

# Chapter Four

## Policies and statements



**Chapter Four**  
**Policies and statements**

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# OVERALL REVENUE AND FINANCING POLICY

## Introduction

Each activity's Revenue and Financing Policy is included in the Long Term Plan 2012-22.

Our Revenue and Financing Policy for each group of activities can be found on page 373 in the Long Term Plan 2012-22.

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 on pages 110 to 115 of this Plan.

When read in conjunction with the Funding Impact Statement, 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.

#### 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.

### 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](http://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. 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 (page 31 of the Long Term Plan 2012-22) proposes a limit on debt and our Treasury Policy (page 422 the Long Term Plan 2012-22) contains limits on debt and interest payments in relation to our assets and income. The term of our debt is related to the useful life of the asset financed. This ensures that the people benefitting 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 year 10 is adequate to meet the balanced budget test. The current account balance reflects all income and expenditure (including operating and capital costs) and all funding requirements (including loans, financial contributions and other income).

### 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 income 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.

## 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**

We have abolished 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. Rooding rates**

There are three rooding rates:

- ▶ Rooding rate on land value
- ▶ Rooding 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 rooding Uniform Annual Charge (UAC) to reduce the share of rooding 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 rooding.

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

The rooding 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, community halls, recreation. Details of these rates are shown in the Funding Impact Statement (page 303) These rates may be collected on a uniform (fixed) basis per property or on the capital value of each property.

**9. Water metering**

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 introducing metering to all other properties in a staged process over the term of this ten year plan. 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 Uniform Annual Basic 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 is also levied

**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, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:
  - ➔ ¼ of the variable cost component of the standard connection charge, plus
  - ➔ 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 intend to take into account the provisions of the Building Act when making a judgment on the number of toilets required for the capacity of a building and the number that have been provided in addition.

We developed a rates remission policy in 2010 to address instances where not-for-profit organisations would be charged unduly high amounts by the application of this policy see page 405 of the Long Term Plan 2012-2022.

### 11. Schools

We noted that the Rating Powers (Special Provision for Certain Rates for Educational Establishments) Amendment Act 2001 was repealed. Given that schools, by and large, have accepted the charges levied under this legislation, we resolved to charge schools 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.

### 12. Financial contributions (development impact fees/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](http://www.westernbay.govt.nz) and at Council offices and libraries.

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.

For the 2013/14 Annual Plan year, at any time through the year, Council will consider reducing or waiving any financial contribution provided that an application relates to:

- ▶ An activity that will result in the protection of the natural environment or heritage
- ▶ An activity that provides for affordable housing development for low income families or the elderly
- ▶ An activity that provides for affordable housing development on multiple owned Maori land

**The Long Term Plan 2012-2022 was also our Annual Plan for 2012/2013.**



## SIGNIFICANT ACCOUNTING POLICIES

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## Reporting entity

Western Bay of Plenty District Council (Western Bay) is a territorial local authority which is governed by the Local Government Act 2002. The primary objective of Western Bay is to provide goods or services for community or social benefit rather than making a financial return or profit. Accordingly Western Bay has designated itself a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS').

## Basis of preparation

The Council authorised the prospective financial statements on 21 March 2013. The Council, which is authorised to do so and believes that the assumptions underlying these prospective financial statements are appropriate, approved the draft Annual Plan 2013-14 including the draft Schedule of Fees and Charges 2013/14 for public consultation. The 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 all other required disclosures. No actual financial results have been incorporated within the prospective financial statements.

The final prospective financial statements were updated and presented to the Council for adoption on 27 June 2013. The financial information contained within this Annual Plan may not be appropriate for purposes other than those described.

## Statement of compliance

Our prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, in particular sections 93 and 111, which include the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They also comply with NZ IFRS, in particular FRS 42: Prospective Financial Statements and other applicable financial reporting standards, as appropriate for public benefit entities.

## Measurement base

The prospective financial statements have been prepared on an historical cost basis, modified by the revaluation of certain infrastructure assets, investment property, biological assets and certain financial instruments (including derivative instruments).

These prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

## Changes in accounting policies

NZ IFRS 9: Financial Instruments is being phased in over three steps: classification and measurement; impairment methodology; and hedge accounting. Phase One on classification and impairment has been applied to the financial forecasts. However Phases Two and Three regarding

impairment and hedge accounting are not required to be adopted before 30 June 2014. Council has not yet assessed the effects of these changes to the standard and they are not reflected in these prospective financial statements.

## Significant accounting policies

### Associate entities

Council has a 50% shareholding in the Western Bay of Plenty Moana Rural Fire Authority, an 8% shareholding in the New Zealand Local Government Funding Agency Limited (LGFA) and a 1/9<sup>th</sup> share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% shareholding in the Western Bay of Plenty Tourism and Visitors Trust. The impact of transactions with these associate entities on the Council's financial position is minimal. For the purposes of this Plan only the operations of the parent entity Council have been presented in these financial forecasts.

Details of these Council Controlled Organisations (CCOs) BOPLASS, LGFA and Western Bay of Plenty Tourism and Visitors Trust are contained on page 430 of the Long Term Plan. Western Bay Moana Rural Fire Authority is an exempted CCO under Section 7 of the Local Government Act 2002.

### Revenue recognition

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

### Rates revenue

Rates are set annually by a resolution of Council and relate to a financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates revenue is recognised when payable.

Rates are collected on behalf of the Bay of Plenty Regional Council but these are not recognised in our prospective financial statements, except to the extent that they are included in the prospective Statement of Cash flows, because Council is acting as an agent for the Bay of Plenty Regional Council.

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

### Government grants

Council receives government grants from New Zealand Transport Agency (NZTA), which subsidise part of our 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 income. Assets vested in Council are recognised as income when control over the assets is obtained.



**Interest income**

This is recognised using the effective interest method.

**Sale of goods**

This revenue is recognised when a product is sold to the customer.

**Financial contributions**

The Resource Management Act 1991 governs the legislation regarding the charging of financial contributions. Financial contributions are recognised as revenue when the Council provides, or is able to provide the service for which the contribution was charged. Otherwise financial contributions are transferred to liabilities until such time as Council provides or is able to provide the service.

**Other revenue****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 project.

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 income.

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.

**Dividends**

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

**Traffic and parking infringements**

This revenue is recognised when infringement notices are issued.

**Expenditure****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 we have no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

**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, which represents a departure from the treatment required under NZ IAS 23: Borrowing Costs. However it is in line with the decision of the Accounting Standards Review Board to indefinitely defer the adoption of NZ IAS 23 for public benefit entities.

**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 transaction, 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**

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

**Leases****Finance leases**

Council does not currently have any finance 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****Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand, deposits held at call with banks and 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 Prospective 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, not 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 Prospective Statement of Comprehensive Income. 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, known as interest rate swaps to hedge exposure to interest rate risks arising from financing activities. In accordance with our Treasury Policy 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. Council has elected not to hedge account for our 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 Prospective Statement of Comprehensive Income.

Purchases and sales of financial assets are recognised on trade-date, the date on which Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and Council has transferred substantially all the risks and rewards of ownership.

We classify our financial assets into the following four categories: fair value through surplus or deficit; loans and receivables; held-to maturity investments and fair value through other comprehensive income. 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 it was 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. Financial assets at fair value through surplus or deficit include derivatives that are not designated as hedges, which are 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. Our 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 derecognised are recognised in the Prospective Statement of Comprehensive Income.

### **Held to maturity investments**

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that we have 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 derecognised are recognised in the Prospective Statement of Comprehensive Income.

### **Fair value through other comprehensive income**

Financial assets at fair value through other comprehensive income 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 Council intends to hold long-term but which may be realised before maturity; and
- ▶ shareholdings that Council holds for strategic purposes.

Council's investments in its associates are not included in this category as they are held at cost (as allowed by NZ IAS 28: 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 income, except for impairment losses, which are recognised in the surplus or deficit. On derecognition the cumulative gain or loss previously recognised in equity is recognised in the Prospective Statement of Comprehensive Income.

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 is the current bid price.

The fair values of financial instruments that are not traded in an active market are determined using valuation techniques. We use a variety of methods and make 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 sheet date 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 Council will be unable to collect amounts due according to the original terms. Significant financial difficulties of the debtor or issuer, the probability that the debtor or 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 asset's carrying amount is reduced through the use of an allowance account and the amount of the loss is recognised in the Prospective Statement of Comprehensive Income. 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 income**

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 income, 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 income 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 we measure 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 Prospective Statement of Comprehensive Income. 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 our internal use 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. NZUs are initially recorded at cost and are subsequently measured at fair value each balance date. Any movement in fair value is recognised in the surplus or deficit.

Costs associated with maintaining NZUs 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 derecognised.

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

- ▶ Computer software licences 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 that we own. 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 we own which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

### (c) Operational assets

Operational assets include land, buildings, post-closure landfill sites, library books, plant and equipment and motor vehicles.

Property, plant and equipment are 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

Council 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 Income.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Prospective Statement of Comprehensive Income will be recognised first in the statement of comprehensive income 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.

Transportation assets including roads, bridges and footpaths were revalued at depreciated replacement cost at 1 July 2011 and certified by Opus International Consultants Limited.

Water, wastewater and stormwater assets including reticulation, treatment plants, reservoirs and bores were revalued at depreciated replacement cost at 1 July 2011 and certified by Aecom New Zealand Limited.

Land and buildings, excluding land under roads, were revalued at fair value at 1 July 2011 by Landmass Technology Limited. Land under roads was revalued at 30 June 2011 by Landmass Technology Limited.

Reserves and facilities were revalued at fair value on depreciated cost basis at 1 July 2011 by Landmass Technology Limited.

Sub-regional reserves (TECT All Terrain Park and Huharua Harbour Park) were revalued at fair value on depreciated cost basis at 1 July 2011 by Landmass Technology Limited.

Our library collections were revalued at depreciated replacement cost at 1 July 2011 by Aecom New Zealand Limited.

All other asset classes are carried at depreciated historical cost.

## 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 asset's carrying amount. Gains and losses on disposals are reported net in the Prospective Statement of Comprehensive Income. 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 non-depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

<b>Buildings</b>		
▶ Concrete	100 years	Straight line
▶ Wooden	40 years	Straight line
▶ Improvements	10 years	Straight line
<b>Land</b>		Not depreciated
<b>Other plant and equipment</b>	10 years	Diminishing value
<b>Office equipment and furnishings</b>	10 years	Diminishing value
<b>Computer systems</b>	5 years	Diminishing value
<b>Motor vehicles</b>	5 years	Diminishing value
<b>Library books</b>	10-15 years	Straight line
<b>Infrastructural assets</b>		
Roading 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
<b>Bridges</b>		
▶ Concrete	100 years	Straight line
▶ Steel	50 years	Straight line
<b>Reticulation</b>		
▶ 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
<b>Other structures</b>		
▶ 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 Income.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Prospective Statement of Comprehensive Income.

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 Income, a reversal of the impairment loss is also recognised in the Prospective Statement of Comprehensive Income.

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the Prospective Statement of Comprehensive Income.

### 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 Council's assets 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 Prospective Statement of Comprehensive Income 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 we have 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 we expect to be settled within 12 months of the 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.

We recognise 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.

Expected future payments are discounted 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

We recognise 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

We, as operator of the Te Puke and Athenree landfills, have 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.

#### Performance based contract provision

The Performance Based Contract (PBC) is a roading contract between Opus International Consultants Limited and the Western Bay of Plenty District Council for a fixed value (plus cost variations) over a ten year period in return for the network being maintained to the required standard, which is measured by a number of key performance indicators and operational performance measures.

In instances where the contractor has over-performed against key performance indicators a provision is recognised, being the present value of future cash outflows expected to be incurred relating to capital works done in advance.

### 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.

### 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 we make of the accumulated surpluses. The components of equity are:

- ▶ retained earnings
- ▶ restricted reserves
- ▶ council created reserves
- ▶ asset revaluation reserves
- ▶ fair value through other comprehensive income reserves

For more detailed information on the nature of Council's specific reserves refer to page 323 of this Plan.

### Restricted and council-created 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 the Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council 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.

Also included in restricted reserves are reserves restricted by Council decision. We may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at Council's discretion.

### 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 Prospective 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 Prospective Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

### Cost of service statements

Council has derived the projected 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

These are those 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.

### Financial forecasts

The financial forecasts are those adopted by the Council on 27 June 2013. These forecasts have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those we have adopted for the preparation of the prospective financial statements.

### Critical accounting estimates and assumptions

In preparing these prospective financial statements we have made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions 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. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the ten year forecasts are discussed below.

### Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost valuations over infrastructural assets. These include:

- ▶ the physical deterioration and condition of an asset, for example we could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example, stormwater, wastewater and water supply pipes which are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- ▶ estimating any obsolescence or surplus capacity of an asset; and
- ▶ estimates being made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the assets then we could be over or under estimating the annual depreciation charge recognised as an expense in the Prospective Statement of Comprehensive Income. To minimise this risk our infrastructural assets useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines, published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of our asset management planning activities, which gives us further assurance over its useful life estimates.

Experienced independent valuers perform our Council's infrastructural asset revaluations.

In addition detailed assumptions have been made concerning the rate of growth across the District as well as interest rates and economic conditions for the period of these financial forecasts.

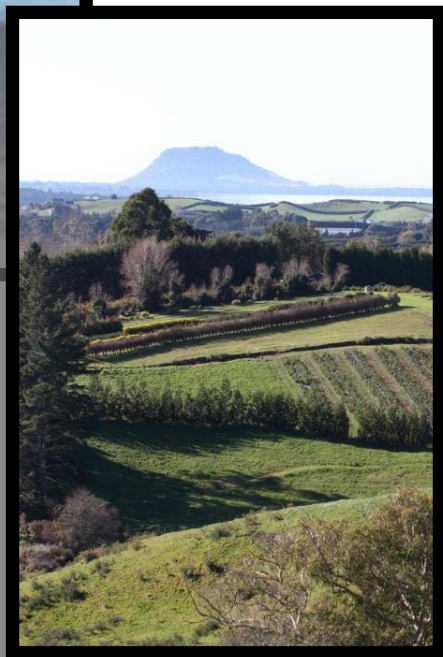
Please refer to page 18 of this Plan (key risks and growth assumptions) for a full discussion of these financial assumptions, as well as significant non-financial influencers.





# ACTIVITY FUNDING IMPACT STATEMENTS

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## Funding impact statement

### Western Bay of Plenty District Council

For the year ended 30 June	LTP Actual \$'000	LTP estimate \$'000	LTP \$'000	Annual Plan \$'000
	2012	2013	2014	2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	14,287	17,688	17,937	17,988
Targeted rates (other than a targeted rate for water supply)	30,584	29,480	32,618	31,497
Subsidies and grants for operating purposes	3,630	4,637	4,601	4,481
Fees, charges and targeted rates for water supply	8,024	8,723	9,415	9,246
Interest and dividends from investments	107	55	57	100
Local authority fuel tax, fines, infringement fees and other receipts	5,503	3,305	3,473	3,403
<b>Total operating funding (A)</b>	<b>62,134</b>	<b>63,888</b>	<b>68,100</b>	<b>66,715</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	38,941	44,525	45,891	46,168
Finance costs	9,583	10,000	10,300	9,946
Other operating funding applications	3	25	189	183
<b>Total applications of operating funding (B)</b>	<b>48,527</b>	<b>54,550</b>	<b>56,380</b>	<b>56,297</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>13,608</b>	<b>9,338</b>	<b>11,720</b>	<b>10,418</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	11,842	3,551	4,118	3,911
Financial contributions	4,876	5,550	6,296	5,546
Increase/(decrease) in debt	5,071	4,000	500	(1,201)
Gross proceeds from sale of assets	3,390	85	88	85
Lump sum contributions	-	-	156	-
<b>Total Sources of capital funding (C)</b>	<b>25,179</b>	<b>13,186</b>	<b>11,158</b>	<b>8,341</b>
<b>Applications of capital funding</b>				
Capital Expenditure				
• to meet additional demand	-	4,376	3,342	2,928
• to improve the level of service	32,505	3,788	4,348	5,926
• to replace existing assets	5,920	12,130	13,255	12,099
Increase/(decrease) in reserves	347	2,230	1,933	(2,193)
Increase/(decrease) in investments	15	-	-	-
<b>Total applications of capital funding (D)</b>	<b>38,786</b>	<b>22,524</b>	<b>22,878</b>	<b>18,760</b>
<b>Capital Funding - surplus/(deficit) (C-D)</b>	<b>(13,608)</b>	<b>(9,338)</b>	<b>(11,720)</b>	<b>(10,418)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Representation

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	2,260	2,524	2,514	2,592
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	347	489	469	500
Local authority fuel tax, fines, infringement fees and other receipts	51	55	58	58
<b>Total operating funding</b>	<b>(A) 2,657</b>	<b>3,068</b>	<b>3,041</b>	<b>3,150</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,232	1,445	1,450	1,494
Finance costs	-	-	-	-
Internal charges and overhead costs applied	1,128	1,542	1,343	1,414
Other operating funding applications	3	25	189	183
<b>Total applications of operating funding</b>	<b>(B) 2,363</b>	<b>3,012</b>	<b>2,981</b>	<b>3,091</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 294</b>	<b>56</b>	<b>60</b>	<b>59</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	7	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 7</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	301	56	60	59
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 301</b>	<b>56</b>	<b>60</b>	<b>59</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (294)</b>	<b>(56)</b>	<b>(60)</b>	<b>(59)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Planning for the future

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	2,226	2,283	2,110	2,083
Targeted rates (other than a targeted rate for water supply)	13	-	-	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	64	65	69	69
<b>Total operating funding</b>	<b>(A) 2,302</b>	<b>2,348</b>	<b>2,179</b>	<b>2,165</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	1,402	1,519	1,370	1,343
Finance costs	-	-	-	-
Internal charges and overhead costs applied	737	758	765	764
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 2,139</b>	<b>2,277</b>	<b>2,136</b>	<b>2,108</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 164</b>	<b>71</b>	<b>43</b>	<b>57</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	31	30
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) -</b>	<b>-</b>	<b>31</b>	<b>30</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	164	70	74	87
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 164</b>	<b>71</b>	<b>74</b>	<b>87</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (164)</b>	<b>(71)</b>	<b>(43)</b>	<b>(57)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Communities

For the year ended 30 June		LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>					
General rates, uniform annual charges, rates penalties		2,644	2,359	2,358	2,632
Targeted rates (other than a targeted rate for water supply)		932	1,411	1,904	1,595
Subsidies and grants for operating purposes		34	264	15	14
Fees and charges and targeted rates for water supply		72	72	74	72
Internal charges and overhead costs recovered		653	673	698	753
Local authority fuel tax, fines, infringement fees and other receipts		806	846	881	828
<b>Total operating funding</b>	<b>(A)</b>	<b>5,142</b>	<b>5,625</b>	<b>5,930</b>	<b>5,895</b>
<b>Applications of operating funding</b>					
Payments to staff and suppliers		2,703	2,853	2,896	3,183
Finance costs		39	32	32	35
Internal charges and overhead costs applied		1,879	1,988	2,070	2,162
Other operating funding applications		-	-	-	-
<b>Total applications of operating funding</b>	<b>(B)</b>	<b>4,621</b>	<b>4,872</b>	<b>4,998</b>	<b>5,380</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B)</b>	<b>521</b>	<b>752</b>	<b>932</b>	<b>515</b>
<b>Sources of capital funding</b>					
Subsidies and grants for capital expenditure		-	-	-	-
Financial contributions		(31)	29	30	29
Increase/(decrease) in debt		82	(21)	(19)	(25)
Gross proceeds from sale of assets		-	-	-	-
Lump sum contributions		-	-	-	-
<b>Total sources of capital funding</b>	<b>(C)</b>	<b>51</b>	<b>8</b>	<b>11</b>	<b>4</b>
<b>Applications of capital funding</b>					
Capital expenditure					
• to meet additional demand		-	635	309	429
• to improve the level of service		326	250	-	236
• to replace existing assets		0	288	412	403
Increase/(decrease) in reserves		244	(413)	221	(549)
Increase/(decrease) in investments		2	-	-	-
<b>Total applications of capital funding</b>	<b>(D)</b>	<b>572</b>	<b>760</b>	<b>942</b>	<b>520</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D)</b>	<b>(521)</b>	<b>(752)</b>	<b>(931)</b>	<b>(515)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Recreation and Leisure

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	2,951	4,521	4,442	4,297
Targeted rates (other than a targeted rate for water supply)	162	66	68	168
Subsidies and grants for operating purposes	354	355	365	250
Fees and charges and targeted rates for water supply	-	-	-	-
Internal charges and overhead costs recovered	847	884	902	896
Local authority fuel tax, fines, infringement fees and other receipts	1,291	658	703	743
<b>Total operating funding</b>	<b>(A) 5,604</b>	<b>6,484</b>	<b>6,480</b>	<b>6,354</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,475	3,246	3,168	3,240
Finance costs	276	370	386	202
Internal charges and overhead costs applied	1,574	1,581	1,624	1,777
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 5,328</b>	<b>5,196</b>	<b>5,178</b>	<b>5,219</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 279</b>	<b>1,287</b>	<b>1,302</b>	<b>1,135</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	1,527	1,605	1,755	1,706
Increase/(decrease) in debt	(2,805)	(59)	(49)	(9)
Gross proceeds from sale of assets	2,324	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 1,046</b>	<b>1,546</b>	<b>1,706</b>	<b>1,697</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	981	1,139	741
• to improve the level of service	752	76	126	348
• to replace existing assets	-	1,274	496	482
Increase/(decrease) in reserves	573	501	1,247	1,261
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 1,325</b>	<b>2,832</b>	<b>3,008</b>	<b>2,832</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (279)</b>	<b>(1,287)</b>	<b>(1,302)</b>	<b>(1,135)</b>
<b>Funding balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Regulatory Services

For the year ended 30 June

	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	722	1,639	1,578	1,683
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	2,744	2,959	3,176	3,148
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	62	31	31	31
<b>Total operating funding (A)</b>	<b>3,527</b>	<b>4,629</b>	<b>4,786</b>	<b>4,861</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,909	3,010	3,096	3,118
Finance costs	4	(5)	(7)	(7)
Internal charges and overhead costs applied	1,405	1,421	1,499	1,663
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>4,318</b>	<b>4,426</b>	<b>4,587</b>	<b>4,773</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>(791)</b>	<b>203</b>	<b>199</b>	<b>88</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(791)	203	199	88
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(791)</b>	<b>203</b>	<b>199</b>	<b>88</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>791</b>	<b>(203)</b>	<b>(199)</b>	<b>(88)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Transportation

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	16,069	13,209	14,486	13,758
Subsidies and grants for operating purposes	7,604	3,888	4,086	3,936
Fees and charges and targeted rates for water supply	7	1	1	1
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	812	111	116	132
<b>Total operating funding (A)</b>	<b>24,492</b>	<b>17,209</b>	<b>18,689</b>	<b>17,828</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	4,862	10,494	11,167	10,984
Finance costs	1,909	1,787	1,925	1,783
Internal charges and overhead costs applied	1,259	1,339	1,390	1,081
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,030</b>	<b>13,619</b>	<b>14,481</b>	<b>13,848</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>16,462</b>	<b>3,590</b>	<b>4,208</b>	<b>3,980</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	3,551	4,118	3,911
Financial contributions	2,000	1,906	1,822	1,547
Increase/(decrease) in debt	(1,239)	(295)	(324)	(319)
Gross proceeds from sale of assets	890	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,651</b>	<b>5,162</b>	<b>5,615</b>	<b>5,138</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	2,136	309	800
• to improve the level of service	13,984	2,171	2,775	3,172
• to replace existing assets	5,920	6,519	8,005	6,838
Increase/(decrease) in reserves	(1,791)	(2,074)	(1,266)	(1,691)
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>18,113</b>	<b>8,752</b>	<b>9,823</b>	<b>9,119</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(16,462)</b>	<b>(3,590)</b>	<b>(4,208)</b>	<b>(3,980)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



## Funding impact statement

### Water supply

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	20	-	-	-
Targeted rates (other than a targeted rate for water supply)	2,024	2,323	2,554	2,441
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	5,124	5,626	6,095	5,960
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	231	-	-	62
<b>Total operating funding</b>	<b>(A) 7,399</b>	<b>7,949</b>	<b>8,650</b>	<b>8,463</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	3,591	3,604	3,729	3,627
Finance costs	1,906	1,643	1,747	1,729
Internal charges and overhead costs applied	1,474	1,579	1,635	1,616
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 6,971</b>	<b>6,825</b>	<b>7,111</b>	<b>6,973</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 428</b>	<b>1,124</b>	<b>1,539</b>	<b>1,490</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	428	540	695	597
Increase/(decrease) in debt	(40)	(38)	652	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 388</b>	<b>502</b>	<b>1,347</b>	<b>597</b>
<b>Applications of capital funding</b>				
Capital expenditure	-	-	-	2,935
• to meet additional demand	-	360	269	269
• to improve the level of service	1,744	342	651	641
• to replace existing assets	-	1,429	1,948	2,025
Increase/(decrease) in reserves	(928)	(506)	17	(848)
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 816</b>	<b>1,626</b>	<b>2,885</b>	<b>2,087</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (428)</b>	<b>(1,124)</b>	<b>(1,538)</b>	<b>(1,490)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Stormwater

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	142	148	159	203
Targeted rates (other than a targeted rate for water supply)	2,105	2,301	2,537	2,494
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	65	9	10	8
<b>Total operating funding</b>	<b>(A) 2,312</b>	<b>2,458</b>	<b>2,706</b>	<b>2,705</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	685	536	525	559
Finance costs	1,883	1,620	1,736	1,654
Internal charges and overhead costs applied	505	586	603	592
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 3,072</b>	<b>2,741</b>	<b>2,864</b>	<b>2,805</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) (760)</b>	<b>(284)</b>	<b>(158)</b>	<b>(101)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	313	563	658	604
Increase/(decrease) in debt	892	66	(128)	(178)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 1,205</b>	<b>628</b>	<b>530</b>	<b>426</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	15
• to improve the level of service	1,309	736	440	725
• to replace existing assets	-	139	78	75
Increase/(decrease) in reserves	(863)	(531)	(146)	(489)
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 445</b>	<b>344</b>	<b>372</b>	<b>326</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) 760</b>	<b>284</b>	<b>158</b>	<b>101</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Natural Environment

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	163	121	125	133
Targeted rates (other than a targeted rate for water supply)	15	15	15	15
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	42	45	48	48
<b>Total operating funding</b>	<b>(A) 220</b>	<b>182</b>	<b>188</b>	<b>196</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	283	282	298	293
Finance costs	-	-	-	-
Internal charges and overhead costs applied	33	32	34	43
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 316</b>	<b>313</b>	<b>332</b>	<b>337</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) (96)</b>	<b>(132)</b>	<b>(144)</b>	<b>(141)</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	88	98	112	109
Increase/(decrease) in debt	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 88</b>	<b>98</b>	<b>112</b>	<b>109</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	-	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(7)	(34)	(32)	(32)
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) (7)</b>	<b>(34)</b>	<b>(32)</b>	<b>(32)</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) 96</b>	<b>132</b>	<b>144</b>	<b>141</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Wastewater

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	295	315	346	343
Targeted rates (other than a targeted rate for water supply)	6,642	7,562	8,320	8,289
Subsidies and grants for operating purposes	(4,486)	-	(0)	150
Fees and charges and targeted rates for water supply	6	2	2	2
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	11	180	194	259
<b>Total operating funding</b>	<b>(A) 2,468</b>	<b>8,059</b>	<b>8,861</b>	<b>9,043</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	2,430	2,798	2,914	2,877
Finance costs	3,912	4,098	4,307	4,235
Internal charges and overhead costs applied	1,231	1,392	1,454	1,365
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 7,573</b>	<b>8,288</b>	<b>8,674</b>	<b>8,478</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) (5,105)</b>	<b>(229)</b>	<b>187</b>	<b>565</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	11,842	-	-	-
Financial contributions	550	808	1,193	925
Increase/(decrease) in debt	(154)	(705)	(272)	(605)
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	156	-
<b>Total sources of capital funding</b>	<b>(C) 12,238</b>	<b>102</b>	<b>1,077</b>	<b>320</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	1,043	386
• to improve the level of service	11,493	213	356	804
• to replace existing assets	-	1,255	789	820
Increase/(decrease) in reserves	(4,359)	(1,595)	(923)	(1,125)
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 7,133</b>	<b>(127)</b>	<b>1,265</b>	<b>885</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) 5,105</b>	<b>230</b>	<b>(188)</b>	<b>(565)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Solid Waste

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	301	537	561	497
Targeted rates (other than a targeted rate for water supply)	773	843	926	957
Subsidies and grants for operating purposes	124	130	135	130
Fees and charges and targeted rates for water supply	71	63	67	62
Internal charges and overhead costs recovered	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	20	21	20
<b>Total operating funding</b>	<b>(A) 1,270</b>	<b>1,593</b>	<b>1,709</b>	<b>1,667</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	629	987	1,031	994
Finance costs	86	88	85	90
Internal charges and overhead costs applied	417	452	465	481
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 1,131</b>	<b>1,527</b>	<b>1,581</b>	<b>1,566</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 138</b>	<b>65</b>	<b>129</b>	<b>101</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	20	(4)	(13)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 20</b>	<b>(4)</b>	<b>(13)</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	268	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(109)	62	115	101
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 159</b>	<b>62</b>	<b>115</b>	<b>101</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (138)</b>	<b>(65)</b>	<b>(129)</b>	<b>(101)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Economic

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	840	832	864	928
Targeted rates (other than a targeted rate for water supply)	549	495	511	512
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	382	18	19	18
<b>Total operating funding</b>	<b>(A) 1,771</b>	<b>1,345</b>	<b>1,394</b>	<b>1,459</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	982	911	935	957
Finance costs	36	31	33	33
Internal charges and overhead costs applied	120	110	117	149
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 1,138</b>	<b>1,052</b>	<b>1,084</b>	<b>1,138</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 633</b>	<b>293</b>	<b>309</b>	<b>320</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	18	-	-	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>(C) 18</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	264	273	288
• to improve the level of service	1,802	-	-	-
• to replace existing assets	-	-	-	-
Increase/(decrease) in reserves	(1,163)	29	36	33
Increase/(decrease) in investments	13	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 652</b>	<b>293</b>	<b>309</b>	<b>321</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (633)</b>	<b>(293)</b>	<b>(309)</b>	<b>(321)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>

## Funding impact statement

### Support Services

For the year ended 30 June	LTP Actual \$'000 2012	LTP estimate \$'000 2013	LTP \$'000 2014	Annual Plan \$'000 2014
<b>Sources of operating funding</b>				
General rates, uniform annual charges, rates penalties	1,722	2,409	2,880	2,597
Targeted rates (other than a targeted rate for water supply)	1,299	1,256	1,296	1,255
Subsidies and grants for operating purposes	-	-	-	-
Fees and charges and targeted rates for water supply	-	-	-	-
Internal charges and overhead costs recovered	11,907	12,704	12,908	13,062
Local authority fuel tax, fines, infringement fees and other receipts	2,558	12,055	12,742	13,474
<b>Total operating funding</b>	<b>(A) 17,485</b>	<b>28,424</b>	<b>29,826</b>	<b>30,388</b>
<b>Applications of operating funding</b>				
Payments to staff and suppliers	13,902	12,928	13,402	13,498
Finance costs	295	11,069	11,419	12,439
Internal charges and overhead costs applied	1,850	1,887	1,891	2,102
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>(B) 16,047</b>	<b>25,884</b>	<b>26,713</b>	<b>28,039</b>
<b>Operating funding - surplus/(deficit)</b>	<b>(A-B) 1,438</b>	<b>2,539</b>	<b>3,113</b>	<b>2,349</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	-	-	-	-
Financial contributions	-	-	-	-
Increase/(decrease) in debt	(260)	(84)	(92)	(66)
Gross proceeds from sale of assets	169	85	88	85
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>C (91)</b>	<b>1</b>	<b>(4)</b>	<b>19</b>
<b>Applications of capital funding</b>				
Capital expenditure				
• to meet additional demand	-	-	-	-
• to improve the level of service	827	-	-	-
• to replace existing assets	-	1,227	1,527	1,456
Increase/(decrease) in reserves	520	1,313	1,583	912
Increase/(decrease) in investments	-	-	-	-
<b>Total applications of capital funding</b>	<b>(D) 1,347</b>	<b>2,540</b>	<b>3,110</b>	<b>2,368</b>
<b>Capital funding - surplus/(deficit)</b>	<b>(C-D) (1,438)</b>	<b>(2,539)</b>	<b>(3,114)</b>	<b>(2,349)</b>
<b>Funding balance</b>	<b>((A-B) + (C-D)) -</b>	<b>-</b>	<b>-</b>	<b>-</b>