487	498	507	520	531	545	562	576	595	615
Applications of operating funding											
Payments to staff and suppliers	302	676	693	710	729	725	745	769	793	820	848
Finance costs	(44)	(38)	(40)	(43)	(46)	(48)	(50)	(53)	(56)	(59)	(62)
Internal charges and overhead costs applied	37	45	48	51	50	51	55	54	56	61	59
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	295	684	701	718	733	728	750	769	793	821	845
Operating funding - surplus/(deficit) (A-B)	(107)	(197)	(203)	(211)	(213)	(197)	(205)	(208)	(216)	(227)	(230)
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	107	111	184	194	206	240	250	265	273	283	293
Increase/(decrease) in debt	-	1	1	3	2	2	4	3	3	5	3
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	107	112	186	197	208	242	254	268	276	288	296
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	-	(84)	(17)	(14)	(5)	45	49	60	60	61	66
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	(84)	(17)	(14)	(5)	45	49	60	60	61	66
Capital funding - surplus/(deficit) (C-D)	107	197	203	211	213	197	205	208	216	227	230
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Wastewater All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000				FORECAST \$'000							
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	
Sources of operating funding												
General rates, uniform annual charges, rates penalties	476	1,418	1,884	1,932	2,066	2,107	2,052	2,102	2,145	2,190	2,242	
Targeted rates (other than a targeted rate for water supply)	8,776	9,338	9,278	9,876	10,322	10,861	11,425	12,012	12,378	12,748	13,138	
Subsidies and grants for operating purposes	-	-	(o)	(o)	-	-	-	-	-	-	1,435	
Fees and charges and targeted rates for water supply	2	2	2	2	2	3	3	3	3	3	3	
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-	
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-	
Total operating funding (A)	9,254	10,757	11,164	11,810	12,391	12,971	13,480	14,117	14,526	14,941	16,818	
Applications of operating funding												
Payments to staff and suppliers	3,143	3,728	4,138	4,339	4,052	4,261	4,436	5,390	5,628	5,098	5,316	
Finance costs	3,891	3,651	3,527	3,560	3,608	3,401	3,188	2,878	2,552	2,242	2,059	
Internal charges and overhead costs applied	1,345	1,497	1,544	1,594	1,618	1,650	1,590	1,622	1,660	1,729	1,762	
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-	
Total applications of operating funding (B)	8,379	8,876	9,208	9,493	9,279	9,312	9,214	9,890	9,840	9,069	9,137	
Operating funding - surplus/(deficit) (A-B)	875	1,881	1,956	2,317	3,112	3,659	4,266	4,227	4,686	5,872	7,680	
Sources of capital funding												
Subsidies and grants for capital expenditure	-	-	4,024	476	-	-	-	-	-	-	-	
Financial contributions	631	1,382	1,375	1,440	1,891	2,295	2,357	2,464	2,533	2,885	3,006	
Increase/(decrease) in debt	(512)	(2,255)	391	(1,807)	(3,588)	(3,708)	(5,184)	(5,269)	(5,310)	(3,277)	(6,684)	
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-	
Lump sum contributions	404	-	-	-	-	-	-	-	-	-	-	
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-	
Total sources of capital funding (C)	523	(872)	5,790	109	(1,696)	(1,414)	(2,827)	(2,805)	(2,777)	(392)	(3,678)	
Applications of capital funding												
Capital expenditure												
• to meet additional demand	550	100	831	909	-	895	-	-	661	2,641	812	
• to improve the level of service	404	180	5,882	636	298	194	-	-	305	158	1,655	
• to replace existing assets	444	729	1,033	881	1,117	1,156	1,438	1,422	943	2,680	1,535	
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-	
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-	
Total applications of capital funding (D)	1,398	1,009	7,746	2,426	1,415	2,245	1,438	1,422	1,909	5,480	4,002	
Capital funding - surplus/(deficit) (C-D)	(875)	(1,881)	(1,956)	(2,317)	(3,112)	(3,659)	(4,266)	(4,227)	(4,686)	(5,872)	(7,680)	
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-	

FUNDING IMPACT STATEMENT

Solid Waste All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET \$'000				FORECAST \$'000						
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding											
General rates, uniform annual charges, rates penalties	507	617	639	658	676	696	719	743	769	798	827
Targeted rates (other than a targeted rate for water supply)	1,001	1,055	990	1,024	1,070	1,118	1,167	1,219	1,272	1,328	1,385
Subsidies and grants for operating purposes	130	65	135	139	143	148	153	159	165	172	179
Fees and charges and targeted rates for water supply	66	67	71	74	80	84	89	97	102	108	114
Internal charges and overhead costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	20	10	10	11	11	11	12	12	13	13	14
Total operating funding (A)	1,724	1,814	1,845	1,905	1,980	2,058	2,140	2,230	2,322	2,419	2,519
Applications of operating funding											
Payments to staff and suppliers	818	1,216	1,325	1,362	1,403	1,446	1,493	1,545	1,601	1,660	1,725
Finance costs	72	30	26	27	29	29	27	24	19	13	6
Internal charges and overhead costs applied	452	490	504	519	528	539	557	571	585	608	622
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	1,343	1,736	1,855	1,908	1,960	2,014	2,077	2,139	2,205	2,281	2,353
Operating funding - surplus/(deficit) (A-B)	380	78	(9)	(3)	20	44	64	91	117	138	166
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(378)	(78)	11	4	(18)	(42)	(62)	(89)	(115)	(136)	(165)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	(378)	(78)	11	4	(18)	(42)	(62)	(89)	(115)	(136)	(165)
Applications of capital funding											
Capital expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	2	1	2	1	1	2	1	1	2	2	1
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	2	1	2	1	1	2	1	1	2	2	1
Capital funding - surplus/(deficit) (C-D)	(380)	(78)	9	3	(20)	(44)	(64)	(91)	(117)	(138)	(166)
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Economic All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE	BUDGET	FORECAST										
	\$'000	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding												
General rates, uniform annual charges, rates penalties		801	715	733	757	771	792	821	627	646	675	697
Targeted rates (other than a targeted rate for water supply)		575	276	274	282	291	301	311	323	336	350	365
Subsidies and grants for operating purposes		-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply		-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered		-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts		4	2	2	2	2	2	3	3	3	3	3
Total operating funding (A)		1,380	993	1,009	1,041	1,065	1,096	1,135	953	985	1,028	1,065
Applications of operating funding												
Payments to staff and suppliers		975	603	608	623	640	658	678	699	722	747	779
Finance costs		(114)	(83)	(84)	(89)	(92)	(94)	(97)	(100)	(103)	(107)	(111)
Internal charges and overhead costs applied		137	124	127	136	133	136	146	143	147	158	156
Other operating funding applications		-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)		998	645	651	671	682	700	727	742	765	798	824
Operating funding - surplus/(deficit) (A-B)		381	348	358	371	383	395	408	210	220	230	241
Sources of capital funding												
Subsidies and grants for capital expenditure		-	-	-	-	-	-	-	-	-	-	-
Financial contributions		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt		348	(28)	(27)	(25)	(25)	(24)	378	392	(20)	(19)	(18)
Gross proceeds from sale of assets		-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions		-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding		-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)		348	(28)	(27)	(25)	(25)	(24)	378	392	(20)	(19)	(18)
Applications of capital funding												
Capital expenditure												
• to meet additional demand		737	1,151	581	282	453	634	712	583	604	123	130
• to improve the level of service		-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves		(7)	(831)	(250)	63	(95)	(263)	75	20	(404)	88	93
Increase/(decrease) in investments		-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)		730	320	331	345	358	372	786	603	200	211	223
Capital funding - surplus/(deficit) (C-D)		(381)	(348)	(358)	(371)	(383)	(395)	(408)	(210)	(220)	(230)	(241)
Funding balance ((A-B) + (C-D))		-	-	-	-	-	-	-	-	-	-	-

FUNDING IMPACT STATEMENT

Support Services All information from 2017-2025 includes an adjustment for inflation

FOR THE YEARS ENDED 30 JUNE		BUDGET \$'000					FORECAST \$'000					
		2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Sources of operating funding												
General rates, uniform annual charges, rates penalties		2,421	932	812	1,491	2,068	2,353	2,862	2,987	3,428	3,788	4,442
Targeted rates (other than a targeted rate for water supply)		1,255	914	936	959	985	1,013	1,043	1,076	1,110	1,149	1,189
Subsidies and grants for operating purposes		-	-	-	-	-	-	-	-	-	-	-
Fees and charges and targeted rates for water supply		-	-	-	-	-	-	-	-	-	-	-
Internal charges and overhead costs recovered		12,851	13,461	14,097	14,598	14,769	15,101	15,581	15,909	16,439	17,191	17,448
Local authority fuel tax, fines, infringement fees and other receipts		1,950	1,992	2,097	2,213	2,342	2,485	2,644	2,821	2,948	3,083	3,227
Total operating funding	(A)	18,476	17,299	17,943	19,262	20,165	20,952	22,130	22,793	23,926	25,211	26,306
Applications of operating funding												
Payments to staff and suppliers		13,606	13,923	14,011	14,301	14,334	14,779	15,411	15,687	16,232	17,003	17,366
Finance costs		1,424	680	816	607	61	(17)	(76)	(414)	(630)	(608)	(559)
Internal charges and overhead costs applied		1,950	2,103	2,205	2,272	2,311	2,369	2,450	2,513	2,604	2,710	2,766
Other operating funding applications		-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	(B)	16,979	16,706	17,032	17,180	16,706	17,131	17,785	17,786	18,205	19,104	19,573
Operating funding - surplus/(deficit)	(A-B)	1,497	594	911	2,082	3,459	3,821	4,345	5,007	5,721	6,106	6,733
Sources of capital funding												
Subsidies and grants for capital expenditure		-	-	-	-	-	-	-	-	-	-	-
Financial contributions		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt		185	(578)	(760)	(1,082)	(1,737)	(1,943)	(2,028)	(2,524)	(2,844)	(3,168)	(3,573)
Gross proceeds from sale of assets		85	85	87	89	92	94	97	100	104	107	111
Lump sum contributions		-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding		-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	(C)	270	(493)	(673)	(993)	(1,646)	(1,848)	(1,931)	(2,424)	(2,741)	(3,061)	(3,462)
Applications of capital funding												
Capital expenditure												
• to meet additional demand		48	69	71	72	74	76	79	81	84	86	89
• to improve the level of service		574	832	588	813	620	638	656	1,264	699	724	750
• to replace existing assets		648	475	440	604	458	599	514	556	706	675	573
Increase/(decrease) in reserves		497	(1,275)	(861)	(400)	661	660	1,165	681	1,491	1,560	1,859
Increase/(decrease) in investments		-	-	-	-	-	-	-	-	-	-	0
Total applications of capital funding	(D)	1,767	101	239	1,089	1,813	1,973	2,414	2,583	2,980	3,046	3,271
Capital funding - surplus/(deficit)	(C-D)	(1,497)	(594)	(911)	(2,082)	(3,459)	(3,821)	(4,345)	(5,007)	(5,721)	(6,106)	(6,733)
Funding balance	((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

GLOSSARY

ASSET MANAGEMENT PLAN

A plan which sets out all the asset management actions and costs required to maintain, renew and/or add to an asset, or combination of assets, to achieve an agreed level of service.

COMMUNITY BOARDS

Community Boards are constituted under the Local Government Act 2002 (Section 49) to:

- (a) Represent and act as an advocate for the interests of its community; and
- (b) Consider and report on all matters referred to it by the territorial authority or any matter of interest or concern to the Community Board; and
- (c) Maintain an overview of services provided by the territorial authority within the community; and
- (d) Prepare an annual submission to the territorial authority for expenditure within the community; and
- (e) Communicate with community organisations and special interest groups within the community; and
- (f) Undertake any other responsibilities that are delegated to it by the territorial authority.

COMMUNITY DEVELOPMENT

Community Development describes processes and activities that build capacity within communities to enable people to take control of their lives.

COMMUNITY DEVELOPMENT PLAN

A strategic plan that sets out for a particular geographical community, matters relating to that community's future.

The plans include a profile of environment, social, cultural, economic and infrastructural matters, all Council plans and programmes and may include other matters identified by that community. Each plan is developed by the community and other organisations and agencies that have planning or service delivery roles within that community. Implementation of the plan is shared between Council, the community and other participating organisations.

COMMUNITY OUTCOMES

Key statements describing the Community's vision for the future of the District.

CONCEPT PLANS

Concept plans graphically illustrate the proposed development on a particular reserve.

They are agreed with the community through an informal consultation process and then formally agreed upon through the reserve management plan process.

COUNCIL OUTCOMES

Council Outcomes describe what Council wants to achieve for a group of activities in the long term.

COUNCIL'S ROLES

Council has determined the role it will take in achieving a particular strategy. Council's roles are defined as:

LEAD AGENCY	Council is the principal decision-making authority
PARTNER	Council will fund and carry out activities in formal partnership (including contracts) with other agencies
ADVOCATE	Council will promote the interests of the community to other decision-making authorities
FACILITATOR	Council will encourage others to be involved by bringing together interested parties
RESEARCH AND MONITORING	Council will undertake research and monitoring in order to promote informed decision-making

DISTRICT PLAN

Required by the Resource Management Act 1991. Provides mechanisms to enable the sustainable management of the District's natural and physical resources.

FUNDING SOURCES

General Rate - this consists of:

- A rate in the dollar charged on capital value; and
- A Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit.

The General Rate is used to fund the day-to day operations of Council and activities that are considered to be mainly for public benefit.

Roading Rate - this consists of:

- A rate in the dollar charged on land value.
- The roading charge, which is a flat amount levied on each rating unit
- The rural works charge, which is a fixed amount on every rural zoned property in the District.

The Roothing Rate is used to fund the building and maintenance of the property network within the District.

Targeted Rate - this consists of:

Council uses targeted rates to collect funds over areas of benefit. This rating tool is chosen where the services are specific to a particular community or area within the District and it is not considered fair to charge all ratepayers e.g. charges for water, wastewater and town centre promotion.

Details of the specific targeted rates that apply to your property can be found in the Funding Impact Statement in Chapter Four on pages [347 - 349](#).

INFRASTRUCTURE

The physical structures required to supply services to the community for example water supply network.

LOCAL GOVERNMENT

Means a Regional Council or territorial authority. Section 10 of the Local Government Act 2002 defines the purposes of local government as:

- To enable democratic local decision-making and action by and on behalf of communities; and
- To promote the social, economic, environmental and cultural wellbeing of communities, in the present and for the future.

LOCAL GOVERNMENT FUNDING AGENCY LIMITED (LGFA)

The Local Government Funding Agency (LGFA) is a council-controlled trading organisation.

The LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provides debt funding to New Zealand local authorities in New Zealand dollars. Western Bay of Plenty District Council is a principal shareholder in the LGFA. The LGFA will operate with the primary objective of optimising the debt funding items and conditions for participating local authorities.

LONG TERM PLAN

A 10-year plan prepared under Section 93 of the Local Government Act 2002. The purpose of the Long Term Plan is to:

- Describe the activities of Council.
- Describe the Community Outcomes of the District.
- Provide integrated decision-making, co-ordination of resources and a long-term focus for the decisions and activities of Council.
- Provide a basis for accountability of Council to the community.
- Provide an opportunity for participation by the public in decision-making processes undertaken by Council.

PARTNERSHIP FORUMS

Two partnership forums comprising iwi and hapu representatives.

- Tauranga Moana (the Western part of the district).
- Te Awara (the Eastern part of the district).

PLANNING

Formulating or organising a way by which something is to be done, e.g:

STRATEGIC PLANNING	Formulating a way by which actions are to be identified, co-ordinated and resourced over an extended period of time in order to achieve a desired outcome
FINANCIAL PLANNING	Formulating a way to fund actions
RESOURCE MANAGEMENT PLANNING	Formulating a way to manage environmental effects of activities and development in accordance with the Resource Management Act 1991
ANNUAL PLANNING	Formulating a way by which actions for the forthcoming year are identified, prioritised and resourced

RESERVE MANAGEMENT PLANS

Reserve Management Plans are required by the Reserves Management Act 1977 and prepared for each ward. They combine the recreational vision for the ward with the generic and specific policies for each reserve within the ward.

Where appropriate, concept plans are prepared in conjunction with the Reserve Management Plan.

STRATEGIC AREAS

The Strategic Areas identify the four Key Response Areas setting out how Council will contribute to achieving the Community Outcomes.

STRATEGIES

The Strategies outline how Council will achieve the Council Outcomes. These Strategies trigger specific actions.

STRUCTURE PLAN

Structure plans define for each community where infrastructure will be organised over time.

SUB-REGION

Area covered by Western Bay of Plenty District and Tauranga City.

SUSTAINABLE DEVELOPMENT

Sustainable development means meeting the needs of the present, without compromising the ability of future generations to meet their own needs. It means developing economies and lifestyles which improve people's quality of life, within the carrying capacity of the life support systems of human societies. It is closely related to the Māori values of 'kaitiakitanga - stewardship.

SUSTAINABLE MANAGEMENT

Sustainable management is defined by Section 5(2) of the Resource Management Act 1991 as managing the use, development and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety while:

- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
- (b) Safeguarding the life-supporting capacity of air, water, soil and ecosystems; and
- (c) Avoiding, remedying or mitigating any adverse effects of activities on the environment.

WARD

Every territorial authority may be divided into wards for electoral purposes (Section 3 Local Government Act 2002). The Local Government Commission determines the numbers and boundaries of wards. The Western Bay of Plenty District is divided into five wards:

- Kaimai
- Katikati/Waihi Beach
- Maketu/Te Puke