

**Annual Plan 2010/11 and
Amendments to the Long Term Council
Community Plan 2009-19:**

**Economic Strategy Review
Rates Remission Policy – wastewater charges
Rates Remission Policy – natural disasters
Rating of Post Harvest zoned properties
Treasury Policy
Intention to sell endowment land**

Matters relating to Western Bay of Plenty District Council's adopted amendment to the LTCCP subsequent to this report

This report dated 30 June 2009 relates to the Long Term Council Community Plan (the LTCCP) for the 10 years commencing 1 July 2009, approved by Western Bay of Plenty District Council on 30 June 2009. Subsequent to this, the District Council adopted an amendment to its LTCCP for the 10 years commencing 1 July 2009 on 24 June 2010 to:

- Amend the Economic Strategy,
- Introduce a new Rates Remission Policy for Wastewater charges,
- Introduce a new Rates Remission Policy for Natural Disasters and Emergencies,
- Amend the Post-Harvest zones Rating Policy,
- Amend the Treasury Policy, and
- Dispose of endowment land.

The District Council has not prepared an amended LTCCP that incorporates the amendment adopted on 24 June 2010. Consequently, to form a view of the LTCCP of the District Council, the content of the LTCCP to which this report relates should be considered in conjunction with District Council's adopted amendment. There is no legislative requirement for us to report on the adopted amendment and we have not done so.

Matters relating to the electronic presentation of the report to the readers of the Long-Term Council Community Plan

This report relates to the LTCCP of Western Bay of Plenty District Council for the ten years commencing 1 July 2009 which was approved by the District Council on 30 June 2009 included on Western Bay of Plenty District Council's website. The Western Bay of Plenty District Council is responsible for the maintenance and integrity of their website. We have not been engaged to report on the integrity of the Western Bay of Plenty District Council's website. We accept no responsibility for any changes that may have occurred to the LTCCP since it was initially presented on the web site.

The report refers only to the LTCCP named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the LTCCP, including the adopted amendment to the LTCCP published by the District Council and which has not been incorporated with the content of the LTCCP to which this report relates. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the LTCCP approved on 30 June 2009 and the related audit report dated 30 June 2009 to confirm the information included in the LTCCP presented on this website.

The preparation and dissemination of the LTCCP is governed by New Zealand legislation.

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From the Mayor



Welcome to Council's Annual Plan 2010/2011

This plan outlines Council's infrastructure and service programmes for the 2010/11 financial year (1 July 2010 – 30 June 2011) and how much money will be spent paying for them.

As a rural local authority responsible for servicing a large geographic area with many small communities, our focus continues to be on meeting the fundamental 'live', 'work' and 'play' needs of ratepayers.

This focus on 'getting the basics right' has been a particularly challenging task over the last 12 months due to the global economic downturn.

We expect this challenge to continue during the 2010/11 year as procurement and other costs beyond Council's control, such as electricity, will continue to put financial pressure on our operations.

Alongside these short to medium term challenges is the issue of debt management.

In recent years Council has invested in large projects that depend on growth to repay debt. As growth slows, interest costs rise because existing debt is not paid off as quickly as first expected.

Council's continued focus on best value for money has been fundamental to developing a proposed work programme that maintains or improves levels of service while keeping rates under control.

Under the Annual Plan 2010/11 Council expects to collect \$28.0m in District Rates. Ratepayers would pay, on average, an additional 4.2 per cent in District Rates. An allowance is made for inflation of 2.0 per cent leaving an increase in real rates of 2.2 per cent.

In addition, 1.1 per cent more rates will be collected because of growth in the number of rateable properties in the District.

The average District Rates increase for 2010/11 is 0.1 per cent higher than the 4.1 per cent average increase for the 2009/10 year, where \$26.58m in District Rates was generated.

While the Annual Plan covers the entire year's proposed capital and operational expenditure there are a number of significant items I'd like to draw your attention to:

Town centre development rates

In the draft Annual Plan, Council proposed new targeted rates for town centre development in Waihi Beach, Te Puke and Omokoroa and to increase the rate already charged in Katikati. This would help fund the implementation of town centre plans.

Following submissions, Council resolved to establish the rates at Waihi Beach and Te Puke but to set the rate at zero for 2010/11. For Omokoroa the rate has been set at \$10 per property and for Katikati, it has been increased from \$10 to \$20 per property. These decisions were made as part of the review of Council's Economic Strategy, an amendments to Council's Long Term Plan (please refer to pages 65 and 119 – 132).

Community Halls

Council helps hall committees fund capital expenditure on their buildings by levying a targeted rate over a catchment or area of benefit for each hall. This year four areas of benefit have been reviewed and new boundaries established.

Community Organisations

In response to submissions, Council has increased funding to some community organisations. Katikati Open Air Art will receive a grant to provide for the maintenance of its murals and Surf Lifesaving NZ Service Contract will be extended to provide services at Maketu. (Refer page 28)

Te Puke town centre walkway project

Council has allocated \$500,000 in 2010/11 and \$300,000 in 2011/12 to develop the planned walkway between Jellicoe Street and Jubilee Park. This will be loan funded and repaid from the Te Puke Community Roading budget over 5 years.

Waihi Beach Coastal Protection

In late February 2010 Council awarded a \$1.235m contract to Transfield Services Limited for coastal protection works at Waihi Beach.

Transfield's tender price was well below initial engineering estimates of \$3.4m. The difference is largely due to timing. Engineering estimates were completed in 2006, before the current economic downturn, when construction costs were running at a premium. In addition, the contract price reflected Transfield's ready access to rock from its own quarry at Waihi Beach and the use of other plant and material already in the area.

The reduction from the original estimates for this work has had a direct impact on the forecast targeted rates for Waihi Beach that were included in the Long Term Plan 2009-19. As a result, the targeted rates for the Waihi Beach Ward of \$27 per property proposed in the Long Term Plan are expected to reduce to \$10 per property. In addition, the targeted rates for beachfront properties are expected to be much lower than forecast.

Waihi Beach petition

In December 2009 Council received a petition with 788 valid signatures from resident electors in Waihi Beach Ward calling for a boundary change that would see the Ward amalgamated with Hauraki District.

Following discussions with other councils affected by the petition, including Hauraki District Council, Environment Bay of Plenty and Environment Waikato, Council resolved to refer the petition to the Local Government Commission for resolution.

Council and others will have to prepare information and provide evidence for the Local Government Commission to consider before it reaches a decision.

Based on Council's experience of similar processes in the 1990s, a budget of \$250,000 to cover the cost of this work is included in the Annual Plan 2010/2011. This could not have been anticipated when the Long Term Plan was adopted last year.

The budget will be loan-funded initially and a decision will be made at a later date, once the actual costs are known, on how these costs should be recovered.

Possible funding sources include District Rates, a targeted rate over Waihi Beach Ward, rates reserves or a combination of these rating tools.

I hope you will take the time to review this Annual Plan. I believe it represents a programme that delivers cost effective infrastructure and services to you and demonstrates how hard we are working to make the Western Bay one of the best places in New Zealand to live, work and play.



Ross Paterson
Mayor
Western Bay of Plenty District

Your Councillors

The Western Bay of Plenty District Council consists of the Mayor and 12 elected councillors.



Katikati Ward
Sam Dunlop
Deputy Mayor



Katikati Ward
Mike Williams



Kaimai Ward
Jo Gravit



Kaimai Ward
Margaret Murray-Benge



Kaimai Ward
Don Thwaites



Kaimai Ward
Norm Bruning



Te Puke Ward
Maureen Burgess



Te Puke Ward
Michael Jones



Te Puke Ward
Paul Thomas



Maketu Ward
Kevin Marsh



Maketu Ward
Sue Matthews



Waihi Beach Ward
Ross Goudie

Section 1



Financial Overview

Comparison of district rates

All ratepayers contribute to Council's District Rate, which is made of four different rates, i.e.:

- General Rate
- Library Rate
- Rooding Rate
- Environment Protection Rate

Council also levies targeted rates for services provided within a specific area of benefit.

The Western Bay of Plenty District is one of the country's fastest growing districts. While Council's costs will increase as a result, so will the ratepayer base over which those costs are spread.

To more fairly compare one year's budget with the next, Council makes an allowance for growth, which this year is 1.1%.

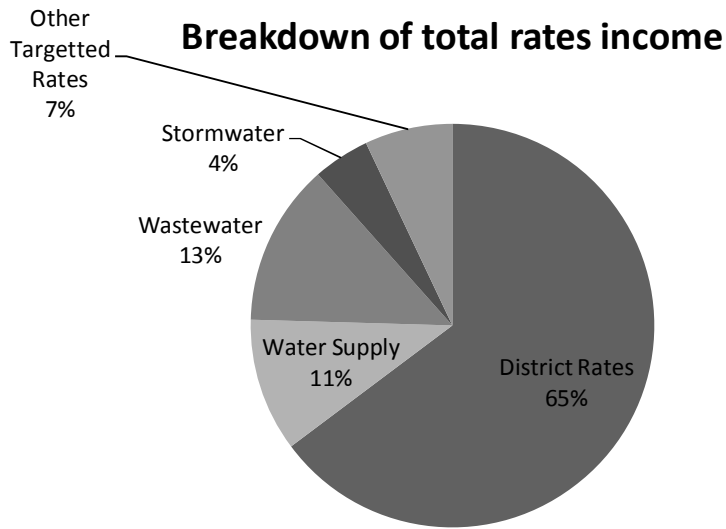
In Council's proposed budget for 2010/11, District Rates total \$28.0m, which is 5.3% higher than last year. Of this, additional ratepayers will add 1.1% leaving 4.2% to be funded by existing ratepayers. Inflation is estimated at 2.0%, which means a real increase of 2.2% in District Rates.

This increase excludes the effect on rate accounts of changes to targeted rates, which are levied over many different areas of benefit, depending on the services received, including Community Boards.

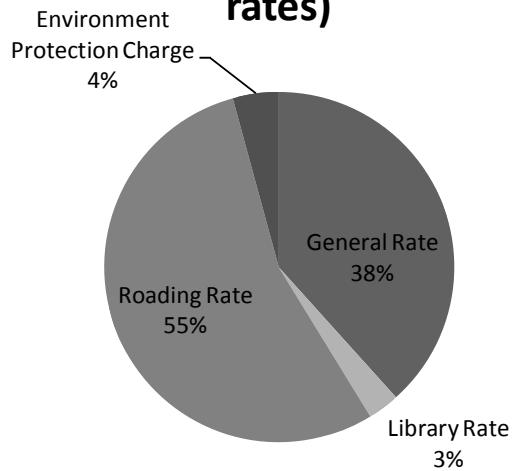
The figures below exclude a 2% bad debt provision on all rates.

District rates

2009/2010 Budget \$	Plus Allowance for Growth 1.1% \$	Rate	Final Budget \$
10,169,885	10,281,754	General Rate	10,732,355
792,668	801,387	Library Rate	814,173
10,962,553	11,083,141		11,546,528
14,414,500	14,573,060	Rooding Rate	15,251,000
1,198,000	1,211,178	Environment Protection	1,198,000
26,575,053	26,867,379	Total	27,995,528
Increase in/addition on 2009/2010 Budget			1,420,475
Increase in/addition to growth allowance			1,128,149



District Rates (every property pays these rates)



Breakdown of General Rate

Representation	16%
Sustainable Development	22%
Communities	20%
Recreation and Leisure	28%
Regulatory Services	7%
Natural Environment	1%
Stormwater	<1%
Economic	6%

Section 2



Programme - 2010/11

- **Linkages to Council's Long Term Council Community Plan (Long Term Plan or LTCCP)**

The 2010/11 work programme is based on the Long Term Plan 2009-19. The annual plan discloses variances to the Long Term Plan.

- **2010/11 Budget Summaries**

The financial variances include changes to projects, which are either operating or capital expenditure. If there is a material variance then this is discussed as part of the revised programme.

- **Financial Variances (\$40,000 or more, or of public interest)
Year 2 – Long Term Plan 2009-19 Programme**

Linkages to the Long Term Council Community Plan 2009-19

In 2002, Government introduced legislation which changed the way councils plan and programme their work.

Establishing Community Outcomes – this consultation process enables the community to tell Council how they want their future to be. This is done at least every six years. (This was last carried out in 2005 and was programmed for review during 2009/10. This review has been delayed pending TAFM/legislative review.)

Preparing the Long Term Council Community Plan – this plan shows how Council will go about achieving the Community's desired outcomes for the next ten years. This plan is produced every three years so the community can have their say about policy and the work that will be undertaken over the coming years.

Council's Long Term Plan was adopted in 2009 and the next one is due in 2012. In the meantime, Council carries out a 'rolling' programme of strategic policy review, for efficiency and to ensure that the community can be properly engaged on the development or review of particular strategy and action plans.

Each year Council produces an annual plan – which shows the money needed to carry out the work outlined in the Long Term Council Community Plan. If Council changes the programme and this is considered to have a material impact on ratepayers, then the reason for the change is explained. We call this a proposed financial variance.

Council can also use the annual plan process to propose, for public consultation, amendments to policies or levels of service in its Long Term Council Community Plan.

Each year an annual report is published – which outlines Council's achievements on the work programme and financial performance.

A little background on the Long Term Plan

The Long Term Plan is an important document that outlines what the community wants to achieve long term and sets a pathway for Council to reach its objectives.

It covers 10 years and is reviewed and publicly consulted every three years.

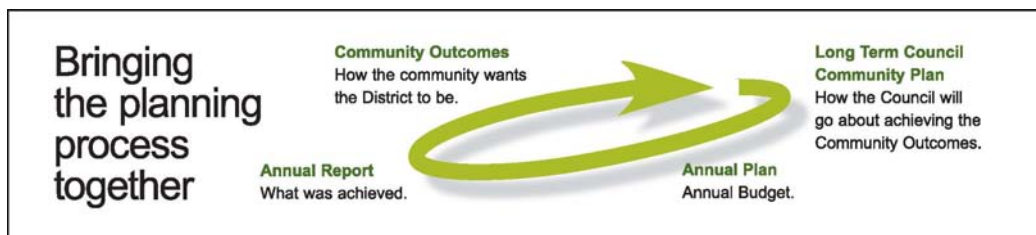
Alongside other sectors in the community which play a part in achieving the community's desired future, Council's Long Term Plan provides activity focus for the outcomes.

In this context, the Long Term Plan sets out Council's strategies and actions for each group of activities. These are divided into four strategic areas – *Leadership, Building Communities, Protecting the Environment and Supporting our Economy*.

How the Long Term Plan relates to the Annual Plan

The annual plan is simply a budget expression of what is contained in the Long Term Plan for the budget year.

The purpose of the Long Term Plan is to plan thoroughly every three years (the last Long Term Plan was prepared in 2009 for the period 2009-2019), 'bolt it down' and follow that direction until the three-yearly review. This minimises the work and maximises efficiency in the interim two years (between each Long Term Plan) so that Council can get on with 'doing' the work.



Community Outcomes Monitoring

SmartFuture is the name of the Western Bay of Plenty District's community outcomes. Council has a dual role in the SmartFuture process. It brings other service delivery agencies together to promote and monitor the achievement of community outcomes and provides services that contribute to community outcomes.

Council is required, under section 92 of the Local Government Act 2002, to report on progress against the District's community outcomes every three years. The SmartFuture monitoring report is web-based and is available on Council's website:

The web-based approach means the report can be updated at any time to accommodate new measures, more data and more advanced interpretations.

Development of the indicators, collection and interpretation of the data for SmartFuture was led by the Community Outcomes Bay of Plenty Monitoring and Reporting sub-group (COBOP). Data and interpretation relating to the indicators monitored in the report are provided by a variety of agencies, including Council's COBOP partners.

www.westernbay.govt.nz/Major-Projects/SmartFuture

Community and Council outcomes and levels of service performance measures along with projected financial summaries (cost of service statements) for each activity follow.

Leadership

- Representation
- Sustainable Development

Building Communities

- Communities
- Recreation and Leisure
- Regulatory
- Transportation
- Water Supply
- Stormwater

Protecting the Environment

- Natural Environment
- Wastewater
- Solid Waste

Supporting our Economy

- Economic

Council Services

Leadership

- Representation
- Sustainable Development

Leadership

- LERE 1** The needs of the Western Bay of Plenty District's diverse rural and urban communities are met by providing for effective representation and careful stewardship of the District's resources.
- Outcomes**
- LERE 2** Financial management is prudent, effective and efficient.

Representation

The Representation function of Council represents the District's democratic and decision-making processes. Apart from the function of Council, it includes the functioning of five Community Boards, Council's Standing Committees (Regulatory Hearings, Policy & Planning, Sustainable Communities, Services Committee, Subregional Parks Committee), the Māori Forum, elections and public consultation. Support is provided by the Customer & Business Services Group.

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	The level of achievement in the financial performance index (the index has been developed to monitor Council's financial trends and level of compliance with its Treasury policy).	1.00
Key Resident Performance Measure	Level of community satisfaction with the opportunities to participate in decision-making and the level of representation to Council. This is a 3 yearly survey (last completed 2008/9).	55%
Supporting Measures	Level of tangata whenua satisfaction with representation provided by the Maori Forum (3 yearly survey). Target for 2009/10 – 55% .	No survey
	Affordability of rates % movement in total district rates income (after allowance for growth).	<7.0%
	% completion of the annual work programme as identified in the Leadership – Representation strategy and action plan. This identifies the total annual actions required for this strategy.	90%

Levels of Service	Performance Measures	Target 2010/11
Representation will be provided by: 1 Mayor 12 Councillors	Number of meetings held per annum: Council, based on 6 weekly cycle.	 8
5 Community Boards 1 Māori Forum	Community Boards based on 6 weekly cycle.	8
	Māori Forum based on - Formal meetings. - Workshop.	4 2
	% attendance of Elected members (Councillors & Mayor) at Council and Committee meetings.	80%
	% attendance of Community Board members at Community Board meetings.	80%
Community outcomes will be reviewed and monitored to meet statutory requirements	Level of compliance with statutory timeframes.	100%
Community outcomes will be reviewed and monitored to meet statutory requirements	Compliance with statutory process for community outcomes.	100%
Finances will be managed to comply with the limits identified in the Treasury Policy	Interest expense on net external borrowings as a % of rates revenue. (Maximum identified in Treasury Policy is 25%).	<22%
Council will be financially prudent in the management of rates levied	Stewardship of rates income, the percentage of District rates income not spent at the end of the financial year.	2.0%
	Percentage of rates to total income.	65%

Projected financial summary – Representation

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Representation	2,484	2,380	(104)
Total operating expenditure	2,484	2,380	(104)
Analysis of expenditure - by class			
Direct costs	1,503	1,392	(111)
Overhead costs	973	980	7
Depreciation	8	8	0
Total operating expenditure	2,484	2,380	(104)
Analysis of funding required			
Targeted rates	29	0	29
Community Board Rate	552	556	(4)
Interest	26	26	0
Total revenue	607	582	26
Net cost of service - Surplus / (Deficit)	(1,877)	(1,798)	(79)
Capital Expenditure	0	0	0
Total other funding required	(1,877)	(1,798)	(72)
Other funding provided by			
Rate Income	1,911	1,825	86
Reserves & future surpluses	(34)	(27)	(7)
Total Other Funding	1,877	1,798	79

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Representation

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
3160	Katikati Community Board Grant	8,363	13,000	4,637	Increase requested by community board following review
3163	Maketu Community Board Grant	5,227	5,000	(227)	Decrease requested by community board following review
3161	Omokoroa Community Board Grant	2,091	2,000	(91)	Decrease requested by community board following review
3162	Te Puke Community Board Grant	10,454	10,000	(454)	Decrease requested by community board following review
3159	Waihi Beach Community Board Grant	3,136	3,000	(136)	Decrease requested by community board following review
2504	Triennial elections	0	58,500	58,500	To ensure the election process complies with legislation requirements of Local Government Act 2002 and Local Electoral Act 2001
2848	Elected Members induction	10,454	25,000	14,546	Increase project by decreasing operating cost budget

Sustainable Development

Investigation and provision of detailed options for the District's proposed projects and plans with regard to the scheduling, resourcing and provision of infrastructure, amenities, services and facilities and detailed planning including the application for resource consents for the option chosen.

Outcomes	LESD 1	Leadership is provided to the people of the Western Bay of Plenty District in the achievement of sustainable development.
	LESD 2	The rate of growth within each community does not exceed its ability to absorb it.

Sustainable Development outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	% completion of the annual work programme as identified in the Leadership – Sustainable Development strategy and action plan. This identifies the total annual actions required for this strategy.	90%
Key Resident Performance Measure	% of residents who perceive growth to have had a positive (or no negative) impact. This includes housing, employment opportunities, overall pleasantness, travel time and safety (road and personal). Based on a 2 yearly survey, which asks consistent questions.	No survey due
Supporting Measures	Community outcomes (SmartFuture) report completed and adopted by Council within legislative timeframes (3 yearly).	100%
	SmartGrowth review completed and adopted by Council.	No review due

Levels of service	Performance Measures	Target 2010/11
District Plan updated to meet the needs of the District	Number of sustained challenges by the Environment Court to District Plan changes.	0
Council's strategies are aligned with direction provided in SmartGrowth strategy.	% of Council's strategies aligned with SmartGrowth direction.	100%
Council will work with communities to develop and review Community Development Plans. These are detailed plans which show community direction for 10 years. This enables an efficient allocation of resources	Number of Community Development Plans in place.	6

Projected financial summary – Sustainable Development

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Strategic Planning	3,086	2,985	(101)
Total operating expenditure	3,086	2,985	(101)
Analysis of expenditure - by class			
Direct costs	2,404	2,389	(15)
Overhead costs	668	582	(86)
Depreciation	14	14	0
Total operating expenditure	3,086	2,985	(101)
Revenue			
Targeted rates	188	188	0
Financial contributions	31	0	31
Interest	71	71	0
Other income	126	39	87
Total revenue	416	298	118
Net cost of service - Surplus / (Deficit)	(2,670)	(2,687)	17
Capital expenditure	0	0	0
Total other funding required	(2,670)	(2,687)	17
Other funding provided by			
General Rate	2,556	2,441	115
Environment Protection Rate	9	0	9
Debt Increase (Decrease)	6	0	6
Reserves & future surpluses	99	246	(147)
Total Other Funding	2,670	2,687	(17)

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Sustainable Development

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
2850	Smartgrowth Implementation Rangioru Structure Plan	209,075	204,538	4,537	Adjust for inflation on project

Building Communities

- Communities
- Recreation and Leisure
- Regulatory
- Transportation
- Water Supply
- Stormwater

Communities

	BCC01	Communities are healthy and safe.
Outcomes	BCC02	Communities are vibrant.
	BCC03	Communities participate in the development of their futures.

Communities outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	% completion of the annual work programme as identified in the Community strategy and action plan. This identifies the total annual actions required for this strategy.	90%
Key Resident Performance Measure	Level of resident satisfaction with Community Services based on two yearly survey. This includes community development, library services and cemeteries. Based on residents who are very satisfied and satisfied.	80%

Levels of service	Performance Measures	Target 2010/11
Develop and deliver a co-ordinated Community Safety Programme in accordance with the Community Safety Policy.	Number of Community Safety initiatives supported by Council.	9
User-friendly information and advice will be provided and all service requests will be resolved.	% of service requests resolved within specified timeframe.	>95%
	% of customers surveyed where service requests were not auctioned.	<5%
	% resident satisfaction with service provided by frontline staff based on two yearly survey.	85%
Library service will be maintained at Waihi Beach, Katikati, Omokoroa and Te Puke.	Number of library items available per head of population.	2.2
	Number of times books are issued per annum.	>2.75
Council will provide cemeteries at Katikati, Oropi, Maketu and Te Puke (excludes old Te Puke cemetery as there are no further plots available for purchase).	Number of cemeteries where plot availability is 30% of annual plot requirements or 5 plots at any one time.	4
Partnerships with hall committees will be maintained.	Number of partnership agreements in place with all existing hall committees.	14

Projected financial summary – Communities

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Information Centres	2,732	2,335	(397)
Contracts, Levies and Grants	645	733	88
Pensioner Housing	336	367	31
Cemeteries	132	132	0
Community Halls	287	278	(9)
Emergency Management	543	496	(47)
Total operating expenditure	4,675	4,341	(334)
Analysis of expenditure - by class			
Direct costs	2,775	2,676	(99)
Overhead costs	1,341	1,113	(228)
Interest	15	8	(7)
Depreciation	544	544	0
Total operating expenditure	4,675	4,341	(334)
Revenue			
Targeted rates	1,040	1,071	(31)
Financial contributions	97	97	0
Subsidies	15	15	0
Other income	896	868	28
Total revenue	2,048	2,051	(3)
Net cost of service - Surplus / (Deficit)	(2,627)	(2,290)	(337)
Capital expenditure	427	427	0
Total other funding required	(3,054)	(2,717)	(337)
Other funding provided by			
General Rate	2,340	2,233	107
Debt Increase (Decrease)	46	48	(2)
Reserves & future surpluses	668	437	232
Total Other funding	3,054	2,717	337

Changes to Community Hall's areas of benefit

Council proposed changes to four areas of benefit used for targeted rating.

Te Puna Hall

Council has extended the boundary of the Te Puna Hall area of benefit to take in additional properties, including several on the western side of Minden Road and the end of Waiata Road. This area of benefit is also used for the targeted rate for the Te Puna Community Library.

Paengaroa Hall

Council has extended the boundary of the Paengaroa Hall area of benefit to include several properties south of Allport Road and west of Ridge Road.

Pukehina Community Centre and Pukehina Hall

There were two areas of benefit in the vicinity of Pukehina, one for Pukehina Community Centre and one for Pukehina Hall. Council has combined these areas on the understanding that in any one year properties would only be rated for work on one of the halls. Hall committees may seek funding in alternate years.

Funding of Community Halls 2010/11

The halls' scheduled expenditure for 2010/11 is listed overleaf. This will be funded from a targeted rate on each rateable property within the respective area of benefit for each hall.

Further information

Detailed maps showing the proposed changes to the halls' areas of benefit and further details are available on Council's website as supplementary information to the Annual Plan 2010/11:

www.westernbay.govt.nz/publications/annual-plans

Proposed funding of Community Halls 2010/11

Community Hall	Description of work and reason for variation from LTCCP expenditure (if applicable)	LTCCP 2009-19 \$	Variation to expenditure increase/ (decrease) \$	Annual Plan funding required for 2010/11 \$	Proposed charge per property in area of benefit \$
Kaimai Hall	Chemical clean of roof and wall cladding; verandah; landing and ramps.	644	2,072	2,716	\$7.65
Katikati War Memorial Hall	Chemical clean of roof and wall cladding. Polyurethane hall floor.	7,312	(2,992)*	4,320	\$5.00
Ohauti Hall	Pump out septic tank; chemical clean roof and wall cladding. Replace Zip hot water system in kitchen; paint men's toilet.	794	3,236	4,030	\$18.45
Omanawa Hall	Chemical clean of wall cladding; partial replacement of asbestos; blast and repaint hall steps. Polyurethane hall floor	33,231	(396)	32,835	\$55.00
Omokoroa Settlers Hall	Polyurethane floor in two halls and men's and ladies' ablutions.	6,311	3,939	10,250	\$7.55
Oropi War Memorial Hall	Chemical clean of roof and wall cladding; paint cladding.	1,957	(85)	1,872	\$15.00
Paengaroa Hall	Paint cladding. Removing skylights, repair roof and repaint area; chemical clean.	13,940	6,060	20,000	\$41.50
Pukehina Beach Community Centre	Repaint floor.	0	13,500	13,500	\$18.76
Pukehina Hall	No funding required from Council.	732	(732)	0	0
Pyes Pa Hall	Pump out septic tank; replace effluent lines. Polyurethane floor.	7,370	(320)	7,050	\$53.00
Te Puke War Memorial and Settlers Hall	Paint lounge and refurbish. Replace carpet and vinyl floor.	78,356	(2,556)	75,800	\$20.75
Te Puna Community Centre Hall	Bitumen reseal of roof and front and rear decks on first floor.	11,589	(1,439)	10,150	\$8.40
Te Puna War Memorial Hall	Retaining wall.	5,143	857	6,000	\$4.95
Te Ranga Hall	No funding required from Council.	2,608	(2,608)	0	0
Waihi Beach Community Hall	No funding required from Council.	46,005	(46,005)	0	0
Whakamarama Hall	Chemical cleaning of car port roof and walls. Repainting main hall roof. Polyurethane hall floor.	5,331	3,869	9,200	\$30.00

* Figures in brackets are proposed decreases in expenditure.

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Communities

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
Community Grants					
1492	BOP Surf Lifesaving	55,373	65,373	10,000	Funding for Maketu Surf Lifesaving during holiday period
3156	Bay of Plenty Local Authority Shared Services (BoPLASS)	0	5,200	5,200	Annual contribution
148804	Tauranga Art Gallery	25,000	33,000	8,000	Additional funding
Hall Improvements					
2808	Katikati Hall improvements	7,312	4,320	(2,992)	Hall committee revised programme
2808	Ohauti Hall Improvements	794	4,030	3,236	Hall committee revised programme
2808	Omanawa Hall improvements	33,231	32,835	(396)	Hall committee revised programme
2808	Omokoroa Hall Improvements	6,311	10,250	3,939	Hall committee revised programme
2808	Oropi Hall improvements	1,957	1,872	(85)	Hall committee revised programme
2808	Paengaroa Hall Improvements	13,940	20,000	6,060	Hall committee revised programme
2808	Pyes Pa Hall improvements	7,370	7,050	(320)	Hall committee revised programme
2808	Te Puke Hall Improvements	78,356	75,800	(2,556)	Hall committee revised programme
2808	Te Puna Community Centre Hall	11,589	10,150	(1,439)	Hall committee revised programme
2808	Te Puna War Memorial Hall Improvements	5,143	6,000	857	Hall committee revised programme
2808	Community Hall - Waihi Beach	46,005	0	(46,005)	Hall committee revised programme
2808	Kaimai Hall	644	2,716	2,072	Hall committee revised programme
2808	Pukehina Beach Community Centre Improvements	0	13,500	13,500	Hall committee revised programme
2808	Te Ranga Hall Improvements	2,608	0	(2,608)	Hall committee revised programme
2808	Pukehina Hall Improvements	732	0	(732)	Hall committee revised programme
2808	Whakamarama Hall Improvements	5,331	9,200	3,869	Hall committee revised programme

Review of Recreation and Leisure group of activities

Recreation and Leisure

This group of activities is concerned with acquiring, developing and maintaining the District's active, passive and coastal parks, reserves and community facilities. Council owns a range of sports fields, multi-use facilities, camping grounds, clubrooms, grandstands, tennis courts, coastal and marine structures, playgrounds, skateboard facilities, bowling greens and toilet blocks. Maintenance of Council's various parks, reserves and community facilities is contracted to external service providers.

During the past year, Council reviewed its Recreation and Leisure strategy as part of the periodic review cycle for each group of activities. This time around, very few changes were required.

The review resulted in:

- minor updates to the wording of the strategy including the addition of a paragraph regarding the provision of swimming pools;
- no changes to the projected levels of service, but an update of performance and level of service measures;
- no changes to assumptions or the revenue and financing policy;
- several changes to timing of projects over the 10 years of the strategy, including:
 - rearrangement of the timing and costs of projects in Waihi Beach (Pohutukawa Park, Broadlands Block, Waihi Beach Community Centre and Wilson Park) following public

consultation and decisions in August 2009

- inclusion of a new budget for remediation at Omokoroa Boat yard
- bringing forward work on the Northern Harbour Boat ramp, to start planning and consent processes in 2010/11 and providing a larger budget for future construction costs, starting in 2017/18 (increased from \$1.4m to \$4.2m)
- postponement of reserve land purchases totalling \$6m from 2014 to 2015 (\$3m) and 2017 (\$3m)

Review of Key Performance and Level of Service measures

Council's set of performance measures for Recreation and Leisure were reviewed in 2009/10 and are shown overleaf. These are the measures against which Council reports its performance in the Annual Report each year.

Council has not changed the standard of service it provides to the community (its level of service), but wants the measures it uses to align to the *Yardstick* benchmarking framework which is used by many Councils throughout New Zealand. This will enable Council's levels of service to be more easily compared to those of other Councils.

How Council will track progress

Outcomes:

Performance Measures	2009 Result	2010 Target	2011 Target	2012 Target	2013 - 2015 Target	2016 - 2019 Target
Key Council Performance Measure Total hectares of park land provided for recreation or conservation purposes per 1,000 residents.						
Excl. Sub Regional Parks (TECT & Huharua)	29.8	27.6	27.1	26.7	25.8	24.3
Incl. Council's share of Sub Regional Parks (TECT & Huharua)	49.3	45.7	45.0	44.2	42.8	40.2
Key Resident Performance Measure Two yearly survey of resident satisfaction levels (with reserves, recreational facilities and amenities). Based on residents who are very satisfied and satisfied.	No survey	75%	No survey	75%	75%	75%
Supporting Measures Number of service requests received where reported injury occurred as a result of performance or condition of assets on a recreational facility.	5	0	0	0	0	0
Percentage of recreational facilities in asset management plan that have a condition rating less than or equal to 3 (1 excellent, 5 very poor as defined in NZ Park and Recreation Asset Grading Standard manual)	93%	95%	95%	95%	95%	95%
Percentage of annual work programme as identified in the Recreation and Leisure strategy and action plan. This identifies the total annual actions required for this strategy.	65%	90%	90%	90%	90%	90%
Percentage of Reserve Management Plans that have scheduled reviews completed in accordance with the Reserves Act 1977.	100%	100%	100%	100%	100%	100%

Levels of Service

1. A basic range of public facilities will be provided.

Performance Measures	2009 Result	2010 Target	2011 Target	2012 Target	2013 - 2015 Target	2016 - 2019 Target
Number of hectares per 1,000 residents:						
• actively maintained parkland (excludes sportspark)	5.3	5.2	5.1	5.0	4.8	4.4
• natural land	21.3	20.9	20.6	20.2	19.5	18.3
• sportspark	1.6	1.6	1.6	1.5	1.5	1.4
NOTE: this excludes the joint sub regional TECT All Terrain Park.						
Number of playgrounds per 1,000 children (under 15 years)	2.9	2.8	2.8	2.8	2.8	2.7
Level of reserve user satisfaction as monitored by the 2 yearly intercept surveys (satisfied or very satisfied)	New	>85%	not this year	>85%	>85%	>85%

2. Provide regional parks (TECT and Huharua) as per joint partnership with Tauranga City Council.

Performance Measures	2009 Result	2010 Target	2011 Target	2012 Target	2013 - 2015 Target	2016 - 2019 Target
Percentage of actions for TECT and Huharua completed as per development plan.	New	100%	100%	100%	100%	100%

Note: TECT has a 30 year staged development plan. It is intended to complete stages as forecast.
Huharua development will be completed by 2012.

Projected financial summary – Recreation and Leisure

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
District Reserves	3,577	3,305	(272)
Motor Camps	38	49	11
Swimming Pool	238	245	7
Coastal and Marine structures	346	334	(12)
Total operating expenditure	4,199	3,933	(266)
Analysis of expenditure - by class			
Direct costs	3,460	3,175	(285)
Overhead costs	(33)	12	45
Depreciation	774	748	(26)
Total operating expenditure	4,199	3,933	(266)
Revenue			
Targeted rates	133	157	(24)
Financial contributions	1,743	1,743	0
Interest	151	152	(1)
Other income	1,223	1,002	221
Total revenue	3,250	3,054	196
Net cost of service - Surplus / (Deficit)	(949)	(879)	(70)
Capital expenditure	2,306	2,913	607
Total other funding required	(3,255)	(3,792)	537
Other funding provided by			
General Rate	2,721	3,132	(411)
Debt Increase (Decrease)	0	320	(320)
Reserves & future surpluses	534	340	194
Total Other funding	3,255	3,792	(537)

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Recreation and Leisure

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
2458	Broadlands Block Development	0	45,000	45,000	Timing of capital works
2460	Pohutukawa Park – Tennis Court	0	275,000	275,000	Timing of capital works. Public consultation during August 2009 resulted in a request for redistribution of funds to other projects from Wilson Park
3218	Waihi Beach Community Centre	0	75,000	75,000	
3221	Wilson Park	43,833	0	0	
2952	Northern Harbour Boat Ramp	0	120,000	120,000	Work program timing adjustment
3256	Omokoroa Boatyard Remediation	0	98,000	98,000	Proposal to contribute 40% of anticipated remedial costs
3133	Omokoroa Pontoon	0	70,000	70,000	Transfer funding from project 2449
2441	Maramatanga Park	0	61,479	61,479	Transfer funding from project 2449
2449	General Reserve Acquisitions	257,860	76,381	(131,479)	Transfer funding to projects 3133 and 2449
1654	Dave Hume Swimming Pool Service delivery contract	58,133	68,133	10,000	Funding to extend the season by one month
2582	Dave Hume Swimming Pool capital works	0	38,276	38,276	To carry out priority capital works

Regulatory

Outcomes

Regulatory services support community well-being.

Regulatory outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	Number of successful legal challenges or mediation settlements made as a result of Council staff error.	0
Key Resident Performance Measure	% level of customer satisfaction based on survey of regulatory services. (This survey includes Resource Consents, Building Consents and Animal Services.)	85%
Supporting Measures	% of resource consent processes completed in accordance with Council and legislative requirements.	100%
	% actions completed in accordance with Council and legislative requirements for: <ul style="list-style-type: none"> - Animal Control - Building and Health Services 	100%

Levels of service	Performance Measures	Target 2010/11
100% of resource consent applications will be processed within the statutory timeframes.	% of all resource consent applications processed within the statutory timeframes.*	100%
95% of building and health applications and plan checking will be processed within statutory timeframes.	% of all building and health applications and plan checking processed within the statutory timeframes.*	98%
95% of Land Information Memoranda (LIM's) and Project Information Memoranda (PIM's) are processed within statutory timeframes.	% of LIM and PIM applications processed within the statutory timeframes (10 days).	100%
98% of dogs in the District are registered.	% of known dogs in the district that are registered	98%

* Statutory timeframes not specifically identified as it involves more than one Resource Consent and Business Plan process.

Projected financial summary – Regulatory

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
District Plan Implementation	1,774	1,733	(41)
Building and Health	1,923	1,797	(126)
Animal Control	709	787	78
Other	796	676	(120)
Total operating expenditure	5,202	4,993	(209)
Analysis of expenditure - by class			
Direct costs	3,091	3,212	121
Overhead costs	2,042	1,712	(330)
Depreciation	69	69	0
Total operating expenditure	5,202	4,993	(209)
Revenue			
User fees	4,221	4,222	(1)
Interest	6	6	0
Other income	50	38	12
Total revenue	4,277	4,266	11
Net cost of service - Surplus / (Deficit)	(925)	(727)	(198)
Capital expenditure	0	0	0
Total other funding required	(925)	(727)	(198)
Other funding provided by			
General Rate	865	766	99
Reserves & future surpluses	60	(39)	99
Total Other funding	925	727	198

Transportation

This activity involves the provision and maintenance of a system of roads, streets, bridges and footpaths within the District.

Transportation includes:

- sealed pavements – extension, reseal, repair, maintenance and widening
- unsealed pavements – pavement replacement and surface shape maintenance
- pavement drainage – provision and maintenance of culverts, kerb and channel, etc.
- maintenance, repair and replacement of the District’s 100 bridges (including two barge ramps)
- safety management – provision and maintenance of appropriate lighting, signage, pavement marking and crash investigation
- streetscape maintenance – provision and maintenance of trees, gardens, car parks, pedestrian facilities, footpaths, mowing and vegetation control
- street improvements – upgrading of streetscapes in a coherent, affordable way that reflects the desires of the community
- emergency works

Note that the State Highway roading network within the District boundaries is administered by the New Zealand Transport Agency (NZTA).

District Roads – Length		
	Sealed	Unsealed
Urban (<70kph areas)	138 km	2 km
Rural (>70kph areas)	615 km	274 km
Total Local Road Network	753 km	276 km

Outcomes	BCTR 1	Transport networks support and promote economic development.
	BCTR 2	Transport systems minimise adverse effects on the environment.
	BCTR 3	Transport systems enable healthy activity and reduce transport related public health risks.
	BCTR 4	Transport systems improve access and mobility.

Transportation outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	The % of crashes caused by road related factors (e.g. potholes, surface roughness, road camber) compared to Council’s peer group. (Small – medium Councils as grouped by NZ Transport Agency.) Council’s target of 90% indicates an above average result than our peer group.	90%
Key Resident Performance Measure	Facilities and service provide social benefits to the whole community. Level of satisfaction with Transportation (roading, cycling and walkways) as monitored by the Annual Residents’ Survey, those residents who are very satisfied and satisfied.	55%
Supporting Measures	The total social cost of crashes caused by road related factors compared to Council’s peer group. (A lower % is a favourable result for Council. Separately monitored by NZ Transport Agency.) Council target of <95% indicates an above average result than our peer group.	<95%

Levels of service	Performance Measures	Target 2010/11
The network and its facilities are up to date, in good condition and 'fit for purpose'.	The % of traffic that is exposed to smooth rural roads that have a high traffic volume (.500 vehicles per day).	>94%
	Annual surfacing and pavement defect index. There are a number of potential defects in road pavement structure and its surface. This index is a weighted measure of the fault types. <ul style="list-style-type: none"> - Sealed roads. - Unsealed roads. Note: increasing index shows road quality is decreasing. This is due to funding and affordability issues.	1.25 2.8
	Annual seal extension completed (km).	14.6
Adverse environmental effects, such as dust, noise and vibration, are managed effectively.	Length of unsealed roads (km). Note: total length of District's roading network.	238 1041
	Level of compliance with Resource Management Consents.	100%
The road network is convenient, offers choices for travel and is available to the whole community.	Length (metres) of new footpaths and walkways constructed by Council each year.	>950m
Customers will be satisfied with Council's response to transport related customer requests for action.	Level of customer satisfaction with action taken to resolve service requests.	>85%
	% service requests actioned on time.	>90%
The services are managed at the lowest possible cost for the required level of service	Operating expenditure is managed to within a range of +5 or -5 percent of budget.	95%-105%

Projected financial summary – Transportation

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Roading	21,121	21,781	660
Total operating expenditure	21,121	21,781	660
Analysis of expenditure - by class			
Direct costs	10,997	12,252	1,255
Overhead costs	1,091	1,235	144
Interest	2,055	1,316	(739)
Depreciation	6,978	6,978	0
Total operating expenditure	21,121	21,781	660
Revenue			
Targeted rates	87	84	3
User fees	104	0	104
Subsidies	6,706	6,465	241
Roading rate	15,251	15,251	0
Financial contributions	2,692	2,353	339
Vested assets	1,453	500	953
Other income	140	125	15
Total revenue	26,433	24,778	1,655
Net cost of service - Surplus / (Deficit)	5,312	2,997	2,315
Capital expenditure	22,509	16,447	(6,062)
Vested Assets	1,452	500	(952)
Total other funding required	(18,649)	(13,950)	(4,699)
Other funding provided by			
Debt Increase (Decrease)	(230)	735	(965)
Reserves & future surpluses	18,879	13,215	5,664
Total Other Funding	18,649	13,950	4,699

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Transportation

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
3030	Omokoroa Roding Structure Plan	3,267,451	1,080,000	(2,187,451)	Timing and cost of projects revised
3031	Te Puke Roding Structure Plan	2,904,401	160,000	(2,744,401)	Timing of project revised
3240	Strategic Roding – Rural Park and Ride	103,729	0	(103,729)	Project deferred to 2011/12 pending further investigation
3240	Strategic Roding – State Highway, Te Puna	103,729	50,000	(53,729)	Timing of project revised
2834	Capital portion of Performance Based Contract	8,518,377	6,814,701	(1,703,676)	Reclassification of expenditure between capital and operating
2832	Pukehina Beach Road Culverts	0	137,500	137,500	Remedy flooding at Pukehina culverts, joint project with Waihi Drainage District Society
2830	Te Puke Town Centre Walkway	0	500,000	500,000	Community roading project

Water supply

This activity comprises water treatment, storage and distribution through the operation and maintenance of water treatment and pumping stations, reservoirs, boosters and the distribution network. Water is delivered to over 10,000 premises within the District. Council has three water supply schemes, summarised as follows:

- **Western Water Supply** – provides treated water to properties from Waihi Beach to Wainui Stream.
- **Central Water Supply** – provides treated water to the Omokoroa community and the surrounding area from Wainui South Stream to the Wairoa River.
- **Eastern Water Supply** – provides treated water to the eastern half of the District, from Te Puke to Pukehina. This supply is an amalgamation of the Bush, Papamoa, Rangiuru, Paengaroa and Maketu/Pukehina supplies and the Te Matai irrigation scheme.

Maintenance of the distribution network is carried out under competitively priced contracts for the Western, Central and Eastern areas. Treatment plants are operated by Council staff and consultants.

Outcomes	BCWA 1	Potable water of an appropriate standard and quality to meet the needs of consumers within the three supply areas is provided.
	BCWA2	Consumers' use of water across the three supply zones enables sustainable financial management of Council's water supply infrastructure and sustainable environmental management of the water resource.

Water outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	% of Council's treated water supply, for the three supply zones, with a Ministry of Health grading per the Health (Drinking Water) Amendment Act 2007:	
	'B' grading or better for treatment. 'b' grading or better for reticulation.	100% 100%
Key Resident Performance Measure	Level of resident satisfaction with the quality of the Council water supply, as monitored by the Annual Residents' Survey, those residents who are very satisfied or satisfied.	75%
Supporting Measures	In a 1:50 year drought event the ability of the water supply to meet normal daily water demand (1100 litres per person per day).	100%
	Ability of reservoirs to provide a minimum of 24 hours average daily demand storage.	100%
Water Performance Measures	% of eligible properties that are connected to the Council water supply.	91%

Levels of service	Performance Measures	Target 2010/11
Council will provide good quality water to meet growth needs within the supply areas. Effectively manage risks associated with the quality and quantity of the public water supply.	Level of compliance with industry standard (NZ Fire Service Code NZPAS4509 2008). This monitors water supply and pressure.	95%
	Percentage of year where reservoirs are maintained at a minimum of 50% full, in accordance with Ministry of Health requirements.	80%
Council will effectively manage risks associated with the quality and quantity of the public water supply.	Number of times when Council water supply does not comply with resource consents.	<5
	Preventable water loss as a percentage of average daily production. The acceptable range is between 10-20% of bulk supply based on the International Infrastructure Management Manual C1.0.	22%

Projected financial summary – Water consolidated

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Western Water Supply	3,538	3,412	(126)
Central Water Supply	2,207	2,292	85
Eastern Water Supply	3,898	4,146	248
Total operating expenditure	9,643	9,850	207
Analysis of expenditure - by class			
Direct costs	4,139	3,657	(482)
Overhead costs	961	1,692	731
Interest	1,926	1,884	(42)
Depreciation	2,617	2,617	0
Total operating expenditure	9,643	9,850	207
Revenue			
Targeted rates	4,758	4,624	134
User fees	2,028	1,989	39
Financial contributions	767	606	161
Vested Assets	207	150	57
Total revenue	7,760	7,369	391
Net cost of service - Surplus / (Deficit)	(1,883)	(2,481)	598
Capital Expenditure	1,109	1,109	0
Vested Assets	207	150	(57)
Total other funding required	(3,199)	(3,740)	541
Other funding provided by			
Debt Increase (Decrease)	(428)	(321)	(107)
Reserves & future surpluses	3,627	4,061	(434)
Total Other funding	3,199	3,740	(541)

Projected financial summary – Western Water

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Western Water Supply	3,538	3,412	(126)
Total operating expenditure	3,538	3,412	(126)
Analysis of expenditure - by class			
Direct costs	1,550	1,181	(369)
Overhead costs	355	647	292
Interest	720	671	(49)
Depreciation	913	913	0
Total operating expenditure	3,538	3,412	(126)
Revenue			
Targeted rates	1,895	1,832	63
User fees	662	640	22
Financial contributions	221	214	7
Vested Assets	103	50	53
Total revenue	2,881	2,736	145
Net cost of service - Surplus / (Deficit)	(657)	(676)	19
Capital expenditure	723	723	0
Vested Assets	103	50	(53)
Total other funding required	(1,483)	(1,449)	(34)
Other funding provided by			
Debt Increase (Decrease)	(61)	29	(90)
Reserves & future surpluses	1,544	1,420	124
Total Other funding	1,483	1,449	34

Projected financial summary – Central Water

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Central Water Supply	2,207	2,292	85
Total operating expenditure	2,207	2,292	85
Analysis of expenditure - by class			
Direct costs	940	888	(52)
Overhead costs	262	410	148
Interest	411	400	(11)
Depreciation	594	594	0
Total operating expenditure	2,207	2,292	85
Revenue			
Targeted rates	811	808	3
User fees	765	751	14
Financial contributions	192	186	6
Vested Assets	52	50	2
Total revenue	1,820	1,795	25
Net cost of service- Surplus / (Deficit)	(387)	(497)	110
Capital expenditure	386	386	0
Vested Assets	52	50	(2)
Total other funding required	(825)	(933)	108
Other funding provided by			
Debt Increase (Decrease)	(118)	(110)	(8)
Reserves & future surpluses	943	1,043	(100)
Total Other funding	825	933	(108)

Projected financial summary – Eastern Water

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Eastern Water Supply	3,898	4,146	248
Total operating expenditure	3,898	4,146	248
Analysis of expenditure - by class			
Direct costs	1,649	1,588	(61)
Overhead costs	344	635	291
Interest	795	813	18
Depreciation	1,110	1,110	0
Total operating expenditure	3,898	4,146	248
Revenue			
Targeted rates	2,051	1,983	68
User fees	601	599	2
Financial contributions	354	207	148
Vested Assets	52	50	2
Total revenue	3,058	2,839	219
Net cost of service - Surplus / (Deficit)	(840)	(1,307)	467
Capital expenditure	0	0	0
Vested Assets	52	50	(2)
Total other funding required	(892)	(1,357)	465
Other funding provided by			
Debt Increase (Decrease)	(248)	(240)	(8)
Reserves & future surpluses	1,140	1,597	(457)
Total Other funding	892	1,357	(465)

Stormwater

	BCST 1	Stormwater systems in Urban Growth Nodes are progressively upgraded to comply with adopted structure plans.
	BCST 2	Existing stormwater systems in Small Settlements are progressively upgraded to provide a minimum level of service.
Outcomes	BCST 3	Urban development is avoided in flood prone areas unless mitigation measures can be provided.
	BCST 4	Communities are consulted and informed about various approaches to stormwater management and their views are sought and taken into account.
	BCST 5	Compliance and monitoring activities are carried out.

Stormwater outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	% completion of the annual work programme as identified in the Stormwater strategy and action plan. This identifies the total annual actions required for this strategy.	90%
Key Resident Satisfaction Measure	Resident satisfaction level with stormwater systems, as monitored by the Annual Residents' Survey, those residents who are very satisfied or satisfied.	60%
Supporting Measures	% of Council's stormwater reticulation that has adequate capacity in terms of Code of Practice design. Note: Environment Bay of Plenty has adjusted stormwater calculations. This has resulted in a higher proportion of the Council's network being "under size". The action plans are addressing this issue and trends will improve over time.	65%

Levels of service	Performance Measures	Target 2010/11
Progressively upgrade infrastructure to manage flood levels within designated areas.	% reticulation (by length) that is under size Note: Environment Bay of Plenty has adjusted stormwater calculations. This has resulted in a higher proportion of the Council's network being "under size". The action plans are addressing this issue and trends will improve over time.	35%
Maintain existing stormwater system to contain flooding within designated areas	Number of times flooding occurs outside identified flood prone urban areas during a 50-year or less storm event. (50-year storm event is a nationally recognised measure and used in Council's Code of Practice.)	2

Projected financial summary – Stormwater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Stormwater	4,196	4,016	(180)
Total operating expenditure	4,196	4,016	(180)
Analysis of expenditure - by class			
Direct costs	949	615	(334)
Overhead costs	459	598	139
Interest	1,592	1,739	147
Depreciation	1,196	1,064	(132)
Total operating expenditure	4,196	4,016	(180)
Revenue			
Targeted rates	2,252	1,964	288
Financial contributions	640	768	(128)
Vested assets	310	200	110
Other income	63	0	63
Total revenue	3,265	2,932	333
Net cost of service - Surplus / (Deficit)	(931)	(1,084)	153
Capital expenditure	3,764	2,782	(982)
Vested Assets	310	200	(110)
Total other funding required	(5,005)	(4,066)	(939)
Other funding provided by			
General Rate	22	18	4
Debt Increase (Decrease)	3,402	2,390	1,012
Reserves & future surpluses	1,581	1,658	(77)
Total Other funding	5,005	4,066	939

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Stormwater

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
2820	Waihi Beach Coastal Protection	1,766,411	642,964	(1,123,447)	Timing and cost of project revised.

Protecting the Environment

- Natural Environment
- Waste Management – Wastewater
- Waste Management – Solid Waste

Natural Environment

Outcomes

The District's natural environment is protected, maintained and enhanced.

Natural environment outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	Annual increase in number of hectares physically and legally protected through various covenants.	>100 ha
Key Resident Satisfaction Measure	% residents who perceive the environmental attributes monitored are better. <i>(Environmental features monitored include quality of streams and rivers, harbours and estuaries, air quality, amount of noxious weeds, protection of historic places, general level of cleanliness and the amount and quality of native plants and animals.)</i> The questions are the same in each survey.	45%
Supporting Measures	Five yearly qualitative monitoring of the District's natural environment.	*

* qualitative monitoring exercise is to be undertaken before targets can be identified.

Levels of service	Performance Measures	Target 2010/11
Facilitate and support community involvement in protecting and enhancing the natural environment.	Number of groups: <ul style="list-style-type: none"> - that Council has association with - which Council actively supports 	35 15
	Number of staff (FTE)* to support Environmental Protection in the subregion. Council recognises a dedicated resource is required to raise environmental awareness.	1.5

* FTE – full-time equivalent

Projected financial summary – Natural Environment

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Coastal Protection	57	57	0
Fencing Grants	66	97	31
Natural Environment Support	174	198	24
Total operating expenditure	297	352	55
Analysis of expenditure - by class			
Direct costs	254	302	48
Overhead costs	36	43	7
Depreciation	7	7	0
Total operating expenditure	297	352	55
Revenue			
Targeted rates	16	16	0
Financial contributions	205	122	83
Interest	18	22	(3)
Other income	(2)	(22)	19
Total revenue	237	138	99
Net cost of service - Surplus / (Deficit)	(60)	(214)	154
Capital expenditure	0	0	0
Total other funding required	(60)	(214)	154
Other funding provided by			
General Rate	147	150	(3)
Environment Protection Rate	31	22	9
Reserves & future surpluses	(118)	42	(160)
Total Other funding	60	214	(154)

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Natural Environment

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
151502	Fencing Subsidies	0	29,907	29,907	These grants support the fencing component of Environment Bay of Plenty Regional Council's environmental programmes

Wastewater

- Outcomes**
- PEWW 1** All areas in the District served by Council’s reticulated wastewater disposal systems meet acceptable health, safety and environmental standards.
- PEWW 2** Council assists small urban communities along the Tauranga Harbour to ensure that the wastewater disposal options available to them meet health and safety requirements.
- Note:** Rural Areas are not serviced by Council’s wastewater schemes.

Wastewater outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	Percentage compliance with Resource Consents for each wastewater scheme: <ul style="list-style-type: none"> - Te Puke - Katikati - Waihi Beach - Maketu This monitors compliance with critical measures, i.e. discharge to sea, control of overflows, blockages remedied.	99% 99% 99% N/A
Key Resident Satisfaction Measure	Level of resident satisfaction with Council reticulated wastewater disposal system as monitored by the Annual Residents’ Survey, those residents who are very satisfied and satisfied.	95%
Supporting Measures	Capacity of the wastewater plants to meet the daily peak demand. Current capacity allows for future growth.	>100%

Levels of service	Performance Measures	Target 2010/11
100% of eligible households within the area of the Council’s wastewater scheme are connected.	Percentage of eligible households (excluding vacant sections) connected within the wastewater scheme of: <ul style="list-style-type: none"> - Te Puke - Katikati - Waihi Beach - Omokoroa - Maketu 	98% 98% 98% 98% New

Projected financial summary – Wastewater Consolidated

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Waihi Beach wastewater	3,582	3,762	180
Katikati wastewater	1,803	1,686	(117)
Omokoroa wastewater	3,996	3,595	(401)
Te Puke wastewater	1,864	1,726	(138)
Maketu wastewater	25	50	25
Total operating expenditure	11,270	10,819	(451)
Analysis of expenditure - by class			
Direct costs	3,836	2,844	(992)
Overhead costs	787	1,531	744
Interest	4,143	3,940	(203)
Depreciation	2,504	2,504	0
Total operating expenditure	11,270	10,819	(451)
Revenue			
Targeted rates	5,998	5,607	391
Financial contributions	781	755	26
Vested Assets	352	240	112
Other income	8,543	9,887	(1,344)
Total revenue	15,674	16,489	(815)
Net cost of service - Surplus / (Deficit)	4,404	5,670	(1,266)
Capital expenditure	11,155	11,355	200
Vested Assets	352	240	(112)
Total other funding required	(7,103)	(5,925)	(1,178)
Other funding provided by			
Environment Protection Rate	286	277	9
Debt Increase (Decrease)	1,155	651	505
Reserves & future surpluses	5,662	4,997	664
Total Other funding	7,103	5,925	1,178

Projected financial summary – Waihi Beach Wastewater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Waihi Beach wastewater	3,582	3,762	180
Total operating expenditure	3,582	3,762	180
Analysis of expenditure - by class			
Direct costs	1,048	1,054	6
Overhead costs	210	416	206
Interest	1,548	1,516	(32)
Depreciation	776	776	0
Total operating expenditure	3,582	3,762	180
Revenue			
Targeted rates	2,330	2,252	78
Financial contributions	225	218	7
Vested Assets	207	100	107
Total revenue	2,762	2,570	192
Net cost of service - Surplus / (Deficit)	(820)	(1,192)	372
Capital expenditure	137	137	0
Vested Assets	207	100	(107)
Total other funding required	(1,164)	(1,429)	265
Other funding provided by			
Environment Protection Rate	133	130	3
Debt Increase (Decrease)	(311)	(291)	(20)
Reserves & future surpluses	1,342	1,590	(248)
Total Other funding	1,164	1,429	(265)

Projected financial summary – Katikati Wastewater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Katikati wastewater	1,803	1,686	(117)
Total operating expenditure	1,803	1,686	(117)
Analysis of expenditure - by class			
Direct costs	768	525	(243)
Overhead costs	181	353	172
Interest	356	310	(46)
Depreciation	498	498	0
Total operating expenditure	1,803	1,686	(117)
Revenue			
Targeted rates	1,128	1,073	55
Financial contributions	164	159	5
Vested Assets	72	70	2
Total revenue	1,364	1,302	62
Net cost of service - Surplus / (Deficit)	(439)	(384)	(55)
Capital expenditure	248	248	0
Vested Assets	72	70	(2)
Total other funding required	(759)	(702)	(57)
Other funding provided by			
Environment Protection Rate	46	45	1
Debt Increase (Decrease)	(96)	(91)	(5)
Reserves & future surpluses	809	748	61
Total Other funding	759	702	57

Projected financial summary – Omokoroa Wastewater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Omokoroa wastewater	3,996	3,594	(402)
Total operating expenditure	3,996	3,594	(402)
Analysis of expenditure - by class			
Direct costs	1,065	628	(437)
Overhead costs	204	403	199
Interest	2,102	1,938	(164)
Depreciation	625	625	0
Total operating expenditure	3,996	3,594	(402)
Revenue			
Targeted rates	1,144	931	213
Financial contributions	313	303	10
Vested Assets	72	70	2
Total revenue	1,529	1,304	225
NET COST OF SERVICE - Surplus / (Deficit)	(2,467)	(2,290)	(177)
CAPITAL EXPENDITURE			
Vested Assets	72	70	(2)
Total other funding required	(2,561)	(2,582)	(21)
Other funding provided by			
Environment Protection Rate	48	46	2
Debt Increase (Decrease)	(100)	103	(203)
Reserves & future surpluses	2,613	2,433	180
Total Other funding	2,561	2,582	(21)

Projected financial summary – Te Puke Wastewater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Te Puke wastewater	1,864	1,726	(138)
Total operating expenditure	1,864	1,726	(138)
Analysis of expenditure - by class			
Direct costs	955	635	(320)
Overhead costs	179	348	169
Interest	137	150	13
Depreciation	593	593	0
Total operating expenditure	1,864	1,726	(138)
Revenue			
Targeted rates	1,397	1,350	47
Financial contributions	79	77	3
Total revenue	1,476	1,427	49
Net cost of service - Surplus / (Deficit)	(388)	(299)	(89)
Capital expenditure	404	404	0
Total other funding required	(792)	(703)	(89)
Other funding provided by			
Environment Protection Rate	59	56	3
Debt Increase (Decrease)	(117)	(108)	(9)
Reserves & future surpluses	850	755	95
Total Other funding	792	703	89

Projected financial summary – Maketu Wastewater

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Maketu wastewater	25	50	25
Total operating expenditure	25	50	25
Analysis of expenditure - by class			
Direct costs	0	0	0
Overhead costs	13	12	(1)
Interest	0	26	26
Depreciation	12	12	0
Total operating expenditure	25	50	25
Revenue			
Subsidies	8,543	9,887	(1,344)
Total revenue	8,543	9,887	(1,344)
Net cost of service - Surplus / (Deficit)	8,518	9,837	(1,319)
Capital expenditure	10,343	10,343	0
Total other funding required	(1,825)	(506)	(1,319)
Other funding provided by			
Debt Increase (Decrease)	1,779	1,037	742
Reserves & future surpluses	46	(529)	575
Total Other funding	1,825	506	1,319

Solid Waste

Outcomes	PESW 1	The total quantity of residual waste for disposal is minimized by reduction, reuse and recycling.
	PESW 2	People dispose of residual waste that they can't reduce, reuse or recycle in an environmentally acceptable manner.
	PESW 3	Council and communities work together to create a clean environment.

Solid waste outcomes

Outcomes	Performance Measures	Target 2010/11
Key Council Performance Measure	% of actions, identified in the Solid Waste Action Plan for the year, that have been completed. This identifies the total annual actions required for this strategy. Actions are required within specification and budget.	90%
Key Resident Satisfaction Measure	% level of customer satisfaction with household rubbish disposal methods.	70%
Supporting Measures	% of waste recycled or recovered as estimated and reported by licensed operators (excludes waste disposed of privately).	30%

Levels of service	Performance Measures	Target 2010/11
All Council owned solid waste facilities (including closed landfills) meet environmental standards.	Number of abatement/infringement notices issued.	0
Provide and maintain drop-off recycling services for the following streams: paper, cardboard, cans, scrap metal and greenwaste.	Number of greenwaste and/or recycling facilities provided.	4
Assist the provision of opportunities for the removal of hazardous waste.	Number of "Haz-mobile" collection services held in the District each year.	2

Projected financial summary – Solid Waste

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
District solid waste	640	410	(230)
Western solid waste	454	510	56
Eastern solid waste	417	378	(39)
Omokoroa Greenwaste	78	80	2
Total operating expenditure	1,589	1,378	(211)
Analysis of expenditure - by class			
Direct costs	1,220	884	(336)
Overhead costs	293	433	140
Interest	52	49	(3)
Depreciation	24	12	(12)
Total operating expenditure	1,589	1,378	(211)
Revenue			
Targeted rates	597	713	(116)
User fees	36	76	(40)
Other income	167	150	17
Total revenue	800	939	(139)
Net cost of service - Surplus / (Deficit)	(789)	(439)	(350)
CAPITAL EXPENDITURE	0	250	250
Total other funding required	(789)	(689)	(100)
Other funding provided by			
Environment Protection Rate	503	384	119
Debt Increase (Decrease)	(77)	176	(253)
Reserves & future surpluses	363	129	234
Total Other funding	789	689	100

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Waste Management

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
2818	Eastern Solid Waste Recycling	0	250,000	250,000	Building cost for recycling centre
3186	Waste Minimisation	104,537	0	(104,537)	Funding allocated to project 2818

Supporting our Economy

- Economic

Economic

Please see page 130 for proposed amendments to performance measures for the Economic activity.

Projected financial summary – Economic

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Waihi Land Drainage	267	270	3
Contracts, Levies and Grants	738	855	117
Total operating expenditure	1,005	1,125	120
Analysis of expenditure - by class			
Direct costs	925	980	55
Overhead costs	59	85	26
Interest	16	55	39
Depreciation	5	5	0
Total operating expenditure	1,005	1,125	120
Revenue			
Targeted rates	466	524	(246)
Interest	10	0	10
Other income	2	2	0
Total revenue	478	526	(236)
Net cost of service - Surplus / (Deficit)	(527)	(599)	72
Capital expenditure	188	688	500
Total other funding required	(715)	(1,287)	572
Other funding provided by			
General Rate	702	706	(4)
Debt Increase (Decrease)	(230)	(20)	(210)
Proceeds from sale of assets	0	2,700	(2,700)
Reserves & future surpluses	243	(2,099)	2,342
Total Other funding	715	1,287	(572)

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Economic

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
302201	District Town Centre Development	0	500,000	500,000	Relocate St John, Plunket and toy library (Te Puke) and consultation and design costs (Katikati)
311501	Katikati Town Centre Development	38,287	81,640	43,353	Increased targeted rate from \$10 to \$20 per property to hasten implementation of town centre plan and community projects
311505	Omokoroa Town Centre Development	0	11,330	11,330	New targeted rate of \$10 per property to implement town centre plan
311502	Te Puke Town Centre Development	0	0	0	New targeted rate established to implement town centre plan. Set to zero for 2010/11
311503	Waihi Beach Town Centre Development	0	0	0	New targeted rate established to implement town centre plan. Set to zero for 2010/11.

Council Services

Council Services

Corporate service	Target 2010/11
<p>Corporate Property Asset management plans updated to reflect Council's Annual Plan and Long Term Plan. Corporate property is acquired and managed in accordance with asset management plans, structure plans and Treasury Policy.</p>	100%
<p>Customer Care Level of resident satisfaction with service received when residents contact Council (monitored by the Annual Residents' Survey).</p>	85%
<p>Staff Level of staff satisfaction with the ability to access the information necessary to do their job.</p> <p>Level of staff satisfaction with Council as their employer and the work environment (to be monitored through the Wellness and Culture survey).</p> <p>Staff turnover.</p>	68% 76% 10%
<p>Quality Maintain ISO 9001:2000 Quality Standard.</p>	100%

Projected financial summary – Council Services

For the years ended 30 June	LTCCP estimate 2011 \$'000	Annual Plan 2011 \$'000	Variance \$'000
Analysis of expenditure - by activity			
Internal Services	(1,046)	2,124	3,170
Corporate Property	1,487	1,484	(3)
Other	1,445	1,327	(118)
Total operating expenditure	1,886	4,935	3,049
Analysis of expenditure - by class			
Direct costs	10,706	11,594	888
Overhead recoveries	(8,737)	(9,802)	(1,065)
Interest	(931)	2,276	3,207
Depreciation	848	867	19
Total operating expenditure	1,886	4,935	3,049
Revenue			
User fees	2	2	0
Targeted rates	1,277	1,222	55
Interest	416	2,831	(2,415)
Other income incl. General Rates	13,931	13,378	483
General Rate allocated	(11,263)	(11,272)	9
Environment Protection Rate allocated	(829)	(682)	(147)
Total revenue	3,534	5,479	(1,945)
Net cost of service - Surplus / (Deficit)	1,648	544	1,104
Capital expenditure	1,432	1,573	141
Total other funding required	216	(1,029)	1,245
Other funding provided by			
Debt Increase (Decrease)	(32)	518	(550)
Proceeds from sale of assets	816	785	31
Reserves & future surpluses	(1,000)	(274)	(726)
Total Other funding	(216)	1,029	(1,245)

Proposed variations to projects in Long Term Plan 2009-2019 Programme – Council Services

Project No.	Project Description	LTCCP Estimate of 2011	Annual Plan 2011	Total Variation to Expenditure	Reason for Variation
1573	Information Technology Application Software Development	0	56,250	56,250	Upgrade of computer software and/or additional software development or additional software or licences
2123	Information Technology Infrastructure Development	0	85,200	85,200	Improvements to performance and management of Council's information technology infrastructure including hardware upgrades and network improvements

Section 3



- Assumptions, contingencies and major risks
- Statement of Accounting Policies
- Overall Revenue and Financing Impact Statement
- Funding Impact Statement
- Financial Statements

Assumptions, contingencies and major risk

Introduction

In preparing the Long Term Plan 2009-2019 (which is the basis for this Annual Plan), a number of assumptions and predictions about the future were made. There are always inherent material risks with such forecasting. This section identifies the key assumptions made and explains the risks associated with those assumptions.

Population growth

Assumptions about growth are important for Council because they drive forecast service demand for activities and timing of infrastructure projects and underpin the calculation of financial contributions per property.

In the event that the growth forecasts are too high, the likely consequences are that:

- there is over-investment in infrastructure, i.e. developing capacity too early;
- for some types of infrastructure, financial contributions are set too low;
- actual financial contribution income falls short of budget, so debt and interest costs increase;
- rates revenue falls short of expectations.

The District's population is expected to grow by 19.7% between 2009 and 2019. The number of rateable properties is forecast to increase by 20.6% over the same period. This is consistent with the long term growth projections in the subregional growth strategy, SmartGrowth.

Council recognises that families (or households) may migrate to the District and set up home without a new lot necessarily being created in the short term. For example, they might live in a property that was formerly a holiday home, or they might build on an existing vacant lot and thereby run down the "stock" of vacant lots in the District.

Prior to 2009, Council assumed that the arrival of each new household would result in a new lot being created within a short time, but given the current uncertainty regarding the economy when the Long Term Plan was developed, this assumption was no longer considered prudent.

As a result, the timing of growth in property numbers was projected to be slower in the first two years of the Long Term Plan 2009-19, (0.6% for 2009/10 and 1.1% for 2010/11), returning to more normal growth in later years. This was a significant change compared to the forecast growth pattern in the Long Term Plan 2006 - 16.

Council noted that any assumptions made about growth for the Long Term Plan 2009-19 may be less reliable than those made in the Long Term Plan 2006-16, which proved to be reasonably accurate.

If infrastructure was developed in anticipation of growth that did not happen, Council's debt would rise above forecast levels and could breach Treasury Policy prudential limits. To avoid this, Council reviews annually its forecast expenditure on large structure plan infrastructure developments to take into account actual growth and current proposed developments.

Comparison of growth projections (page 23 Council's Long Term Plan 2009-19)

Year ended 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	10 Yr average
Additional Lots for Rates	114	225	392	415	470	468	416	524	515	481	402
Additional Lots for Financial Contributions	207	225	385	407	462	460	408	504	495	461	401
% growth in rateable properties	0.6%	1.1%	2.0%	2.0%	2.3%	2.2%	1.9%	2.4%	2.3%	2.1%	1.9%
Estimated No of total rateable properties	19,666	19,891	20,284	20,699	21,169	21,637	22,053	22,576	23,091	23,572	

Note: 161 additional lots were used for the calculation of financial contributions for the Annual Plan 2010/11. This reflects the expected timing of financial contributions being recovered on new lots.

Date of assumptions

The assumptions underlying this prospective financial information are as at 18 March 2010. Actual results to 30 June 2009 have been incorporated in this prospective information.

The nature of prospective financial information

The prospective financial information presented in this Annual Plan is based on assumptions of prices, levels of service and future events and comprises both forecasts and projections.

Forecasts are prepared on assumptions as to future events that can reasonably be expected to occur. Information presented for the 2010/11 financial year are forecasts.

Projections are prepared on the basis of hypothetical but realistic assumptions that reflect possible courses of action. Information presented for the 2011/12 financial year and beyond are projections. There is a risk that unexpected changes in prices, levels of service and future events could have a significant effect on these forecasts and projections.

Inflation Adjustors Index

Year ending	Transport	Property	Water	Energy	Staff	Other
Jun 2010	1,000	1,000	1,000	1,000	1,000	1,000
Jun 2011	1,037	1,039	1,034	1,037	1,035	1,045
Jun 2012	1,066	1,074	1,067	1,062	1,060	1,070
Jun 2013	1,092	1,102	1,099	1,092	1,089	1,096
Jun 2014	1,118	1,129	1,133	1,124	1,117	1,121
Jun 2015	1,145	1,163	1,171	1,161	1,146	1,148
Jun 2016	1,172	1,199	1,211	1,199	1,176	1,176
Jun 2017	1,202	1,299	1,251	1,240	1,212	1,204
Jun 2018	1,231	1,258	1,293	1,282	1,251	1,234
Jun 2019	1,258	1,287	1,338	1,327	1,290	1,265

* BERL prepared revised assumptions in October 2009 which were not significantly different.

Inflation

To comply with the requirements of the Local Government Act 2002, financial projections over the 10-year period have been adjusted by estimated inflation as required by New Zealand Financial Reporting Standard No 42. The inflation adjustors used are shown in the table below. The assumptions were prepared by BERL, an economic forecasting agency, in September 2008* for the local government sector and include an estimate of the impact of the Emissions Trading Scheme provisions on prices. This is expected to be in 2011 when several sectors of the economy are required to join the scheme. The impact has been estimated by BERL to add 1.1% to prices in that year.

Since it is difficult to predict inflation over a 10-year period, actual results are likely to vary from the information presented in this document, particularly for years 2012 onwards.

Cautionary note

The actual results are likely to vary from the information disclosed and such variation may be material. The prospective financial information is prepared under section 93 of the Local Government Act 2002. This information may not be suitable for use in any other capacity.

Interest rates

The interest rate on future term borrowing has been estimated in the Long Term Plan 2009-19 at 7% for the nine years between 2011 and 2019.

The interest rate on investments between 2011 and 2019 is estimated at 4.5%.

Council has a high level of confidence in these assumptions, which are based on cost, market information and hedges on existing borrowings through interest rate swaps. Council has few investments therefore little risk of interest income falling.

Currency and exchange rates

Council very rarely makes purchases in foreign currencies and its Treasury Policy precludes the use of foreign exchange risk management products except to hedge commitments. As a result Council has little direct risk of fluctuations in exchange rates. The risk of unexpected changes in prices of Council inputs as a result of New Zealand dollar exchange rates (e.g. oil prices) is assumed to be factored into BERL inflation rate assumptions described above.

Revaluation of non-current assets

In forecasting the value of non-current assets, Council has used the BERL inflation factor for "other" assets. This assumption has a low confidence level. The consequences of actual values being substantially different to those forecast is low since revaluation is not a cash transaction.

Roading subsidies

New Zealand Transport Agency (NZTA) subsidises local road maintenance and has an established formula to calculate the level of subsidy received by each council. This formula takes into consideration the averaged net equalised land value of properties in the District. Due to the increasing value of land within the Western Bay of Plenty District this has resulted in a decrease in the value of subsidy received.

The philosophy behind this is that higher land values indicate that Council is in a better position to fund roading and has less need for subsidies. Council's current subsidy rate is 45%, which is expected to remain unchanged during the period of the Long Term Plan 2009-19.

Crown subsidy

Under the Sanitary Works Subsidy Scheme, Council has received provisional acceptance of the Maketu wastewater scheme for \$10.5 million of approved capital works.

Council has assumed this income level will be received in 2010/11 in preparing this forecast. If this level of funding is not received, the project will not be financially affordable for the community.

Disaster contingency

Council has a Disaster Contingency reserve of \$5.5 million which is considered adequate as self-insurance to cover clean-up and replacement costs in the event of a disaster. For roading assets, 93% is available from New Zealand Transport Agency and for other infrastructure, Central Government covers 50%.

Rates remission and default contingency

Council provides for 2% of rates required each year as a contingency to cover non-payment of rates and remissions under its various rates remission policies.

Statement of accounting policies

Reporting entity

Western Bay of Plenty District Council (Western Bay) is a territorial local authority 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. 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 18 March 2010. 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 2010/11 including the draft Schedule of Fees and Charges 2010.11 and proposed amendments to the Long Term Plan 2009-19 (statement of proposal) for public consultation. The Council and management of the 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.

Staff updated the final prospective financial statements and presented them to the Council for adoption on 24 June 2010. The financial information within this Annual Plan may not be appropriate for purposes other than those described.

Statement of compliance

The prospective financial statements of Western Bay 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 financial statements have been prepared on an historical cost basis, modified by the revaluation of certain infrastructure assets, investment property, biological assets and certain financial instruments (including derivative instruments). These financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars, \$'000.

Changes in accounting policies

All accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Significant accounting policies

Associate entities

Council has a 50% shareholding in the Western Bay Moana Rural Fire Authority and a 1/8th (or 12.5%) 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.

Council's interest in these entities is reflected in the Council's financial statements on an equity accounting basis, which shows the share of surpluses in the Statement of Comprehensive Income and the share of increases/(decreases) in net assets in the Statement of Financial Position.

Western Bay Moana Rural Fire Authority is an exempted Council Controlled Organisation (CCO) under Section 7 of the Local Government Act 2002.

Revenue

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

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 to which the rates have been set. Rates revenue is recognised when payable.

Rates revenue collected on behalf of the Bay of Plenty regional Council, Environment Bay of Plenty (EBOP) is not recognised in the financial statements, apart from the statement of cash flows, as Western Bay is acting as an agent for EBOP.

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 income. Assets vested in Council are recognised as income when control over the assets is obtained.

Interest income

Interest income is recognised using the effective interest method.

Financial Contributions

The Resource Management Act 1991 is the governing 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.

Dividends

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

Traffic and parking

Traffic and parking infringements are recognised when fines 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 that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Western Bay of Plenty District Council 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 of Plenty District 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 New Zealand International Accounting Standard, 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.

Leases

Finance leases

Western Bay 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 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 not be able 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 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.

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 Income.

Purchases and sales of investments 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 derecognised 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 four categories: financial assets at fair value through profit or loss; held-to-maturity investments; loans and receivables; and, financial assets at fair value through equity. 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 profit or loss

Financial assets at fair value through profit and loss 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.

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 profit and loss include derivatives that are not designated as hedges (i.e. interest rate swaps).

After initial recognition they are measured at their fair values with gains and losses on re-measurement recognised in the Statement of Comprehensive Income.

Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

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 derecognised are recognised in the 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 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 derecognised are recognised in the Statement of Comprehensive Income.

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

Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity 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 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. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income. On derecognition the cumulative gain or loss previously recognised in equity is recognised in the 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 sheet date. The quoted market price is the current bid price.

The fair value of financial instruments that are not traded in an active market are determined using valuation techniques. 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 sheet 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 Statement of Comprehensive Income.

Loans and other receivables

Impairment of a loan or a receivable is established when there is objective evidence that Western Bay will be unable 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 Income. When the receivable is uncollectible it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current. For local authority stock and government stock impairment losses are recognised directly against the instrument's carrying amount.

Quoted and unquoted equity investments

For equity investments classified as fair value through equity a significant or prolonged decline in fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists for investments at fair value through equity, the cumulative loss is removed from equity and recognised in the Statement of Comprehensive Income. Impairment losses recognised in the Statement of Comprehensive Income on equity investments are not reversed through the Statement of Comprehensive Income.

Derivative financial instruments and hedging activities

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 re-measured at 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 these derivative financial instruments. The associated gains or losses of these derivatives (that are not hedge accounted) are recognised in the Statement of Comprehensive Income.

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 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 associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by 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.

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 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 (5 years).
- Subdivision rights in relation to the joint purchase of land at Te Tumu, Papamoa by Tauranga City Council and Western Bay. 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 – 10% straight line. 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 are amortised over their estimated useful lives (usually 20 years).

Property, Plant and Equipment

Property, plant and equipment consist of:

(a) Infrastructural Assets:

Infrastructural assets are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function, i.e. wastewater reticulation includes restriction piping and wastewater pump stations.

(b) Restricted Assets:

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

(c) Operational Assets:

Other assets include land, buildings, plant, library books, 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 for a nominal cost, it is recognised at fair value as at the date of acquisition.

From time to time assets that were initially acquired by Council for strategic purposes become surplus to Council requirements. Once identified these assets are made available for sale. It is expected that once they are made available for sale they will be sold within 12 months.

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 Statement of Comprehensive Income.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the 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, or at least on a three yearly valuation cycle. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value. All other asset classes are carried at depreciated historical cost.

Transportation assets including roads, bridges and footpaths were revalued at depreciated replacement cost at 1 July 2008 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 2008 by Maunsell/Aecom.

Land and buildings, excluding land under roads, were revalued at fair value at 1 July 2008 by Landmass Technology Limited.

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 reported net in the 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 for on a straight-line basis in respect of 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:

Buildings

- concrete	100 years	Straight line
- wooden	40 years	Straight line
Land (is 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

Roading network

Pavement (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 (is 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 Statement of Comprehensive Income.

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

The reversal of an impairment loss on a re-valued 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 Statement of Comprehensive Income.

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

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, where appropriate, are subsequently measured at amortised cost, using the effective interest rate method.

Employee entitlements

Short-term employee benefits

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 to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months and sick leave.

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 entitlement accruing to staff, based on the number of years 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

A provision is recognised in the Statement of Financial Position when the Council has a present obligation as a result of a past event, it is probable that an outflow of economic benefits and the amount of which can be reliably estimated, the Council will be required to settle that obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using the 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' in the Statement of Comprehensive Income.

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.

Performance Based Contract Provision

The PBC contract is a Rooding Contract between Opus International Consultants and the Western Bay of Plenty District Council for a fixed value (plus cost variations) over a 10 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.

Bank borrowings

Interest-bearing bank loans and overdrafts are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis in the Statement of Comprehensive Income using the effective interest 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.

Equity

Equity is the community's financial interest in the Council as measured by the value of total assets less total liabilities. Equity is classified into a number of reserves to enable clearer identification of the uses 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 equity reserves.

Restricted reserves

Restricted Reserves are those reserves subject to specific conditions that may not be altered without reference to Courts or third parties. Transfers to and from these reserves may be made only for specific purposes or if certain specified conditions are met.

Council created reserves

Council created reserves established by Council resolution are formally imposed designations of public equity that indicate Council's intention to use a certain level of resources for a special purpose. Transfer to and from these reserves is at Council's discretion. The purposes for which these reserves were established may be altered without reference to third parties.

Goods and Services Taxation (GST)

All items in the financial statements, including commitments and contingencies are stated exclusive of GST, except for receivables and payables, which are stated 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.

Financial summary or Statement of Cost of Service

Council has derived the cost of service for each significant activity of Western Bay of Plenty District Council using the cost allocation system outlined 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.

Prospective projected financial summaries for each activity have been reconciled to the projected financial statements in the Financial Statements section of this document, page 90).

Statement of cashflows

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

Operating activities

Include cash received from all income sources of Council and cash payments made for goods and services including employee payments, interest on public debt and Regional Council rates.

Investing activities

Are those activities relating to the acquisition and disposal of non-current assets.

Financing activities

Comprise the change in debt capital structure of Council.

Contingent assets and contingent liabilities

Contingent assets and contingent liabilities are recorded at the point at which the contingency is evident and if the possibility that they will materialise is not remote. Contingent assets are disclosed if it is probable that the benefits will be realised.

Critical accounting estimates and assumptions

In preparing these financial statements, Western Bay has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical results, staff expertise and sector knowledge, experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Overall revenue and financing policy

Each activity's Revenue and Financing Policy is included in the Long Term Plan 2009-19.

This Overall Revenue and Financing Policy deals with the revenue and financing decisions taken at a "whole of Council" level. It documents Council's high level rating philosophy and summarises the rationale for the rating decisions taken. In coming to these decisions, Council considers the distribution and timing of benefits, rating efficiency and transparency, community preferences and the overall impact on the economic, cultural, social and environmental wellbeing of the District. It examines rates models which provide a picture of the impacts on a range of representative properties. 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 Council that fairness and equity in rating is very important to them. Council tries, 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 the 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, Council uses 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, Council seeks 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 used to achieve these principles are fees and targeted rates.

Council also seeks to ensure that people pay for services at the time they consume them, (the "intergenerational equity" principle). Costs of service include capital costs, direct operational costs, depreciation, interest and loan repayments.

Tools used to achieve intergenerational equity include debt, 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) to primarily benefit from a service, or contribute to the requirement for a Council service.

Financial contributions

Council has relied on financial contributions to recover the growth-related costs of increased infrastructure and capacity, for example roading and stormwater networks. Maintenance and operating costs relating to growth are funded by annual rates on existing and new properties across the relevant network, or in the case of reserves, across the District.

If existing ratepayers enjoy higher levels of service as a result of expenditure primarily driven by growth, Council assesses those projects to determine the growth-related portion to be recovered through financial contributions and the remainder is funded by both the existing ratepayers and new ratepayers through annual charges. In charging financial contributions, Council reserves to itself a discretion to reduce or waive a financial contribution for the following activities, subject to Council being satisfied the activity will result in a clear benefit to the wider community or a particular sector of the community and the charging of financial contributions would appreciably reduce or negate the anticipated benefit:

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

Debt financing

As Council has no significant reserves, it relies on debt to finance infrastructure development, for example wastewater schemes. The portion of interest and debt repayments relating to growth is generally funded through financial contributions. The remainder is funded by annual rates or targeted rates. Council acknowledges that the interest on debt increases the overall cost of services, but believes that this is offset by a more equitable allocation of cost between existing and future ratepayers. As Council's rating base increases with new development, there are more ratepayers to meet the cost of interest and debt repayment.

For transportation infrastructure, however, Council has traditionally used less debt. 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, Council has 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 Council indebtedness and principles of prudent financial management. Council's Treasury Policy (page 198 of the Long Term Plan 2009-19) details the limits Council has set for debt and interest payments in relation to its assets and income. The term of Council's 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, Council operates a current account funding programme, to smooth rate increases over a period and to ensure renewals are adequately provided for. The level of rates is set so that, once inflation is added to each year of the Long Term Plan, the projected current account balances are adequate to meet the balanced budget test. The current account balances reflect 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 intergenerational 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.

This is 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 (rate 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.

This is 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 – rate over the life of the asset)

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

This is suitable if Council's 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 perfectly acceptable and within the bounds of prudence, to run an operating deficit on one activity and a surplus on another. This means that Council is not required to retain income on an annual basis, in dedicated depreciation reserves, if it can show through its financial strategy that future rate revenue is adequate to fund renewals of infrastructure when they are needed.

Rating Policy

1. Rating unit

Under the relevant legislation, Council has the ability to set its unit of rating as a dwelling or separately used inhabited part of a property, as opposed to a property. Council rating unit is a property, consistent with its policy in previous years.

2. Rating basis

The Local Government (Rating) Act 2002 allows Council 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.

Council assesses 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.

On Council's property valuations, a land value and an improvement value are shown. 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 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.

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 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 to decrease the share levied on lower capital values.

In setting the level of the UAGC, Council considers 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. environment protection rate, targeted rate for libraries) on affordability for low income households.

4. Differential General Rate

Council's policy is to have the same system for charging General Rates across the whole District.

Council's current differential rates policy is:

Residential Zoned Areas	1.0
Rural Zoned Areas	1.0
Commercial/Industrial Zoned Areas	1.0

These differentials apply only to the General Rate.

5. Multiple Dwelling Differentials

Council does not have multiple dwelling differentials for any rates assessed on capital value.

6. Environmental Protection Rate

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

7. Roothing Rates

There are three Roothing rates:

- roading rate on land value;
- roading charge (fixed amount on every property in the District); and
- Rural works charge (fixed amount on every rural zoned property).

The rural works charge and the roading UAC are used by Council 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.

Council is 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

8. Targeted Rates

Council uses 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 concerned 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 town centre promotion, community halls, recreation. Details of these rates are shown in the Funding Impact Statement. These rates may be collected on a uniform (fixed) basis per property or on the capital value of each property.

9. Water Metering

Council's 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. Council intends to introduce metering to other properties in a staged process over the ten years of the Long Term Plan 2009-19. In establishing the criteria for water metering, Council 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 (UAC) will be charged for every extra 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

Council's 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

Council has 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.

The intention of this policy is to achieve a fair allocation of the costs of the wastewater scheme, based on the usage of capacity in the system. Council acknowledges that in some instances additional toilets may be installed in non-residential properties only for convenience which may not result in an increase in total usage.

11. Schools

Council 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, Council resolved to charge schools for sewage disposal on the same basis as that envisaged by the above Act, but as a targeted rate for each individual school in the District.

12. Financial Contributions (Development Impact Fees/Financial Contributions)

Council's policy on Financial Contributions is contained in the Policies and Statements section of the Long Term Plan 2009-19 (page 195). Set out on the following page are the financial contributions charged during 2009/10 and those anticipated for 2010/11..

Council's District Plan provides that waivers and reductions to financial contributions levied under the Resource Management Act 1991 are agreed through Council's Annual Plan process.

Where financial contributions for recreation and leisure are levied, the amount is calculated as a percentage of the market value of each section. Council will cap the market value used for this calculation at \$255,000 per section. This applies to resource consents lodged after 1 July 2010.

The purpose of this maximum value is to address fairness and equity and affordability issues raised by developers during consultation on the proposed District Plan, which was notified for public consultation in February 2009.

Summary of expected financial contributions

	2009-2010 Long Term Plan 2009-19 \$	2010-2011 Annual Plan \$	
Recreation & leisure (% of section's market value)	4.65%		5.01%*
Water Supply			
Western Water	3,503		3,508
Central Water	3,337		3,472
Eastern Water	5,587		5,898
Wastewater			
Waihi Beach	9,173		9,404
Katikati	5,714		5,791
Omokoroa	7,347		7,542
Te Puke	4,237		4,174
Maketu/Little Waihi	12,646		
Stormwater			
Waihi Beach	4,028		4,224
Katikati	3,481		3,827
Omokoroa	2,788		3,056
Te Puke	5,987		9,904
Transportation per additional lot	With Strategic	Without Strategic	With Strategic
Urban Roding - Waihi Beach	7,544	6,486	7,480
Urban Roding - Katikati	13,506	9,304	10,298
Urban Roding - Te Puke	5,679	5,360	6,354
Urban Roding - Omokoroa	10,238	8,398	9,392
Road Specific per 100m²			
Hamurana Rd	1,872		1,342
Hamurana Rd Stage 2	1,792		1,456
Lynley Park Link	2,971		0
Goldstone Block	129		129
Omokoroa Southern Industrial			2,252
Road Specific per lot			
Margaret Place Extension			18,150
Access to Fiducia Area			28,714
Rural			
All areas	12,816	11,801	12,795
Waihi Beach/Katikati Wards			
Kaimai Ward			
Te Puke/Maketu Wards			
Strategic Roding		994	

* There is a cap on the market value to which this charge applies. For 2010/11 the maximum individual section market value will be \$255,000.

Funding impact statement

	Annual Plan 2009-10 \$'000	LTCCP estimate 2010-11 \$'000	Annual Plan 2010-11 \$'000
General Rates			
General Rate	10,373	11,407	10,947
Community Board Rates	566	563	567
Targeted Rates			
Roading Rate	14,703	15,556	15,556
Environment Protection Rate	1,222	1,303	1,222
District Library rate	804	807	830
Service Charges	14,028	14,859	14,260
Capital Contributions			
Financial contributions	6,215	6,957	6,444
Subsidies	8,886	16,197	16,904
Vested Assets	2,240	2,321	1,090
Other income			
Fees and charges	6,122	6,465	6,359
Penalty Income	920	961	1,200
Other Income	3,330	3,477	5,476
Total operating revenue	69,409	80,872	80,855
Other funding sources			
Loans	13,000	36,000	36,000
Cash reserves and surpluses	31,492	13,665	10,578
Total other funding sources	44,492	49,665	46,578
Total sources of funds	113,901	130,537	127,433
Less operating expenditure			
Operating Costs	43,890	46,166	48,558
Interest	8,218	8,896	8,896
Depreciation	14,752	15,584	15,434
Total operating expenditure	66,859	70,647	72,888
Other expenditure			
Capital expenditure	33,042	42,890	37,545
Debt repayment	14,000	17,000	17,000
Total other expenditure	47,042	59,890	54,545
Total expenditure	113,901	130,537	127,433
Operating Surplus / (Deficit)	2,550	10,225	7,967

Funding Impact Statement	Annual Plan 2009-10 \$		Annual Plan 2010-11 \$	LTCCP estimate 2010-11 \$
General Rate				
Uniform Annual General Charge	3,119,697	\$165.00	3,242,910	3,320,543
Uniform Rate based on capital value	7,253,586	0.000514	7,704,092	7,720,571
	10,373,283		10,947,002	11,041,114
Roading Rate				
Differential Residential and Rural zoned properties	10,281,415	0.001229	10,995,954	10,878,063
Differential Commercial/Industrial zoned properties	554,954	0.002459	598,199	587,159
Fixed amount for each rating unit	1,453,275	\$76.50	1,503,531	1,537,611
Fixed amount for each rating unit zoned rural	2,413,146	\$272.00	2,458,336	2,553,185
	14,702,790		15,556,020	15,556,018
Community Board Rates				
Uniform Rate for all Land Value for each rating unit within each Community Board area	566,295		566,949	562,818
Waihi Beach Community Board		\$39.30	112,373	
Katikati Community Board		\$31.40	129,732	
Omokoroa Community Board		\$83.35	88,781	
Te Puke Community Board		\$38.70	144,567	
Maketu Community Board		\$168.50	91,496	
Fixed amount for each rating unit in the district				
Environment Protection Rate	1,221,960	\$62.10	1,221,960	1,302,953
District Library Services	803,763	\$42.25	830,456	807,205
Roading Rate				
Fixed amount for each rating unit:	86,646		85,780	88,979
Area of benefit Waihi Beach Ward		\$16.00		
Commercial properties -Wilson Road		\$200.00		
Katikati Talisman charge – area of benefit is Katikati Ward		\$10.66		
Katikati Roothing Charge		\$ -		
Te Puke Roothing Charge - Te Puke Ward		\$ -		
Te Puke Roothing Charge - Maketu Ward		\$ -		
	1,796,214		1,869,048	1,933,068
Western Water				
Metered connection		\$243.00		
Un-metered connection		\$326.00		
Availability charge		\$121.00		
Multi-metered charge		\$67.00		
Metered water charge per m ³		\$ 0.78		

Funding Impact Statement	Annual Plan 2009-10 \$	Annual Plan 2010-11 \$	LTCCP estimate 2010-11 \$
Central Water	786,085	824,425	827,524
Metered connection		\$234.00	
Un-metered connection		\$314.00	
Availability charge		\$117.00	
Multi-metered charge		\$65.00	
Metered water charge per m ³		\$0.76	
Eastern Water	1,952,448	2,023,086	2,092,383
Metered connection		\$329.00	
Un-metered connection		\$403.00	
Availability charge		\$164.00	
Multi-metered charge		\$68.00	
Metered water charge per m ³		\$0.85	
Waihi Beach Wastewater	2,200,593	2,297,849	2,376,557
Capital and availability charge		\$610.00	
Connection Charge		\$216.00	
Total for one connection		\$826.00	
Multiple pan Charge		\$665.00	
Waihi Beach School		\$5,404.91	
Katikati Wastewater	1,084,283	1,094,796	1,150,036
Connection Charge		\$542.00	
Multiple pan Charge		\$365.00	
Availability charge		\$286.00	
School pan charge		\$17,617.00	
Resort Pacifica - unit connection		\$ 559.00	
Resort Pacifica - commercial connection		\$8,381.00	
Omokoroa Wastewater	1,032,554	949,565	1,166,705
Connection Charge		\$208.00	
Capital Charge per dwelling		\$623.00	
School pan charge		\$ -	
Multiple pan Charge		\$631.00	
Astelia Place		\$582.00	
Astelia Place lump sum		\$5,532.00	
Te Puke Wastewater	1,367,725	1,377,399	1,425,055
Connection Charge		\$452.00	
Multiple pan Charge		\$224.00	
Availability charge		\$226.00	
School pan charge		\$15,648.00	
Stormwater	2,090,896	1,884,568	2,297,351
Fixed amount per rating unit for each rating unit within each stormwater area			
Kauri Point		\$118.00	
Tanners Pt		\$118.00	
Te Puna		\$118.00	

Funding Impact Statement	Annual Plan 2009-10 \$	Annual Plan 2010-11 \$	LTCCP estimate 2010-11 \$
Pukehina		\$118.00	
Waihi Beach		\$209.00	
Katikati		\$209.00	
Omokoroa		\$209.00	
Ongare Point		\$118.00	
Tuapiro Point		\$118.00	
Te Puke		\$209.00	
Paengaroa		\$118.00	
Maketu		\$118.00	
Minden		\$124.00	
Waihi Beach Coastal Protection	325,490	118,428	0
Rock revetment		\$1,282.00	
Ward area		\$10.00	
Dunes Northern End		\$526.00	
Dunes Glen Isla Place		\$517.00	
Other Charges - a fixed amount for each rating unit (unless otherwise stated) within the defined area of benefit			
Pukehina Development Fund	0	19.40	12,240
Pukehina development fund charge - area of benefit is Pukehina residential area		\$-	
Pukehina Beach Protection	15,300	15,995	15,995
Pukehina Beach Protection- Coastal		\$48.10	
Pukehina Beach Protection-Inland		\$8.65	
Swimming Pools	124,562	184,990	155,456
Katikati Ward		\$21.55	
Te Puke Ward		\$17.60	
Maketu Ward		\$ 2.65	
Te Puke Pool rate - area of benefit is rating units with the Te Puke community board area (Capital Value)		0.0000093	
Community & Development Grants	15,774	16,490	16,490
Katikati Resource Centre - Katikati Ward		\$2.85	
Katikati Resource Centre - Waihi Beach Ward		\$1.40	
Te Puna Library charge - area of benefit Te Puna area of benefit	10,506	\$ 8.95	10,516
Community Halls	185,328	245,475	225,750
Katikati Hall		\$5.00	
Te Puna Hall		\$4.95	
Te Puna Community Centre		\$8.40	
Paengaroa Hall		\$41.50	
Pukehina Beach Community Centre		\$18.76	
Pukehina Hall		\$ -	
Oropi Hall		\$15.00	
Kaimai Hall		\$7.65	

Funding Impact Statement	Annual Plan 2009-10 \$		Annual Plan 2010-11 \$	LTCCP estimate 2010-11 \$
Omanawa Hall			\$55.00	
Te Ranga Hall			\$ -	
Te Puke Hall			\$20.75	
Omokoroa Hall			\$7.55	
Ohauti Hall			\$18.45	
Waihi Beach Community Centre			\$ -	
Whakamarama Hall			\$30.00	
Pyes Pa Hall			\$53.00	
Western Solid Waste	293,294		330,297	320,300
Waihi Ward			\$50.00	
Katikati Ward			\$50.00	
Eastern Solid Waste	175,772		355,011	244,939
Te Puke Ward			\$50.00	
Maketu Ward			\$50.00	
Omokoroa Greenwaste	38,042	\$40.00	41,696	43,588
Town Centre Promotion and Development	170,450		252,533	196,756
Katikati Promotion charge - area of benefit is Katikati Ward			\$4.85	
Katikati Town Centre Promotion rate - area of benefit is rating units zoned commercial industrial within the Katikati community board area			\$203.00	
Te Puke Focus charge - area of benefit is Te Puke Ward			\$10.90	
Te Puke Focus charge - Maketu - area of benefit is Maketu Ward			\$ 5.05	
Te Puke Focus rate - area of benefit is rating units zoned commercial industrial within the Te Puke community board area			\$284.20	
Katikati Town Centre Development rate			\$20.00	
Te Puke Town Centre Development Rate			\$ -	
Waihi Beach Town Centre Development Rate			\$ -	
Omokoroa Town Centre Development Rate			\$10.00	
Land Drainage				
Land Drainage - Drains	90,636		102,816	104,127
Land Drainage - Pumps	172,541		176,635	164,124
Gibraltar Water Scheme	2,600	\$100.00	2,346	2,452
Arawa Road water Supply		\$173.92		
Targeted Rate for properties which have additional lots approved under section 223 Resource Management Act 1991				
Rate per additional lot				
Waihi Beach			\$1,379.00	
Katikati			\$1,098.00	
Omokoroa			\$1,401.00	
Te Puke			\$1,040.00	

Financial statements

Projected Statement of Financial Position

	Actual 2009 \$'000	2010 Revised Budget \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Current Assets				
Cash and cash equivalents	17,307	6,156	637	12,752
Trade and other receivables	7,026	7,100	8,299	8,538
Other financial assets	1,046	-	3,844	-
Total Current Assets	25,379	13,256	12,780	21,290
Non-Current Assets				
Property, plant and equipment	1,061,682	1,097,568	1,173,380	1,164,301
Intangible assets	2,233	1,041	786	892
Investments	4,400	5,567	8,823	6,058
Total Non-Current Assets	1,068,315	1,104,176	1,182,989	1,171,252
Total Assets	1,093,694	1,117,432	1,195,769	1,192,542
Current Liabilities				
Trade and other payables	8,392	8,478	9,473	10,073
Employee accruals	1,140	1,020	1,377	989
Other current liabilities	4,465	4,496	1,973	4,177
Provisions	1,324	1,324	-	1,324
Borrowings	14,000	17,000	17,000	30,000
Total Current Liabilities	29,322	32,318	29,823	46,563
Non-Current Liabilities				
Borrowings	112,517	115,517	132,120	121,517
Employee benefit liabilities	42	120	151	151
Provisions	3,092	3,104	4,922	3,104
Other Loans	-	-	281	-
Total Non-Current Liabilities	115,651	118,740	137,474	124,771
Total Liabilities	144,974	151,058	167,297	17,334
Net Assets	948,720	966,374	1,028,471	1,021,208
Represented By:				
Retained earnings	702,124	704,675	726,322	712,639
Restricted reserves	384	384	395	385
Council-created reserves	13,098	13,099	14,558	13,099
Asset revaluation reserve	233,114	248,217	287,196	295,085
Total Public Equity	948,720	966,374	1,028,471	1,021,208

Projected Statement of Comprehensive Income

	Actual 2009 \$'000	2010 Revised Budget \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Income				
Revenue from Activities	13,405	15,984	24,702	26,638
Rates Revenue	26,014	27,127	28,613	28,107
Separate Rates	15,099	15,489	16,842	16,170
Vested Assets	331	2,240	2,321	1,090
Financial Contributions	3,783	6,215	6,957	6,444
Finance Income	468	761	761	741
Other Revenue	1,506	1,593	676	1,665
Total Income	60,606	69,409	80,872	80,855
Expenditure				
Other Expenses	30,148	32,167	33,940	35,746
Personnel Costs	11,240	11,723	12,226	12,812
Depreciation and amortisation expense	14,377	14,752	15,584	15,434
Impairment of property, plant & equipment	1,044	-	-	-
Impairment of investment property	144	-	-	-
Finance Costs	12,091	8,218	8,896	8,896
Total Operating expenditure	69,044	66,859	70,647	72,888
	(8,438)	2,550	10,225	7,967
Share of Associates surplus/deficit	(55)	-	-	-
Surplus (Deficit)	(8,493)	2,550	10,225	7,967
Other comprehensive income				
Gains on asset revaluation	85,673	15,103	46,868	46,868
Total other comprehensive income for the year	85,673	15,103	46,868	46,868
Total comprehensive income for the year	77,180	17,653	57,093	54,835

Projected Statement of Changes in Equity

	Actual 2009 \$'000	Revised Budget 2010 \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Accumulated Funds at the start of the year	724,099	715,606	731,050	718,156
Net surplus for the year	(8,493)	2,550	10,225	7,967
Accumulated funds at the end of the year	715,606	718,156	741,275	726,123
Asset Revaluation Reserves at the start of the year	147,441	233,114	240,328	248,217
Revaluation of infrastructural assets	85,673	15,103	46,868	46,868
Asset Revaluation Reserves at the end of the year	233,114	248,217	287,196	295,085
Equity at the end of the year	948,720	966,374	1,028,471	1,021,208

Projected Statement of Cashflows

	Actual 2009 \$'000	Revised Budget 2010 \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Cash Flow from operating activities				
Cash will be provided from				
Rates and Service Charges	41,272	42,541	45,314	42,863
Other Income	2,146	1,922	2,040	1,842
Financial Contributions	3,783	6,215	6,957	6,444
Sundry Income	446	647	676	686
User Fees	5,255	6,122	6,465	6,359
Subsidies & Grants	7,075	8,886	16,197	17,370
Interest Income - External	458	300	250	250
Regional Council Rates	3,441	2,500	2,611	2,611
Total Operating Cash Provided	63,876	69,133	80,510	78,425
Cash was applied to				
Suppliers and Employees	44,334	43,804	45,787	45,262
Interest on Public Debt	6,341	8,218	8,896	8,896
Regional Council Rates	3,441	2,500	2,611	2,611
Total Operating Cash Applied	54,116	54,522	57,294	56,769
Net Cashflows from operating activities	9,760	14,611	23,216	21,656
Cash Flow from investing activities				
Cash will be provided from				
Proceeds from sale of property, plant and equipment	320	985	816	3,485
Total Investing Cash Provided	320	985	816	3,485
Cash will be spent on				
Purchase of property, plant and equipment	23,080	32,748	42,890	37,545
Total Investing Cash Applied	23,080	32,748	42,890	37,545
Net Cashflows from investing activities	(22,760)	(31,763)	(42,074)	(34,060)
Cash Flow from financing activities				
Cash will be provided from				
Loans raised	112,356	10,000	36,000	36,000
Total Financing Cash Provided	112,356	10,000	36,000	36,000
Cash will be spent on				
Repayment of public debt	81,960	4,000	17,000	17,000
Total Financing Cash Applied	81,960	4,000	17,000	17,000
Net Cashflows from financing activities	30,396	6,000	19,000	19,000
Net increase (decrease) in cash held	17,396	(11,152)	142	6,596
Plus opening cash balance	(90)	17,307	495	6,156
Closing Cash Position	17,307	6,156	637	12,752

Consolidated projected financial summary

	Actual 2009 \$'000	Revised Budget 2010 \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Revenue				
Significant Activities				
Representation	2,614	2,455	2,518	2,407
Sustainable Development Communities	2,764	2,725	2,981	2,739
Recreation & Leisure	3,370	4,159	4,388	4,284
Regulatory	5,482	6,426	5,971	6,186
Transportation	4,536	4,952	5,142	5,032
Water Supply	21,809	24,803	26,433	24,778
Stormwater	6,283	7,238	7,760	7,369
Natural Environment	2,593	3,005	3,287	2,950
Wastewater	256	373	415	310
Solid Waste	6,258	7,882	15,960	16,766
Economic	842	1,248	1,303	1,323
Corporate Services	1,036	1,133	1,180	1,232
Total	2,763	3,012	3,534	5,479
Total	60,606	69,409	80,872	80,855

	Actual 2009 \$'000	Revised Budget 2010 \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Expenditure				
Significant Activities				
Representation	2,384	2,428	2,478	2,380
Sustainable Development Communities	3,524	2,660	3,086	2,985
Recreation & Leisure	3,299	4,393	4,675	4,341
Regulatory	3,325	3,741	4,199	3,933
Transportation	4,838	4,985	5,202	4,993
Water Supply	19,630	18,887	21,121	21,781
Stormwater	8,508	9,110	9,643	9,850
Natural Environment	3,025	3,645	4,196	4,016
Wastewater	360	269	297	352
Solid Waste	9,582	11,001	11,270	10,819
Economic	952	1,381	1,589	1,378
Corporate Services	818	980	1,005	1,125
Total	8,799	3,379	1,886	4,935
Total	69,044	66,859	70,647	72,888

Rates revenue by activity

Revenue	Actual 2009 \$'000	Revised Budget 2010 \$'000	LTCCP Estimate 2011 \$'000	Annual Plan 2011 \$'000
Significant Activities				
Representation	2,603	2,427	1,911	1,825
Sustainable Development	2,484	2,597	2,556	2,441
Communities	1,578	2,197	2,340	2,233
Recreation & Leisure	2,251	2,427	2,721	3,132
Regulatory	1,110	866	865	766
Transportation	14,002	14,415	15,251	15,251
Water Supply	-	-	-	-
Stormwater	19	20	22	18
Natural Environment	136	139	147	150
Wastewater	-	-	-	-
Solid Waste	-	-	-	-
Economic	621	676	702	706
Corporate Services	1,210	1,363	2,098	1,585
Total	26,014	27,127	28,613	28,107

Section 4



Long Term Plan 2009-19 Proposed Amendments

Proposed Amendments to Council's Long Term Council Community Plan 2009-2019

1. Policy for Rates Remission – Wastewater Charges

2. Policy for Rates Remission – Natural Disasters and Emergencies

3. Rating of Post-Harvest zones

Proposed amendment to Rating Policy regarding future rating of Post Harvest Zones created in the recent District Plan Review.

4. Revised Treasury Policy

Proposal to delete one of the limits contained in the Treasury Policy.

5. Economic Strategy¹

Pages 119 to 132 of this Annual Plan 2010/11 will replace pages 171 to 180 of the Long Term Council Community Plan 2009-2019

6. Proposed Sale of Endowment Land

-
1. Periodically, Council reviews each Group of Activities chapter, or strategy, in its Long Term Plan. These "rolling reviews" are designed to spread the workload of reviewing the entire Long Term Plan.

The scope of the strategy review includes, for each group of activities, the outcomes or strategic direction, projects, assumptions, performance measures, and the relevant Revenue and Financing policies for that activity. The reviews do not necessarily result in changes to every part of the chapter.

**Report to the readers of
Western Bay of Plenty District Council's
proposed amendment to the Long-Term Council Community Plan Statement of Proposal
for public consultation
for the ten years commencing 1 July 2009**

The Auditor-General is the auditor of the Western Bay of Plenty District Council (the District Council). The Auditor-General has appointed me, David Walker, using the staff and resources of Audit New Zealand, to report on the Statement of Proposal for adoption of the proposed amendment to the Long Term Council Community Plan (the Statement of Proposal), on her behalf.

The District Council adopted its Long Term Council Community Plan (LTCCP) for the ten years commencing 1 July 2009 on 30 June 2009.

We expressed an unqualified opinion on the District Council's LTCCP for the ten years commencing 1 July 2009 in our audit report dated 30 June 2009.

We considered that the LTCCP provided a reasonable basis for long term integrated decision-making by the District Council and for participation in decision-making by the public and subsequent accountability to the community about the activities of the District Council.

The District Council is now proposing to amend its LTCCP for the ten years commencing 1 July 2009 to:

- Amend the Economic Strategy,
- Introduce a new Rates Remission Policy for Wastewater charges,
- Introduce a new Rates Remission Policy for Natural Disasters and Emergencies,
- Amend the Post-Harvest zones Rating Policy,
- Amend the Treasury Policy, and
- Dispose of endowment land.

The Statement of Proposal provides information about the proposed amendment to the District Council's LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed.

The Auditor-General is required by section 84(4) of the Local Government Act 2002 (the Act) to report on:

- the extent to which the Statement of Proposal complies with the requirements of the Act;
- the quality of information and assumptions underlying the forecast information provided in the Statement of Proposal; and
- the extent to which the forecast information and proposed performance measures will provide an appropriate framework for the meaningful assessment of the actual levels of service provision.

It is not our responsibility to express an opinion on the merits of any policy content within the Statement of Proposal.

Opinion

Overall Opinion

In our opinion, the information within the Statement of Proposal on pages 101 to 127, dated 18 March 2010 about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, is fairly presented and the District Council has complied with the applicable requirements of the Act in preparing the Statement of Proposal.

In forming our overall opinion, we considered the specific matters outlined in section 84(4) of the Act which we report on as follows.

Opinion on Specific Matters Required by the Act

In terms of our obligation to report on the matters required by the Act, as it applies to the proposed amendment to the LTCCP, in our view:

- the District Council has complied with the requirements of the Act in all material respects demonstrating good practice for a Council of its size and scale within the context of its environment;
- the underlying information and assumptions used to prepare the Statement of Proposal provide a reasonable and supportable basis for the preparation of the forecast information;
- the extent to which the forecast information and proposed performance measures within the Statement of Proposal provide an appropriate framework for the meaningful assessment of the actual levels of service provision reflects good practice for a Council of its size and scale within the context of its environment.

Actual results are likely to be different from the forecast information since anticipated events frequently do not occur as expected and the variation may be material. Accordingly, we express no opinion as to whether the forecasts will be achieved.

Our report was completed on 18 March 2010, and is the date at which our opinion is expressed.

The basis of the opinion is explained below. In addition, we outline the responsibilities of the District Council and the Auditor, and explain our independence.

Basis of Opinion

We carried out the audit in accordance with the International Standard on Assurance Engagements 3000: Assurance Engagements Other Than Audits or Reviews of Historical Financial Information and the Auditor-General's Auditing Standards, which incorporate the New Zealand Auditing Standards. We have examined the forecast financial information in accordance with the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information.

We planned and performed our audit to obtain all the information and explanations we considered necessary to obtain reasonable assurance that the information within the Statement of Proposal, about the proposed amendment to the LTCCP and any consequential amendments to the LTCCP that will be required if it is amended in the manner proposed, does not contain material misstatements. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

Our audit procedures included assessing, where and as it applies to the proposed amendment to the LTCCP, whether:

- the Statement of Proposal provides the community with sufficient and balanced information about the strategic and other key issues, choices and implications it faces to provide an opportunity for participation by the public in decision making processes;
- the District Council's financial strategy, supported by financial policies, is financially prudent and has been clearly communicated to the community in the Statement of Proposal;
- the presentation of the Statement of Proposal complies with the legislative requirements of the Act;
- the decision-making and consultation processes underlying the development of the Statement of Proposal are compliant with the decision-making and consultation requirements of the Act;
- the information in the Statement of Proposal is based on materially complete and reliable asset or activity management plans;
- the agreed levels of service are fairly reflected throughout the Statement of Proposal;

- the key plans and policies adopted by the District Council have been consistently applied in the development of the forecast information;
- the assumptions set out within the Statement of Proposal are based on best information currently available to the District Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast information has been properly prepared on the basis of the underlying information and the assumptions adopted and the financial information complies with generally accepted accounting practice in New Zealand;
- the rationale for the activities is clearly presented;
- the levels of service and performance measures are reasonable estimates and reflect the key aspects of the District Council's service delivery and performance; and
- the relationship of the levels of service, performance measures and forecast financial information has been adequately explained within the Statement of Proposal.

We do not guarantee complete accuracy of the information in the Statement of Proposal. Our procedures included examining on a test basis, evidence supporting assumptions, amounts and other disclosures in the Statement of Proposal and determining compliance with the requirements of the Act. We evaluated the overall adequacy of the presentation of information. We obtained all the information and explanations we required to support our opinion above.

Responsibilities of the Council and the Auditor

The District Council is responsible for preparing a LTCCP under the Act, by applying the District Council's assumptions and presenting the financial information in accordance with generally accepted accounting practice in New Zealand. The District Council's responsibilities arise from Section 93 of the Act. We are responsible for expressing an independent opinion on the Statement of Proposal and reporting that opinion to you. This responsibility arises from section 15 of the Public Audit Act 2001 and section 84(4) of the Act.

Independence

When reporting on the Statement of Proposal we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the New Zealand Institute of Chartered Accountants.

Other than this report, and in conducting the audit of the LTCCP and the annual audit, we have no relationship with or interests in the District Council.



David Walker
Audit New Zealand
On behalf of the Auditor-General
Tauranga, New Zealand

1. Policy for Rates Remission – Wastewater Charges

Council has developed a new policy to deal with instances where application of Council's policy on wastewater targeted rates (particularly for multiple connections), results in unduly high charges for not-for-profit community organisations.

In developing this policy, due consideration was given to the range of not-for-profit organisations that would be eligible for remission.

Given the loss of revenue to Council that would result if all not-for profit organisation were eligible, Council considered it imprudent to include all not-for profit organisations and chose to limit eligibility to places of worship and marae, following a precedent set in rating legislation.

This policy amends Council's Long Term Plan 2009-2019.

Rates remission policy – wastewater

Relevant Legislation

Local Government (Rating) Act 2002
Local Government Act 2002, sections 102(5) & (6) and 109.

1. Policy Objective

1.1. *To allow certain properties classified non-rateable under the Local Government (Rating) Act 2002, Schedule 1, Part 1, the ability to claim a 25% discount on wastewater targeted rates payable.*

2. General approach

2.1 *Council recognises that certain types of property offer social and health benefits to their community and is therefore prepared to assist them with payment of rates.*

3. Policy criteria and conditions

3.1 *To qualify for a remission under this part of the Policy the rating unit must be:*

- used for purposes of religious worship or for the purposes of a Maori meeting house (marae);*
- and*
- situated in one of the sewerred areas of the Western Bay of Plenty District.*

3.2 *Places of worship or marae must make application for the rate remission prior to the commencement of a rating year.*

Applications received during the rating year will be applicable from the commencement of the following rating year.

3.3 *Applications will not be backdated.*

4. Policy procedures

4.1 *The remission will take the form of 25% discount on the wastewater charges applicable for the coming rating year.*

4.2 *Council will delegate authority to consider and approve applications to Council officers.*

5. Associated Policies

Various rates remissions policies.

Consequential Amendment of Rating Policy

As a result of this amendment, the following amendment to paragraph 10 of Council's Rating Policy on page 226 of the Long Term Council Community Plan 2009-19 is also made:

(additions are shown underlined and deletions with strike-through)

10. Wastewater

Council's 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

Council has 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.

The intention of this policy is to achieve a fair allocation of the costs of the wastewater scheme, based on the usage of capacity in the system. Council acknowledges that in some instances additional toilets ~~may be~~ are installed in non-residential properties only for convenience ~~and they do~~ which may not result in an increase in total usage. ~~During 2009/10, Council will consider developing a policy for rates remission for not-for-profit organisations paying excessive multiple connection charges.~~

It is intended that Council will take into account the provisions of the Building Act when making a judgment on the number of toilets required for the capacity of the building and the number that have been provided in addition.

A rates remission policy was developed in 2010 to address instances where not-for-profit organisations would be charged unduly high amounts by the application of this policy.

2 Policy for Rates Remission – Natural Disasters and Emergencies

Council has developed a new policy to deal with instances where natural disasters or emergencies have affected the potential use of a property and as a result the rates that would otherwise be charged are considered unreasonable.

Council has not previously had a policy to deal with such events and the policy would only be applied in exceptional circumstances.

However, if such events did occur, Council's ability to respond would be constrained if it did not have a policy in place.

This policy amends Council's Long Term Plan 2009-2019 and will be included along with current rates remission policies.

Rates Remissions – Natural Disasters and Emergencies

Relevant Legislation

Local Government (Rating) Act 2002, section 85

Local Government Act 2002, section 109

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. Policy criteria and conditions

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. Policy 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.

3 Rating of Post-Harvest zones

Background

Council has amended its rating policy for future rating of properties whose zone was changed from Rural to Post-Harvest in the recent review of the District Plan.

On 17 December 2009, Council made decisions on the proposed District Plan, which was notified for public consultation earlier in the year. These decisions included establishment of 13 Post-Harvest zones permitting various activities associated with post-harvest operations, to support the horticulture industry.

Issues

In developing this policy, Council noted that:

- the activities that are permitted on the post-harvest sites are industrial in nature;
- the zone change affects 36 property valuations;
- some of the rating units within the Post Harvest zones that are still used as orchards would be eligible for rates remission under Council's existing policy that enables owners of rating units rezoned by Council to maintain their previous rating category, based on the actual usage of the property;
- the definition of post harvest zones in the District Plan does not necessarily align to property title or valuation boundaries. Where less than half the area of the title is zoned Post Harvest and the remainder Rural, the entire property would be rated as Rural zone. The valuation, however, would recognise that part of the title was Post-Harvest and would have a higher value than if it were 100% Rural zoned;
- land included in the Post-Harvest zones does not necessarily belong to pack-houses.

Decision on Rating Policy

From 1 July 2011, Post-Harvest zones will be rated in a similar way to Commercial/Industrial zoned properties. This means they will pay a higher charge for town centre promotion (if located in Katikati or Te Puke wards) and a differential of 2 on the Rooding Rate, which is levied on Land Value. They will no longer be liable for the Rural Works charge, set at \$267 per property in 2009/10 and \$272 in the Annual Plan 2010/11.

In making these decisions, Council noted the following advantages of the Commercial/Industrial rating option:

- it recognises that Post Harvest zoning enables more intense activity that is industrial in nature with effects on traffic that are similar to operations located on commercial/industrial zoned land;
- pack-house operations will be treated in a similar manner to other industrial businesses that pay a higher town centre promotion charge.
- A precedent has already been set whereby some pack-house operations are currently paying the commercial/industrial rooding rates, based on their use of rural zoned land.

Properties that are within the Post Harvest Zone but not operating a post-harvest facility will have the ability to apply for rate remission under the *Rate remission on rating units rezoned at the instance of Council policy*.

Amendment

The following policies in Council's Long Term Plan 2009-2019 are amended as shown (underlined and ~~strike-through~~) below:

- Rating Policy (page 225 of Long Term Plan 2009-2019)
- Revenue and Financing Policy for the Economic group of activities (page 180 of Long Term Plan 2009-2019)

Rating Policy

4. Differential General Rate

Council's policy is to have the same system for charging General Rates across the whole District.

Council's 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.

The rural works charge and the roading UAC are used by Council 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.

Roading rate differentials have been established to recover some of the private benefit for users of the network. Council is unable to collect direct user charges; only central government can charge Road User Fees and levy Petrol Tax.

7. Roothing Rates

There are three Roothing rates:

- Roothing rate on land value.
- Roothing charge (fixed amount on every property in the District).
- Rural works charge (fixed amount on every rural zoned property).

The Roothing 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
<u>Post-Harvest Zoned Areas</u>	<u>2.0</u>

Revenue and financing policy for Economic group of activities

Revenue Sources	
Uniform Annual Charges – Commercial/ Industrial <u>and Post-Harvest zoned</u> properties	Town centre promotion, service delivery contracts.

4 Revised Treasury Policy

Council's Treasury Policy is part of its Liability Management Policy, required in terms of s102(4)(b) and s104 of the Local Government Act 2002 and is published in Council's Long Term Plan 2009-2019 on pages 198-201. Paragraph 3.3 of the policy, which sets out a number of specific borrowing limits has been amended by removing the following cash flow ratio from the list in paragraph 3.3:

- Net cash flows from operating activities exceed gross annual interest expense by at least 1.8 times.

The purpose of the change is to ensure Council follows prudent cash management and has treasury requirements that are accepted policy within the Local Government and Public Sector, rather than trying to maintain a specific ratio that is not a reliable indicator of financial health.

Council has received independent financial advice that the removal of the cash flow ratio would not be detrimental to the rigour of the overall Treasury Policy because the existing Liquidity Ratio adopted as part of the Long Term Plan 2009-19 fulfils the requirement more appropriately than the cash flow ratio.

5 Economic Strategy review

Review process

The last substantial review of Council's Economic strategy took place in 2006 following the development of the Smart Economy and Smart Tourism subregional strategies. Since then a regional economic strategy, Bay of Connections has been developed, along with subsidiary regional strategies for aquaculture and the food and beverage sector.

A regional energy strategy is being developed and plans for investment in the marine precinct are advancing.

Through this amendment, Council's strategy is updated to reflect the direction of these regional strategies and Council's role in supporting their implementation.

Since the last full review of Council's Economic strategy, Council has completed Community Development Plans (CDPs) for Maketu and Waihi Beach, adding to the plans for Katikati and Te Puke that were completed before 2006.

CDPs set out the goals and priorities for economic development in each community and thereby influence this strategy.

In addition, town centre plans for Te Puke and Waihi Beach have been completed and one for Katikati is being developed – a draft is expected to be released for consultation in 2010.

In December 2009, Council approved changes to its District Plan, following a comprehensive review and public consultation. Some of the Plan changes were aimed at protecting the productive potential of the agricultural and horticultural sectors, which are key drivers of economic development in the District.

The revenue and financing policy for the economic activity was reviewed in 2008/9 as part of Council overall funding review which was publicly consulted along with the Long Term Plan 2009-19 in April 2009.

The scope of this review did not include Community Infrastructure Support (Waihi Drainage District Society and Gibraltar Water Supply Company Limited), which form part of the Economic Group of Activities in Council's Long Term Plan.

Between July and December 2009 several workshops were held to consider input from the Maori Forum and stakeholder groups on the scope of the review, to identify issues and consider analysis of options.

Given the quality and depth of work done through the development of the new regional strategies the suite of CDPs and town centre plans, and the District Plan review, this review concentrated on redefining and focussing Council's role in supporting the direction of the regional, subregional and local strategies, rather than seeking new direction.

The revised strategy

Compared to the previous strategy, this revised strategy:

- reflects greater regional (rather than subregional) awareness and approach in planning and facilitating economic development;
- anticipates the increased influence and importance of Maori economic development in a post-Treaty settlement environment and the relationships between Council and leaders in Maori economic development;
- recognises that affordable housing, social infrastructure and community facilities are important factors in influencing the attractiveness of the area as an investment location;
- acknowledges issues addressed through the District Plan Review (2009), e.g. seasonal worker accommodation facilities, post-harvest operation expansion;
- recognises the importance of town centre plans and business centre development and their implementation,
- incorporates Council actions agreed through community development plans, subregional and regional plans;
- adds a new level of service measure relating to service delivery contracts, reflecting the value of contract.

In developing this strategy, several issues were addressed which related to Council's role in:

- facilitating development and promoting growth;
- funding of town centre plans and local community development initiatives.

Growth and development issues

In recent years Council has heavily invested in infrastructure development funded by loans to be repaid through financial contribution income. Growth has slowed over the past year because of weakening demand following the economic downturn and difficulties faced by developers in accessing credit. The collapse of several finance companies and tightening of bank lending criteria is reported to have affected the feasibility of prospective developments.

Both the SmartGrowth and SmartEconomy strategies recognise that when businesses want to attract quality staff, the subregional social, cultural and recreational facilities play a part, influencing peoples' decisions about where they want to live. Affordable housing is important in attracting investment and this remains a challenge in the sub-region.

Council is part of a multi-sector consultative group, the Intermediate Housing Working Party, which has been set up to address the issue. While the work of this group continues, Council intends to respond to some of the issues raised as follows:

- find ways to facilitate the administration of complex consents that have a significant subregional benefit or involve cooperation between Councils and government agencies, with the aim of reducing holding costs for applicants and Council;
- investigate the feasibility of providing an additional service whereby applicants could request a case manager to guide developers through Council processes. A fee would be charged for any such service;
- work with businesses and developers to understand their project proposals, its cash flow and constraints, and endeavour to flexibly apply Council policies to achieve mutually beneficial outcomes;
- investigate/advocate for alternatives to financial contributions to fund strategic subregional development projects.

Town centre and business centre development

Council's role in town centre and business centre development has traditionally been in land use planning, provision of infrastructure (particularly streetscapes),

provision of public open space and temporarily securing strategic town centre land.

Developing and implementing more recent town centre plans has been more complex than in the past and this has prompted calls for Council to act as a catalyst for private sector development of town centre properties.

Requests may be related to developing public facilities (e.g. community centre, library) alongside private developments, where Council would expect to take part as a property owner. Other projects could seek Council involvement as a catalyst by taking a coordinating or leadership role in the development.

Council's role could range from facilitation (e.g. facilitating cooperation between several land owners to achieve a joint development) to developing lead infrastructure like roading and parking on private land, in order to kick-start development.

Through this strategy, Council intends to take a more proactive role than previously and be prepared to work in partnership with private developers, incurring some small risk and cost to Council, probably related to holding costs.

Funding of town centre and community development

Since 2005/6, when the Te Puke town centre plan was adopted, Council has levied a \$10 rate per property, across the District, for town centre development. The proceeds, approximately \$180,000 per year, are allocated to a different town every four years and are intended to help fund implementation of town centre plans. Towns were allocated the District funding as follows:

2005/6 to 2008/9	2009/10 to 2012/13	2013/14 to 2016/17	2017/18 to 2020/2021
Te Puke	Waihi Beach	Katikati	Omokoroa

Katikati

In 2007, in response to a submission from the Katikati Community Board, Council levied an additional flat rate on properties in the Katikati Community Board area (ward), for town centre and community development projects. In 2009, this rate was \$10 per rateable property which will increase to \$20 in 2010/11 and subsequent years, so that a substantial fund is available

to speed up the future implementation of the town centre plan which is currently under development.

The Katikati Town Centre Plan will identify actions to stimulate private development in and around the town centre. It aims to ensure the town centre can cater for the entire community as it grows over the next 20 years.

In addition to the proceeds of this targeted rate, Katikati will also benefit from its allocation of the District Town centre development rate for four years, starting in 2013/14.

Te Puke, Waihi Beach and Omokoroa

Council also considered whether it should introduce similar targeted rates for the other growth towns, to help fund implementation of the town centre and community plans in Te Puke, Waihi Beach and Omokoroa.

Following submissions, Council resolved to introduce a rate of \$10 per property in Omokoroa Community Board area. For Te Puke and Waihi Beach, Council resolved to establish the town centre development rates for each Ward but to set the rates at zero for 2010/11. Any increase in the rates in future years would be proposed in the draft Annual Plan for public consultation.

The following pages will replace pages 171 to 180 of the Long Term Council Community Plan 2009-2019.

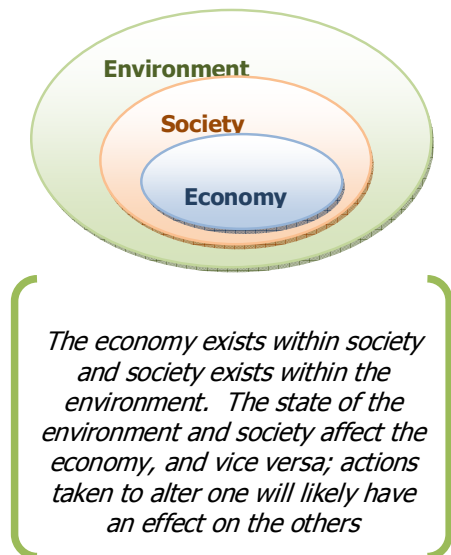
ECONOMIC

Overview

This strategy describes the outcomes Council intends to achieve to support

- the regional economy of the Bay of Plenty;
- subregional economic development in the Western Bay of Plenty; and
- local economic development in the District's towns and rural hinterland.

Council aims to support sustainable economic development in the region, illustrated below.



This strategy has not been developed in isolation from other planning frameworks in the Bay of Plenty.

In November 2008 Environment Bay of Plenty adopted a Regional Economic Development Strategy that builds on the existing subregional strategies (Western Bay of Plenty, Eastern Bay of Plenty and Southern Bay of Plenty) and addresses critical cross-regional issues and opportunities for sustainable economic growth. The Regional Economic Strategy provides an opportunity to align these subregional strategies, improve linkages and co-ordination between the subregions and assist in growing the regional economy. It is intended to complement, rather than compete with existing strategies.

SmartEconomy is the Western Bay of Plenty subregion's economic development strategy. It was developed to stimulate economic growth by making the subregion

the business location of choice, resulting in a highly productive, competitive and export-based economy. SmartEconomy was commissioned in 2003 through a partnership between Tauranga City Council, Western Bay of Plenty District Council and Priority One, with funding from New Zealand Trade and Enterprise. Both SmartGrowth and SmartEconomy are well aligned and the economic development strategy contributes, in particular, to the wider social, cultural, environmental and economic outcomes defined in SmartGrowth.

The SmartEconomy strategy commenced implementation in August 2004. It adopts a strong collaborative approach by more than 30 industry sector groups, business support organisations, education providers and local and central government representatives. Priority One, (the subregional Economic Development Agency) is the overall administrator of the implementation process. A governance group called the SmartEconomy Action Group (SEAG) comprises representatives from Priority One, New Zealand Trade and Enterprise, Western Bay of Plenty Tertiary Education Forum, Tauranga City Council, Western Bay of Plenty District Council, Environment Bay of Plenty, Industry, Sustainable Business Network, Chamber of Commerce and Export NZ BOP.

Prior to the development of SmartEconomy, economic activity primarily occurred in the areas of residential construction, retail, the horticulture and agriculture sectors and activity relating to the Port of Tauranga. There was concern that unless initiatives were developed to stimulate a balanced, dynamic and sustainable economy, business activity would remain primarily in low wage, low skill activities or sectors that merely supported population growth.

SmartEconomy identifies peoples' lifestyles as a major economic driver and focuses on Western Bay of Plenty's beaches and climate as an attractor for entrepreneurs, skilled workers and investors. It also identifies the need to have efficient transport infrastructure, secure energy supplies and networks to facilitate the movement of goods and services.

The Strategy is based around five themes that provide the basis for a range of actions. These themes are:

- innovation and entrepreneurship;
- lifestyle;
- business environment;
- education and skills;
- networked economy.

SmartEconomy was reviewed in 2007 and that review identified five key priorities for action:

- tertiary education and research;
- innovation/business parks;
- growth of export sector;
- CBD development;
- power supply and broadband.

As a result of the review, new actions were included in SmartEconomy, including facilitating the establishment of a coastal marine research centre (now expected to open in 2010), a food manufacturing park and a purpose designed technology park focusing on the information and communications technology sector. In addition to its support and involvement with SmartEconomy, through the Built Environment Strategy (adopted in August 2007), the Council would like to ensure that the growth of our towns Katikati, Omokoroa, Waihi Beach and Te Puke is sustainable and that the current character and identity of each town is strengthened through good urban design.

By concentrating development within a defined urban footprint, valuable horticulture land is retained for horticultural purposes and beach areas are preserved for ecological enhancement and to be enjoyed by residents and visitors.

SmartGrowth established the long term industrial land requirements for the subregion, which led to the establishment of two substantial business parks, Tauriko and Rangioru. Currently zoned land is considered adequate to service industrial growth to 2021 but, beyond that, there is a forecast shortfall of about 300ha. A recent study identified an expanded Rangioru Business Park as the preferred location for this additional industrial land and investigations are continuing. (Refer Sustainable Development group of activities, pages 51 - 60 of the Long Term Plan 2009-19.)

Recognising the importance of primary production as a driver of economic development in the Western Bay, the 2009 District Plan (adopted 17 December 2009) strengthened rural subdivision rules in order to protect the primary productive potential of the District.

The need to accommodate seasonal horticultural workers is a pressing economic issue which has been partly addressed by establishing a post-harvest zone in the District Plan (adopted 17 December 2009) that provides for accommodation facilities in conjunction with pack-house activity. Provision has also been made in the District Plan and Council's revised Development Code for broadband ducting.

Council assets in this group of activities

Economic Development: assets included within this activity are minimal and primarily consist of, in partnership with community organisations, contribution to town centre development across the district.

Waihi Drainage District: Council also owns the Waihi Land Drainage Scheme, assets, which are managed by Waihi Drainage District Society.

Highlights of proposed 10-year programme

- Council's annual support for the subregional economic development agency Priority One (\$160,000) and for Tourism Bay of Plenty (\$162,000).
- Support for town centre promotion in Te Puke and Katikati.
- Support for town centre development in the District's growth centres through:
 - A District rate of \$10 per property to implement Town Centre Plans. The proceeds are allocated to each growth centre in turn - Waihi Beach (2009-2013), Katikati (2013-2017), Omokoroa (2017-2021). Te Puke received benefit from this rate from 2005-2009. Town centre development projects may also be funded from property sales.
 - From 2010/11, a rate of \$10 per property in Omokoroa and \$20 per property in Katikati will be charged, to help fund implementation of town centre

- plans and community development.
 - Expenditure of \$300,000 on implementation of the Te Puke Town Centre Plan in 2011, funded by revenue from expected property sale.
 - \$200,000 for consultation and design costs for Katikati town centre development.
- Promote sustainable economic development through support of the Sustainable Business Awards with an annual grant of \$6,000. Council is a member of the Sustainable Business Network and, through the Communities for Climate Change Protection (CCPNZ) programme, has embarked on benchmarking and monitoring its organisational business practices to ensure that it operates a sustainable business.
- Council will continue to support the Waihi Drainage District Society to address stop bank instability (\$207,000 to 2019). This will be funded over the area of benefit for the works. The timing of this programme has been revised from 2009/10, during 2010/11 Council will investigate and consult with affected parties on whether to increase the area of benefit for the Waihi Drainage District Society.
- Council will support innovation/business park development at Te Puke West, Rangiora and Katikati.
- infrastructure, services and facilities support and promote economic growth and development;
- we are skilled, enterprising and adaptable;
- a range of quality education and career opportunities are available locally;
- business, government and education sectors work effectively together;
- business practices are environmentally sustainable.
- Our communities are vibrant and welcoming. This means that:
 - our communities are caring, inclusive and work together;
 - we recognise and respect Maori as tangata whenua;
 - our diverse cultural heritage and traditions are respected and celebrated;
 - a range of arts, culture, recreation and life long learning opportunities is available to us all;
 - town centres are the heart of our communities and promote local identity;
 - the rural and coastal character of our District is maintained;
 - growth and development is well planned for.
- Our environment is clean, green and valued. This means that:
 - service providers work with us to ensure the environment is sustainably managed;
 - air, water and land quality are maintained to protect our health and ecological systems.

Why Council wants to achieve this (rationale)

Contribution to Community Outcomes

This activity contributes primarily to the following Community Outcomes:

- Our economy is thriving. This means that:
 - innovation and entrepreneurship add value and support diversification of the local economy;
 - the versatility of rural land is maintained;
 - unique attributes of our District are turned into competitive advantages;

Council's role in contributing to these Community Outcomes is more fully described in the Council Outcomes and strategies within this chapter. For example:

- planning for new industrial and commercial land;
- supporting town centre development through service delivery contracts and infrastructure funding;
- using the District Plan to help protect productive land;
- supporting small businesses through Council's community development team;
- through funding of the subregional economic development agency, Priority One, Council helps promote new investment and address skill shortages;
- through funding of the regional tourism organisation, Tourism Bay of Plenty, Council helps promote the District as a destination;
- by providing recreation opportunities Council helps attract visitors and events.

To ensure consistency with:

- SmartGrowth principles;
- SmartEconomy Strategy;
- SmartTourism Strategy.

Council activities in this group of activities

- economic development;
- community infrastructure support (Waihi Drainage District Society and Gibraltar Water Supply Company Ltd.)

Significant negative effects associated with these activities

Economic Development

- air, noise and environmental pollution from increased motor vehicle use and some industrial development;
- increased pressure on natural landscape as demand for business land increases.

These effects are controlled through resource consents for particular activities set out in Council's District Plan and the Regional Council's Air, Water and Land Plans. Consent compliance is monitored by Council. The effectiveness of the plans in controlling these effects is monitored and results taken into account when the plans are reviewed.

Waihi Land Drainage

- loss of natural landscape as a result of drainage activities.

How Council will achieve this

Council Outcome 1

Sustainable economic development in the subregion is enabled, supported and promoted.

SEEC1

1 Land use planning and infrastructure

Council will provide land use planning and infrastructure to enable and encourage sustainable economic development close to residential areas.

For economic development to occur, adequate infrastructure needs to be in place and resources such as land, air and water must be available. This strategy recognises that each community in the Western Bay of Plenty District has different infrastructure needs and priorities and acknowledges that resources must be managed in a sustainable way that meets the needs of the present, without compromising the ability of future generations to meet their needs.

Council provision of infrastructure, including water, wastewater, stormwater, transportation, reserves and community facilities are dealt with in separate strategies within the Long Term Plan.

The strategy recognises that such infrastructure, including social infrastructure, is essential for economic development.

1.1 Develop appropriate infrastructure for each community

In addition to providing Council infrastructure, Council will co-operate with electricity and communications network providers to facilitate efficient development of appropriate infrastructure for each community (delivered through the Sustainable Development Strategy). Refer Transportation: Strategies 1.1 - 1.3; Regional Land Transport Programme

Council's role: Lead, Advocate, Facilitator

1.2 Maintain a range of climatic and soil types available for agricultural and horticultural use and manage resources

Primary production is expected to remain a key driver of the District's economy for the next 10-20 years, providing employment, exports, demand for services and opportunities for adding value to rural production. By controlling rural subdivision through the District Plan, Council will endeavour to protect the productive capacity of rural land for economic, pastoral and horticultural production. Council will ensure that competition for water resources is also taken into account and planned for (delivered through the Sustainable Development Strategy).

Council's role: Lead

1.3 Promote and develop growth nodes as locations for business development

a) In accordance with the SmartGrowth "live, work, play" principles, Council will support and develop the vitality of town centres recognising that, for residents of small towns, a vibrant town centre contributes to their quality of life. Council will support organisations that promote the respective town centres with the aim of attracting residents and visitors to town centres.

Council's role: Partner

b) In conjunction with the Built Environment strategy Council has developed town centre plans for Waihi Beach, Katikati, Omokoroa and Te Puke. Council will implement the plans through the appropriate activity budgets (e.g. transportation, recreation and leisure) funded using District-wide and local area rating sources

Council role: Provider

1.4 Support community infrastructure projects

Council will facilitate and advocate, where appropriate, for environmentally acceptable infrastructure projects designed to

increase or secure the productive capacity of the land.

Council's role: Facilitator, Advocate

1.5 Support programmes to encourage productivity of Maori land

Council has worked successfully with several organisations to develop a papakainga housing toolkit and will continue to support groups that wish to pilot this concept. Council will support and advocate for plans that enable Maori to unlock the economic potential of their land and assets and will work to develop relationships with Maori economic organisations so that Council can work cooperatively towards greater productivity.

Council's role: Advocate

1.6 Improve business-local government relationships and understanding

Council will undertake internal liaison to assist and facilitate businesses working through Council regulatory and planning processes.

Council's role: Lead

1.7 Response to changes in economic climate and business environment

1.7.1 Facilitation of regulatory processes

Council will investigate ways to facilitate the administration of complex consents that have a significant subregional benefit or involve cooperation between Councils and government agencies, with the aim of reducing holding costs for applicants and Council. Council will investigate the feasibility of providing an additional service whereby applicants could request a case manager to guide consents through Council processes. A fee would be charged for any such service.

1.7.2. Application of Council policies affecting development

Council will work cooperatively with developers to implement Council's Built Environment strategy. Through the "Package of Plans" approach described in that strategy, Council will work with businesses and

developers to understand their project proposals, its cash flow and constraints and endeavour to flexibly apply Council policies to achieve mutually beneficial outcomes.

Council will give consideration to applications for waivers or reductions in financial contributions according to the rules in the District Plan.

Council will investigate/advocate for alternative funding sources to financial contributions for strategic subregional development projects.

Council's role: Lead, Advocate

2 Innovation, entrepreneurship and skill development

Through the subregional economic development organisation, Priority One Bay of Plenty, Council will support innovation and diversification and encourage the development of workplace skills. This strategy recognises that the District has a higher proportion of small businesses than the country as a whole and addresses the ability of businesses to provide quality jobs and develop and attract skilled workers.

2.1 Support for businesses development

2.1.1 Support for industry sector groups

Through the subregional economic development agency, Council will support industry sector groups to provide linkages between businesses with common interests. This could speed up the process of technological innovation, promote early adoption of improved technology and provide effective advocacy for the sector group.

Through participating actively in such groups, small businesses in particular can have an influence on their business environment and gain access to new ideas.

Council's role: Facilitator

2.1.2 Local delivery of national programmes

Many national programmes that are aimed at developing business skills and improving the performance of small businesses are funded by central government and delivered

locally by a range of service providers. Council will advocate for the continued delivery of these programmes and encourage local business to take advantage of these programmes.

Council's role: Advocate

2.2 Attract new investment and business opportunities

Council will work with other local authorities and the subregional economic development agency, Priority One Bay of Plenty, to promote the District and subregion as a prime location for investment, particularly for industries that provide higher value jobs and add value to the District's primary production. Council will support organisations that provide information and encouragement to potential investors, attract new investment and retain existing businesses.

Council's role: Partner

2.3 Support programmes aimed at addressing skills gaps in the local economy

Council will support agencies and initiatives aiming to attract skilled staff within the subregion. This could include:

- programmes to address the shortage of affordable housing in the subregion;
- planning for provision of social infrastructure, like childcare facilities, public transport and migrant worker accommodation;
- initiatives that help utilise the skills of older members of the workforce, like mentoring.

Council's role: Partner

2.4 Access to appropriate training and education opportunities

Council will support strategies for further development of tertiary education and training facilities (including accommodation) within the subregion and advocate for increased linkages and communication between the productive and education sectors in developing local training opportunities tailored to the subregion's needs. Council will

advocate for initiatives aimed at retraining and continuous education for older members of the workforce, as well as programmes for new entrants to the workforce.

Council's role: Advocate, Facilitator

2.5 Maori economic development

The Maori economy is a significant and growing part of the region's economic activity. Recent Treaty of Waitangi settlements, together with those expected in the next few years, will change the economic landscape. It is important that Council develops relationships with the appropriate representatives to foster sustainable economic growth. Council acknowledges Maori aspirations to be business operators and to have more involvement in adding value to primary production and to seek joint ventures and partnerships.

Council will help facilitate and advocate for iwi initiatives that are aimed at the creation of new enterprises, employment generation and education opportunities. (Refer Building Communities - Communities activity).

Council's role: Facilitator, Advocate

3 Support for tourism

Council recognises that tourism has the potential to contribute significantly to the growth and diversification of the economy and that the benefits of tourism spread throughout the economy. Council is a 50% shareholder in the Western Bay of Plenty Tourism and Visitors Trust, a Council Controlled Organisation administered by Tauranga City Council.

3.1 Support destination marketing

Through the regional tourism organisation, Council will support the tourism industry to market and promote the subregion as a prime domestic and international tourist destination.

Council's role: Partner

3.2 Provide high quality public recreational facilities and open space

Through its ownership of passive and active recreation reserves, Council is also an important operator in the tourism industry; the TECT All-Terrain Park and Huharua Park are expected to become significant tourism attractions in their own right.

Council will continue to provide public facilities that support the visitor industry and attract skilled residents. Council was successful in a joint bid to be included in Phase 2 of the NZ cycleway project.

Council will work with neighbouring local authorities and government departments to enhance access to local authority and Department of Conservation reserves that are significant destinations for visitors and residents.

Council's role: Partner, Lead

3.3 Advocate for government funding for tourism infrastructure

Council will advocate for central government funding to develop infrastructure where the need for it is driven by visitor demand. Council will advocate for the development of access to Department of Conservation reserves to attract visitors to the region.

Council's role: Advocate

3.4 Provide information facilities to support the visitor industry

Council will ensure that appropriate visitor information services at Katikati and Te Puke are provided and will encourage community initiatives to provide visitor information in smaller communities.

Council's role: Lead, Advocate

3.5 Implementation of SmartTourism Strategy

Council will support the regional tourism organisation, Tourism Bay of Plenty, to provide leadership to the industry and to facilitate and monitor the implementation of the SmartTourism strategy. Council will encourage the regional tourism organisation to work effectively with

Maori tourism representatives in the subregion.

Council's role: Partner

3.6 Events support

Council will play its part in implementing the subregional Events Strategy 2009-2014, which aims to ensure councils actively work alongside event organizers, have event-friendly processes and develop suitable venues and infrastructure. Council will work with stakeholders to develop a world-class Te Puke signature event.

Council's role: Facilitator, Provider

4 Town and business centres

4.1. Town and business centre development

Council will work with the community, land owners, stakeholders and potential sponsors, to develop and implement town centre plans for all growth nodes in the District and business centre structure plans. On a case by case basis, Council may consider acting as a catalyst by providing lead infrastructure for private development, having regard for the level of investment, risk and public benefit to be derived.

Council's role: Facilitator, Provider

4.2 Town centre promotion

Through community service contracts, Council will support organisations that promote town centres, for example by:

- building a positive identity for the town within the regional economic landscape;
- helping develop and implement Council's town centre plans;
- encouraging development of all types of business by using subregional partnerships and resources;
- identifying issues faced by Te Puke businesses and facilitating or advocating for resolution;
- encouraging the development of events, tourist attractions and activities in the District's towns and advocate for their recognition in regional promotional literature.

Council's role: Partner, Advocate, Facilitator

5 Encourage sustainable environmental practices

5.1 Advocate for sustainable business practices

Council will encourage the implementation of environmentally responsible practices and will promote environmental, social and financial sustainability of enterprises. Council will support the recognition of businesses that set an example in this regard.

Council's role: Advocate, Partner

5.2 Promote cleaner production initiatives

Council will work with key sector groups to identify ways that each sector may respond to waste minimisation. (Refer Protecting the Environment - Solid Waste activity.)

Council's role: Partner

6 Regional economic cooperation

6.1 Regional and subregional economic development planning and monitoring

Council will play its part in implementing the regional economic strategy *Bay of Connections* and the subregional economic strategy *SmartEconomy*. Council will co-operate with Tauranga City Council and Priority One Bay of Plenty (the subregional economic development agency), to support organisations that monitor the implementation of the strategies.

Council's role: Partner

6.2 Foster partnerships between local and central government, infrastructure providers, business and primary production sector and education and research sectors

Council will work with organisations that bring together cross-sector teams to ensure that economic development and infrastructure planning takes into account related issues, such as social infrastructure, community facilities, multiple owned land and the skill requirements of business.

Council's role: Partner, Facilitator

Proposed variations to projects in the Long Term Plan 2009-19 programme

Project No.	Project Description	\$'000								
		2011	2012	2013	2014	2015	2016	2017	2018	2019
2989	Service Delivery Contract – Tourism BOP	162	166	170	174	177	181	185	189	192
2990	Service Delivery Contract – Priority One BOP	160	160	159	159	159	159	159	158	158
2991	Sustainable Business Awards	6	6	7	7	7	7	7	7	7
2993	Town Centre Promotion – Te Puke	111	113	116	118	121	123	126	129	131
2994	Town Centre Promotion – Katikati	44	45	46	47	48	49	50	51	52
3022	District Town Centre Development	508	193	197	202	207	212	217	222	228
305302	Waihi Drainage District Society – Canal Investigation	20	21	22	22	23	23	24	24	25
311501	Katikati Town Centre Development	82	89	93	97	102	106	110	114	118
311502	Te Puke Town Centre Development	0	0	0	0	0	0	0	0	0
311503	Waihi Beach Town Centre Development	0	0	0	0	0	0	0	0	0
311505	Omokoroa Town Centre Development	11	13	15	17	19	20	24	27	31

Key Assumptions

Assumption Name	Assumption Description	Confidence High / Med / Low	Consequence of error in assumption																														
Economic Sub Regional Partner - Priority One	Priority One BOP remains an effective organisation and the joint service delivery agreement between Tauranga City Council, Western Bay of Plenty District Council and Priority One BOP continues on a three year rolling basis.	High	If an effective subregional economic development organisation no longer existed, Council's strategies would be less effective and may cost more to implement.																														
Economic Sub Regional Partner - Tourism BOP	Tourism BOP remains an effective organisation and the joint service delivery agreement between Tauranga City Council, Western Bay of Plenty District Council and Tourism BOP continues on a three year rolling basis.	High	If an effective regional tourism organisation no longer existed, Council's strategies would be less effective and may cost more to implement.																														
Economic SubRegional Partnerships - SmartEconomy	Council's strategic partners remain committed to the implementation of the SmartEconomy strategy adopted by Council in 2004 and reviewed in 2007.	High	If the SmartEconomy strategic partners were no longer committed to the subregional strategy, Council would have to reconsider its own strategy.																														
Local Economic Development Organisations	Town centre promotion and local economic development organisations in the District remain viable, effective and able to take part in joint projects with Council.	Medium	If effective town centre and local economic development organisations did not exist, Council would need to consider alternative service delivery models, which may have higher operational costs.																														
Resident Population Growth	The District's population is expected to grow by 19.7% between 2009 and 2019 and the number of rateable properties is forecast to increase by 20.6% over the same period. This is consistent with the long term growth projections in the subregional growth strategy SmartGrowth.	Medium	Significant differences between forecast population and household growth and actual outturns would result in Council failing to provide appropriate and cost effective levels of service to communities.																														
Growth in Visitor Numbers	<p>The timing of that growth is expected to be slower in the first two years of the Long Term Plan 2009-19 (0.6% in 2009/10 and 1.1% in 2010/11) returning to more normal growth in later years. For the Coastal Bay of Plenty, international visitor nights are forecast to increase by 26% during the period 2006 to 2013 and domestic visitor nights are forecast to increase by 6% over the same period. This equates to 12% overall, being 1.7% growth p.a.</p> <p>Impact of visitors is expected to be concentrated on coastal communities of Waihi Beach, Katikati, Pukehina Beach and Maketu. Together with Omokoroa, these communities also receive a significant number of day visitors, which is forecast to increase by 7% over the same period.</p>	Medium	If visitor numbers grow faster than expected, there could be pressure on Council infrastructure and visitor facilities, especially at peak season.																														
Inflation Projections - Economic	<p>Financial Projections within the Economic group of activities have been calculated by applying the following inflation factors to core costs</p> <table border="1"> <thead> <tr> <th></th> <th>2011</th> <th>2012</th> <th>2013</th> <th>2014</th> <th>2015</th> <th>2016</th> <th>2017</th> <th>2018</th> <th>2019</th> </tr> </thead> <tbody> <tr> <td>Staff costs inflation</td> <td>3.5</td> <td>2.4</td> <td>2.7</td> <td>2.6</td> <td>2.6</td> <td>2.6</td> <td>3.1</td> <td>3.2</td> <td>3.1</td> </tr> <tr> <td>Other Inflation</td> <td>4.5</td> <td>2.4</td> <td>2.4</td> <td>2.3</td> <td>2.4</td> <td>2.4</td> <td>2.4</td> <td>2.5</td> <td>2.5</td> </tr> </tbody> </table> <p>It is assumed that 11% of operating costs will be affected by Staff Costs inflation and 89% by the Other inflation factor.</p>		2011	2012	2013	2014	2015	2016	2017	2018	2019	Staff costs inflation	3.5	2.4	2.7	2.6	2.6	2.6	3.1	3.2	3.1	Other Inflation	4.5	2.4	2.4	2.3	2.4	2.4	2.4	2.5	2.5	Low	If actual inflation rates vary from those assumed, costs will either be over or under-estimated. This will affect the financial projections for the activity including expenditure, revenue and financing requirements for this activity.
	2011	2012	2013	2014	2015	2016	2017	2018	2019																								
Staff costs inflation	3.5	2.4	2.7	2.6	2.6	2.6	3.1	3.2	3.1																								
Other Inflation	4.5	2.4	2.4	2.3	2.4	2.4	2.4	2.5	2.5																								

Performance Measures

The measures below are designed to assess Council's performance of the role described in this strategy. It is acknowledged that Council has little direct influence on high level indicators of the health of the regional economy (for example, employment, job creation, incomes and production) so these are not considered appropriate measures of Council performance.

Readers seeking high level indicators of the state of the subregional economy should refer to the annual monitoring report on the SmartEconomy website:

<http://www.smartecconomy.co.nz/research-and-useful-information/Annual.asp>

Outcomes

Council Outcome	Performance Measures	Actual	Target				
		30 June 2009	2010	2011	2012	2013-2015	2016-2019
Outcome 1 (SEEC1) Sustainable economic development in the District is enabled, supported and promoted	Key Council Performance Measure % complete of the annual work programme in the Economic Strategy and Action Plan.	100%	90%	90%	90%	90%	90%
	Key Resident Satisfaction Measure Level of satisfaction with Council's role in promoting employment and business opportunities within the subregion, per Annual Residents Survey, those residents that are satisfied and very satisfied.	45%	55%	55%	55%	55%	55%

Levels of service and measurement

Levels of service	Performance Measures	Actual	Target				
		30 June 2009	2010	2011	2012	2013-2015	2016-2019
Economic programme identified through community development plans for each Urban Growth Node	Number of Economic Action Plans derived from the Community Development Plans (CDP).	4	4	5	5	7	7
	Expenditure on service delivery contracts to deliver economic outcomes (\$ per rateable property). This includes Town Centre Promotion (x2), Tourism, Subregional Economic Support.	New	24	24	24	24	23
	Number of service delivery contracts.	4	4	4	4	4	4
	Number of staff (FTE*) to support economic development in the subregion (includes estimated 0.5FTE delivered through Sustainable Development and/or Regulatory activities)	New	1.2	1.5	1.5	1.5	1.5

* FTE – full time equivalent.

Projected Financial Summary

For the years ended 30 June	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Analysis of expenditure - by activity										
Waihi Land Drainage	254	270	273	279	286	293	299	307	314	322
Contracts, Levies and Grants	735	854	798	816	836	857	877	899	923	947
Total operating expenditure	989	1,125	1,070	1,095	1,121	1,150	1,176	1,206	1,237	1,269
Analysis of expenditure - by class										
Direct costs	902	980	1,008	1,032	1,056	1,082	1,108	1,137	1,167	1,197
Overhead costs	53	85	58	59	60	63	63	64	66	68
Interest	30	55	0	0	0	0	0	0	0	0
Depreciation	5	5	5	5	5	5	5	5	5	5
Total operating expenditure	989	1,125	1,070	1,095	1,121	1,150	1,176	1,206	1,237	1,269
Revenue										
Targeted rates	455	524	541	557	573	591	609	628	649	669
Interest	9	0	11	12	12	13	13	14	14	15
Other income	2	2	2	2	2	2	2	2	2	2
Total revenue	466	525	553	570	587	605	624	644	665	686
Net cost of service - Surplus / (Deficit)	(524)	(599)	(517)	(525)	(534)	(544)	(552)	(562)	(572)	(583)
Capital expenditure	180	688	193	197	202	207	212	217	222	228
Total other funding required	(704)	(1,287)	(709)	(723)	(736)	(751)	(764)	(779)	(794)	(811)
Other funding provided by										
General Rate	676	706	713	727	740	755	769	783	799	815
Debt Increase (Decrease)	(205)	(20)	0	0	0	0	0	0	0	0
Proceeds from sale of assets	0	2,700	0	0	0	0	0	0	0	0
Reserves & future surpluses	232	(2,099)	(4)	(4)	(4)	(4)	(5)	(5)	(5)	(4)
Total Other funding	704	1,287	709	723	736	751	764	779	794	811

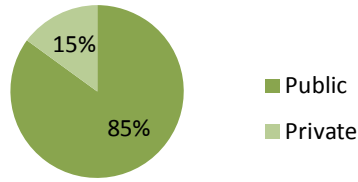
	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Total Capital Expenditure										
Additional levels of service										
Additional capacity for future residents (growth)	180	688	193	197	202	207	212	217	222	228
Capital expenditure after adjustment for inflation	180	688	193	197	202	207	212	217	222	228

Revenue and Financing Policy

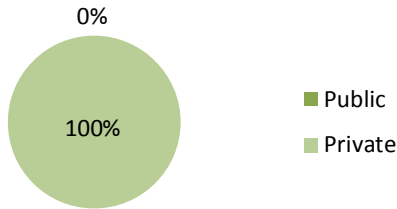
Rationale for choice of revenue and financing tools

Public benefits identified	Private benefits identified	Other considerations
<p>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.</p> <p>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, provide third party benefits to the public. The marketing, development and management of the region as a tourism destination benefit both the tourism industry and other businesses in the District. The public 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.</p>		<p>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, it was noted that horticultural and agricultural businesses also benefited from economic development expenditure, as they are also businesses.</p>
<p>Town centre promotion and town and business centre development Council support for town centre promotion programmes and town and business centre and community development projects, benefit the respective communities as a whole. Individuals cannot exclude themselves from receiving the benefit.</p>	<p>The town centre and business centre communities derive greater benefit from town centre promotion and business centre development than the community as a whole.</p>	
<p>Visitor information This service is provided in anticipation of visitors' needs for information.</p> <p>There are public benefits from the existence of the service and from the option of using it when they need it.</p>	<p>Some individuals benefiting from the visitor information service can be identified and charged.</p> <p>Some commercial tourism operators may benefit from referrals made by the service.</p>	<p>It is not Council policy to charge users for the provision of visitor information.</p> <p>Volunteers provide some of this service.</p>
<p>Community infrastructure support</p>	<p>Land drainage and private water supply: the properties served by the drainage and water supply companies can easily be identified and charged for the service.</p>	

Economic Development, Visitor Information, Town Centre Promotion and Town Centre Development



Community Infrastructure Support



Revenue sources

General Rates (Uniform Annual General Charge)	Economic development and tourism support.
General Rates (on capital value)	Visitor information services.
Uniform Annual Charges - Commercial/ Industrial and Post-Harvest zoned properties	Town centre promotion, service delivery contracts.
Ward Uniform Annual Charges (Ward)	Town centre promotion, service delivery contracts.
Uniform Annual General Charge	Town centre development projects across the District.
Uniform Annual Charges (Community Board areas of Growth Centres)	Town centre plan implementation, economic and community development projects.
Targeted Rates on land value	Community Infrastructure Support (Waihi Drainage District Society and Gibraltar Water Supply Company Ltd).

6 Intention to sell endowment land – Papamoa Hall Site

Council intends to alienate endowment land situated in Papamoa (Part lot 10 DP23454).

This land was donated to Council in 1968 to enable the Papamoa community to erect a hall. Subsequently the Papamoa Hall was built and used for many years. The hall has, however, been in disuse for some time and the building is considered structurally unsound.

This land is not subject to the provisions of the Reserves Act 1997 but, in terms of sections 140 and 141 of the Local Government Act 2002, endowment land cannot be sold unless an appropriate statement has been included in Council's Long Term Plan and certain conditions have been met.

As part of this process, the heirs and successors of the donor will be contacted to obtain comment on this course of action.

The following statement will be inserted in The Long Term Plan 2009-2019 on page 183, at the end of the paragraph entitled "Corporate Property":

Council intends to alienate land under the Papamoa Hall, (Part lot 10 DP23454) in extent 1467 square metres. The hall is disused and considered structurally unsound. Any proceeds from the sale or exchange of the property will be used for further hall purposes within the Te Puke Ward.