APPENDICES

UNDER SEPARATE COVER

Extraordinary Council Meeting

8 June 2021

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OUR FINANCIAL STRATEGY

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DISTRICT COUNCIL

OUR FINANCIAL STRATEGY

INTRODUCTION

This Financial Strategy sets out how Council intends to fund its activities and projects, in order to deliver sustainable service levels and achieve the community objectives contained in its Long-term Plan (LTP) 2021-31 and the corresponding 10 years of its infrastructure strategy.

Over the next 10 years, Council forecasts that a total of over $334 million in operating costs and nearly $136 million in capital expenditure will be required in order to meet these objectives.

This strategy will guide Council on the use of appropriate funding tools to pay for this expenditure, so that it can continue to deliver effective and affordable services to the community now and into the future.

This strategy examines the key drivers that will affect Council's funding and expenditure, the risks associated with the assumptions it has made, and the use of available tools to deliver its outcomes and allow for changing circumstances.

Council faces significant challenges to deliver desired levels of service within an affordable funding envelope. We will continue to strive to deliver effective services at an affordable cost. Despite this we also need a reset, to respond to events of the past 3 years and reposition the Council to a sustainable financial footing.

Over recent years Council has been able to keep rates increases below its prescribed limit of 5%. It has achieved this primarily by not rating for depreciation, selling surplus assets and deferring expenditure. These measures can only work in the short term and we have to do something about it. Council still sees a rates increase threshold of 5% as desirable, but for the next few years it will not be achievable unless we have a serious look at levels of service.

BACKGROUND

What hasn't changed….

Wairoa's low population density and the large remote expanse of land over which Council delivers infrastructure and services present continuing affordability challenges. Our remoteness and landscape, whilst presenting wonderful lifestyle benefits, adds to this.

The costs of meeting increasing compliance requirements and the community's desired levels of service in all areas will continue to rise.

Council is heavily dependent on Waka Kotahi subsidies to maintain its roading network and, at 75%, receives the highest funding assistance rate in the country.

In the LTP 2018-28 we forecast that Council would become more reliant on borrowing to undertake essential upgrades to infrastructure and facilities. This has begun and the trend will continue for at least four years.

What has changed……

COVID-19 has made everyone rethink how they do business and although Wairoa and the Hawke's Bay Region generally proved it's resilience with a strong primary economy, we are mindful that the pandemic continues to have a global impact and the ripples will be felt everywhere.

The 3 Waters Reform Programme and Review conducted by the Department of Internal Affairs (DIA) signalled the prospect of a significant overhaul to the way water services may be delivered throughout New Zealand. As part of the Hawke's Bay Group of Councils we were ahead of the game, having started a regional review in 2019, and we will continue to strive for the best outcome for our community. At this stage the outcome is uncertain and this LTP has been prepared on the basis that the delivery model will not change in the foreseeable future.

Council outperformed the sector by securing significant investment from the Provincial Growth Fund (PGF) and the DIA 3 Waters Reform Stimulus Package.

We have a new rating model and Revenue and Financing Policy.

OUR FINANCIAL OBJECTIVES

During 2020/21 Council conducted a rating review seeking an approach that is Simple, Affordable and Appropriate. This ethos is embedded in our updated Revenue and Financing Policy and will underpin our approach to funding throughout this plan.

Our mission in this strategy is financial sustainability, our financial objectives are:

Objective	Simple	Affordable	Appropriate
Certainty of Rates Increases		✓	✓
Optimise External Revenue	✓	✓	✓
Value for Money		✓	✓
Intergenerational Equity	✓	✓	✓
Debt Remains Manageable	✓	✓	✓

These objectives are not a means to themselves, they are the pillars upon which we will seek to build a financial framework to enable us to deliver effective services and infrastructure now and into the future, as economically as possible. We may not achieve them all at the same time and sometimes they will conflict. There will need to be a balance. It's a long road with many turns ahead.

Council has adopted a range of benchmarks to assess how we are progressing. These are illustrated throughout this strategy.

ASSUMPTIONS - WHAT WE ARE PLANNING FOR

This section discusses the key factors that will affect Council's ability to achieve its objectives in this strategy. For each area a table is presented showing Council's assessment of the risks that the area presents to achieving these objectives and the degree to which opportunities may be developed to contribute to favourable outcomes. More detail is provided in the Overall Assessment.

The key factors that will influence Council's ability to achieve its financial objectives are:

i. Population
ii. Economic factors (local growth rate, cost of borrowing, inflation)
iii. Land Use
iv. Maintaining Levels of Service – Ageing Infrastructure

POPULATION

Wairoa's population has been growing steadily since 2014 and is forecast to exceed 9,000 by 2031 for the first time since 2003. While this is very encouraging, and great news for our social wellbeing outcomes, it will do little to spread the load on a small ratepayer base. It would take eight new rating units to reduce the Uniform Annual General Charge by $1. It is hoped that this population growth will stimulate economic growth that will improve household incomes and make Council activities, as part of the general cost of living, more affordable.

It is forecast that between 2021 and 2031 the total population will increase by 300, and thus an increase in households of 120, based on extrapolating reported growth in the last two years[1]. This average increase of 10 per year is consistent with our own observations; over the past two years Council has seen a net increase of 18 dwellings in its Rating Information Database and issued 17 residential building consents between 2018 and 2019.

Council's Infrastructure Strategy advises that there is sufficient capacity in its existing infrastructure to accommodate this growth, noting that seasonal swells are likely to continue to increase, and that existing plans will accommodate upgrades to Council's infrastructure in response to the needs of an aging population. Consequently the only item of note is a $0.5 million investment in the Māhia stormwater system, as the area is predicted to become more urbanised and a significant upgrade will be required. This will be funded by borrowing.

Therefore the main challenge that Wairoa's population presents to achieving these financial objectives remains spreading the cost over a small base.

Wairoa's population is expected to remain approximately 2/3 Māori. This presents no particular implications for Council's financial strategy, but alongside its new Revenue and Financing Policy Council has adopted updated Rates Remission and Postponement policies, with particular attention to the prospective growth of Papakāinga and the progression of the Local Government (Rating of Whenua Māori) Amendment Bill.

The table below summarises Council's assessment of the Risks and Opportunities that Population factors represent for the Financial Strategy.

Implications for Strategic Objectives	Population	
	Risk	Opportunity
Certainty of Rates Increases	High	Low
Optimise External Revenue	Low	High
Value for Money	High	Medium
Intergenerational Equity	Low	High
Debt Remains Manageable	Medium	Low

ECONOMIC FACTORS

The Local Economy

Wairoa has a strong primary industry and low dependency on tourism which saw it weather the COVID-19 storm better than most. Local GDP and employment are trending modestly upwards, but below regional and national averages.

There is a concentration of employment around the Wairoa township, with the largest single employer accounting for the equivalent of approximately 12% of the town's population and making a significant contribution to export GDP. The three largest employers combined make up roughly 16%.

The rural economy has traditionally been dominated by pastoral farming, which also makes a substantial contribution to export GDP, but there is a concern that substitution into forestry will dilute this and the wealth retained in the district.

Other short-term threats include the closure of local bank branches and the difficulties this may present to residents and businesses in transitioning to alternative transaction methods.

Longer-term opportunities relate to tourism and hospitality, with regular launches by RocketLab in Māhia becoming a draw. As long as the district maintains its robust core industries this will be a valuable addition for growth and diversification.

House values are increasing at among the highest rates in the country, with many whānau returning from other regions and abroad, along with increasing demand in Māhia. It is unclear whether this can be expected to deliver wider economic benefit, since much of this relates to properties used for holiday homes and retirement investments. However it can be expected that there will be an increase in holiday lettings which may provide stimulus. As noted previously, the number of new builds is modest, this may increase as vacant properties become occupied and the prices of established properties catch up with the cost of building.

Macronomics

Challenge 1 – Ability to Borrow
To meet its capital works programme Council will need to borrow, on average, nearly $3 million extra every year, with $5 million required in 2021/22 and $5.5 million in 2024/25. At 1 July 2021 Council's total external borrowing is expected to be $14.5 million and by 2030/31 gross debt is forecast to be $42 million, which equates to 100% of total revenue. These amounts are manageable, but debt levels will be much higher than was anticipated in the LTP 2018-28. Considering that only a few years ago Council's only external debt was $5 million in connection with the Māhia and Ōpoutama wastewater scheme, they are significant. As a member of the Local Government Funding Agency (LGFA) Council could borrow up to 175% of its revenue. However, this would be extremely risky and Council views 100% of revenue as an important affordability threshold for its community. This is reflected in our Liability Management Policy.

At the same time, Council's $4 million of investments will mature over the next 4 years and the income from these, which has been offset against rates, will need to be replaced. Council's revenue will not be sufficient to reinvest in the medium term.

Our Response
Borrowing is an appropriate funding tool for long-term assets. Council will use borrowing prudently to fund the infrastructure that delivers core services now and into the future, without creating an unmanageable affordability challenge.

[1] *Wairoa District Council: Long Term District Planning Demographic and Economic Growth Directions 2021-2051*

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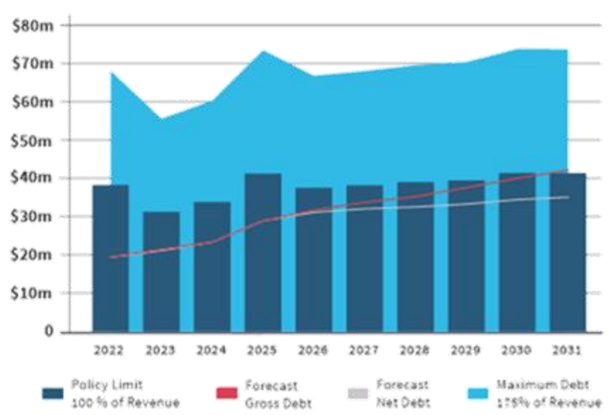
In order to fund improvements in infrastructure sustainably and maintain levels of service, Council will borrow up to the levels that it considers prudent - 100% of revenue. It will rate for the repayment of this debt over the life of the corresponding assets, in lieu of rating for depreciation. This will ensure that each year the community that benefits from this infrastructure pays its share, and from 2026 it will enable Council repay some of this debt and create sufficient capacity for future borrowing requirements, as shown in the graph below:

Ability to Borrow



For the purposes of this illustration gross debt is the amount Council would need to borrow without rating for loan servicing. As surplus cash is generated Council will use this to repay borrowings or buy investments, depending on the returns available versus the cost of borrowing. This is represented as 'Forecast Net Debt'.

Challenge 2 – Cost of Borrowing

The other half of the borrowing equation is the cost of borrowing. Interest rates have been low for many years and Council has made use of this to borrow for essential capital works at competitive rates. There is a risk that rates will increase in the future due to an increase in global and national appetite for borrowing. We are in the same waka as every other council, with a large works programme to catch up on and limited reserves available to pay for them.

As previously stated, Council's membership with the LGFA enables us to borrow at competitive rates. Our financial forecasts assume that these rates will be available throughout the life of this strategy. However, we also recognise the risk that economic pressures will cause interest rates to rise in the future. An increase of 1% in interest rates is almost the equivalent of 1% in council rates.

Our Response

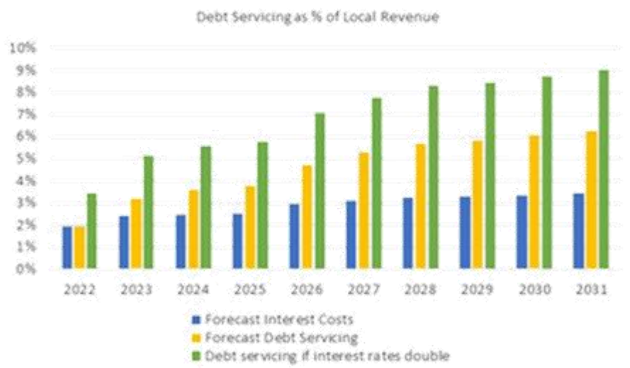
The Financial Prudence Regulations prescribe a basic benchmark that borrowing costs should not exceed 10% of total revenue. Even without repaying any debt, Council would be comfortably within this threshold at 2%, and if interest rates doubled it would be 4%.

For the purposes of this strategy Council has considered a tighter assessment, taking into account the following:

- The ability to service debt also includes the ability to meet repayments
- Total revenue includes subsidies, primarily from Waka Kotahi

  which are specifically intended for the purposes of maintaining and improving our roads. This revenue is not to be used to cover interest and debt repayments.

Therefore Council has modelled its own debt servicing measure to ensure that the scale of borrowing will continue to be affordable. In the graph below, Forecast Debt Servicing includes interest expenses and the amount required to be rated for loan repayments and is expressed as a percentage of revenue excluding subsidies. This is the annual cost that the community will bear. Council will maintain a limit of 10%, but it will based on this adjusted revenue figure. This shows that debt remains affordable throughout the plan.



Challenge 3 – Inflation

In our financial forecasts we have applied the nationally recognised inflation rates provided by Business and Economic Research Ltd (BERL) based on their assessment of a 'mid-scenario'. The table below shows the estimated inflation rates that we have used from this scenario, for the main groups of activities.

Year to 30 June	% change on previous year				
	Planning & Regulation	Roading	Transport	Community	Water & Environment
2022*	2.7	3.3	2.9	3.2	6.0
2023	2.5	3.1	2.6	2.7	3.5
2024	2.3	3.0		2.5	2.6
2025	2.2	2.9	2.4	2.4	2.7
2026	2.2	2.9	2.4	2.5	2.9
2027	2.2	2.9	2.4	2.4	2.8
2028	2.2	2.9	2.4	2.5	3.2
2029	2.2	2.9	2.4	2.6	3.3
2030	2.2	2.9	2.4	2.6	3.4
2031	2.2	2.9	2.4	2.4	3.1
20 year average %pa	**2.0**	**2.5**	**2.2**	**2.1**	**2.5**

*For the year ended 30 June 2022 we have applied known contract rates. Prices rarely decrease and in the public sector they often go up more than normal. In Wairoa we have the added challenge of remoteness and size, making the local market less competitive due to the small number of suppliers. Noting that these are averages applied across the entire country, the Wairoa experience may be quite different.

Council rates for approximately 60% of its operating costs, which means a 1% variation in inflation would increase rates by 0.6%. However, this assumes that nothing else will change. In the LTP 2018-28 we applied the corresponding inflation rates in our forecasts. Since then major contracts for roading and water utilities have been tendered and prices were significantly higher than inflation adjustments. As well as the factors peculiar to Wairoa, increasing requirements for safety and regulatory compliance continue to affect the cost of provision. Furthermore, the economic stimulus packages have been beneficial to the local and national economy, but there is a real prospect of the demand from this causing upward price pressure in the market, placing Wairoa at a potential disadvantage.

In addition, due to its high dependency on subsidies from Waka Kotahi, significant price changes may limit the amount of work that can be completed without additional input from Council.

Our Response
Council's ability to insulate itself against future price increases is restricted to developing smart collaborative procurement techniques, careful contract management and disciplined budgeting.

Costs are far more likely to increase due to changes in the safety, regulatory and compliance areas for all activities. If these activities become unaffordable Council will need to review its levels of service with the community.

The table below summarises Council's assessment of the Risks and Opportunities that Economic factors represent for the Financial Strategy.

Implications for Strategic Objectives	Economic Factors	
	Risk	Opportunity
Certainty of Rates Increases	Medium	Low
Optimise External Revenue	Low	Medium
Value for Money	Medium	Low
Intergenerational Equity	Low	High
Debt Remains Manageable	Low	Medium

LAND USE

Council's Infrastructure Strategy makes reference to:

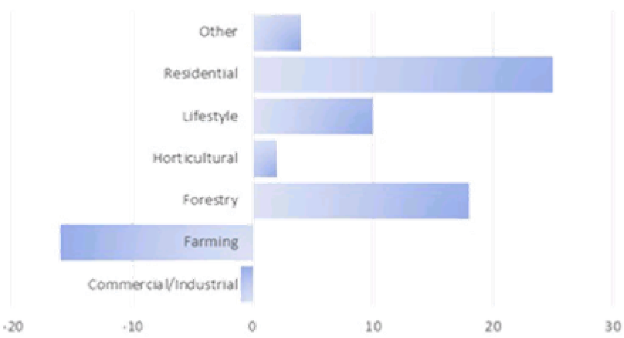
- Anticipated transfer of land use from farming to forestry and horticulture;
- Expected increase in RocketLab operations and tourism possibilities;
- Increase in residential building in Māhia and Wairoa.

The first two items will specifically affect the consumption and cost of maintaining and improving the roading network.

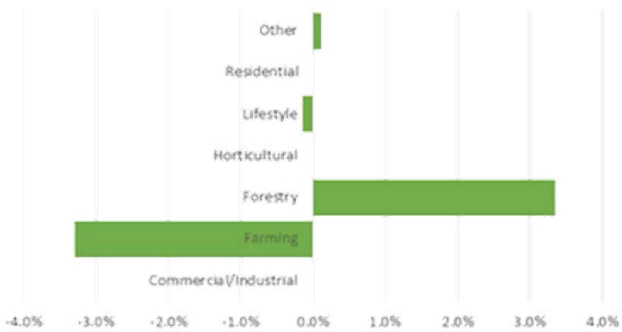
With regards to residential growth, improvements to the stormwater network are specifically anticipated, particularly in Māhia

These trends have been observed since the last update to the LTP, as shown in the graphs below:

Change in Number of Rating Units 2018-2020



Change in Proportion of Land Occupancy



Our Response
Due to financial constraints and the total amount of approved funding we are likely to receive from Waka Kotahi, there is limited capacity to augment the land transport management programme. It is more likely that work will need to be prioritised to meet this change in demand. In 2019 Council received approval from the PGF for $2.2 million towards a bridge strengthening programme for high productivity motor vehicle upgrades.

As mentioned earlier, Council will invest $0.5 million in improvements to the Māhia stormwater reticulation.

In the future Council will need to maintain these assets to a higher standard so that they remain serviceable to the users.

Our main lever is therefore seeking to ensure an appropriate distribution of funding needs, primarily through rates. In 2018, Council applied a differential factor of five to the roading rate for the forestry sector, reflecting the comparative cost of maintaining the network. In January 2021 Council completed its rating review and adopted an updated methodology. Specific features that address the impact of land use changes include:

- Transitioning to a general rate assessed on capital value, partly on the basis that development drives the cost of infrastructure;
- Incorporating the forestry roading differential factor into the streamlined capital value rating system and applying a differential factor of four overall to reflect the relative impact on community wellbeing outcomes;
- Moving 10% of the rates for all water activities to the general rate, recognising that there is benefit to the entire community from healthy water systems.

The table below summarises Council's assessment of the Risks and Opportunities that Land Use changes represent for the Financial Strategy.

Implications for Strategic Objectives	Land Use	
	Risk	Opportunity
Certainty of Rates Increases	Medium	Medium
Optimise External Revenue	Low	Medium
Value for Money	Medium	Medium
Intergenerational Equity	Medium	Medium
Debt Remains Manageable	Low	Low

MAINTAINING LEVELS OF SERVICE THROUGH AGEING INFRASTRUCTURE

Council delivers much of its core services through infrastructure. As at 30 June 2020 Council owned assets valued at $290 million (based on age and condition), of which $256 million was network infrastructure, i.e. roads and water utilities. These assets have serviceable lives ranging from 10 years to 120 years. Council maintains activity management plans to ensure these assets achieve their service potential and are renewed or replaced at the optimum time. These assets are significant investments and the renewal expenditure tends to happen in large chunks. This requires prudent financial planning and funding principles.

Council generally rates for depreciation on assets that it expects to replace or renew in the future, where no preferable alternative funding source exists. This ensures that current users pay for their share of the consumption of assets. The money collected for depreciation accumulates in reserves that Council will use to fund the future renewals, and ensures that the assets are capable of delivering the same levels of service to the next generation. This creates intergenerational equity.

Despite this, a large proportion of network infrastructure was already 30-50 years old when control transferred to Council in 1989. Ageing infrastructure presents a significant funding challenge and we are continuously in a catch up position that means that rating for depreciation will only cover part of the cost of renewals. Council will need to borrow to pay for the balance. The need to priotitise its work programme to address the issues of ageing infrastructure is discussed in more detail in Council's Infrastructure Strategy.

As at 30 June 2020, Council's balance sheet included $14 million of reserves held for future asset purchases and around $10 million of this is for network assets. Of the total, investments and cash deposits represent $6 million, with the remainder in the form of internal loans. In cash terms, therefore, only $6 million is available to invest in infrastructure. These reserves can only be replenished by continuing to rate for depreciation over many years. Internal loans arise when future funds accumulated in one activity are used for a project in another; and subsequently recovered over time through rates applied through the relevant activity. This reduces the requirement for external debt and preserves stakeholder equity by ensuring that users pay for what they get, and get what they pay for. Council believes that rating for depreciation is the most prudent way of funding infrastructure renewals because:

- It is more predictable and steady than future capital forecasts which tend to happen in peaks and troughs and are dependent on changing predictive models
- It is less expensive and less risky than financing all expenditure through borrowings
- Council's infrastructure assets are revalued every three years and these regular updates enable Council to keep pace with cost escalations and charge an appropriate depreciation rate.

The following information examines the expenditure required on infrastructure to maintain existing levels of service, and how Council intends to fund these renewal programmes. It is a convention of prudence that depreciation is used as a benchmark to assess whether this expenditure is sufficient to maintain levels of service in the long-term.

The charts that follow show the amount of capital expenditure required through the 10 years of the plan, and the funding sources that will be used.

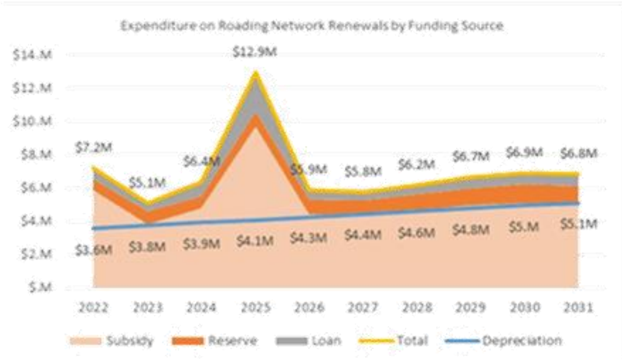
Roads

In order to maintain levels of service on the roading network Council must spend $59 million more than the annual depreciation charge due to deferred renewals in the past, diversion of resources to reinstatements following emergency events and the availability of funding.

Emergency events are becoming more frequent and climate change considerations put more of our network at risk.

The following graph not only emphasises Council's reliance on Waka Kotahi subsidies, but also the importance of rating for sufficient depreciation to pay for Council's share.

Council receives one the highest Funding Assistance Rates in the country, at 75%. We have assumed this will continue, although we are aware that the total amount that Waka Kotahi will be able to contribute is likely to reduce. Council will need to assess whether it is necessary to increase the local contribution in order to maintain levels of service.



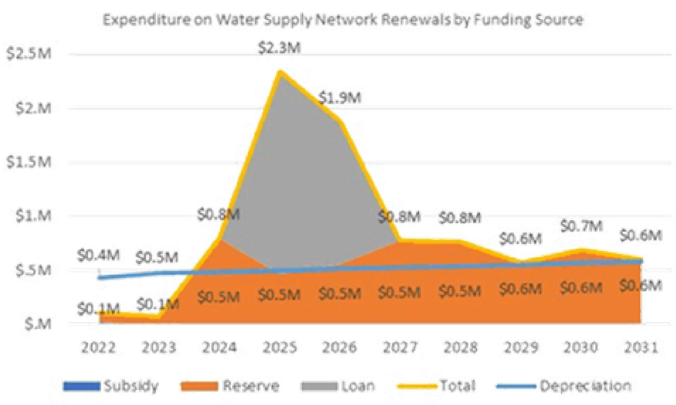
Note that for this activity reserve funding includes the amount rated for depreciation in the corresponding year.

Water Supply

The graph below shows forecast expenditure on water supply network assets by funding source compared to the annual depreciation expense.

Council punched well above its weight in securing $11.04 milllion from the 3 Waters Reform Stiumulus Package. Half of this money will be invested by 30 June 2021, with the remainder to be utilised against capital expenditure in the first year of this LTP.

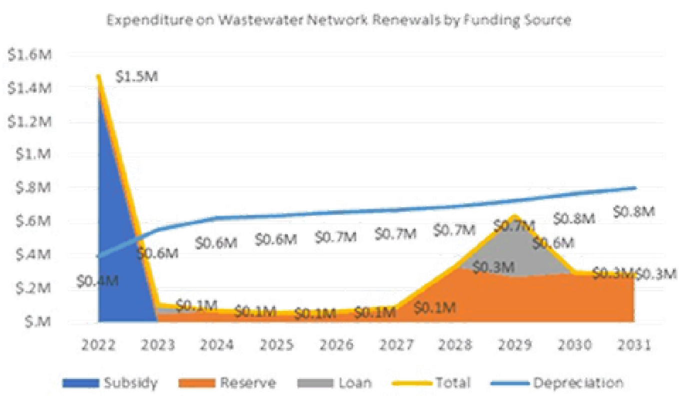
Of the $5.5 million utilised in the current year, over $1 million will be allocated to water main replacements, meaning a reduced renewals programme will be followed in 2021/22 while Council completes the installation of water meters. This expenditure is not included in this analysis because it is an improvement to the asset that will be used to identify priority areas for further enhancement.



Despite this investment, Council will still need to spend more than the annual depreciation charge in order to maintain levels of service over the next 10 years. In particular there is a spike in 2025 and 2026 when Council expects to spend $3.2 million on replacing pumping mains and intakes. These will be funded by loans because Council will not have sufficient cash reserves.

Wastewater

Council will use some money from the 3 Waters Reform Stiumulus Package to augment its pipe lining programme and catch up with renewals. This will enable us to reduce the required expenditure on reticulation renewals over the next 10 years. The graph that follows shows that the necessary expenditure to maintain levels of service in the network will be $3.4 million, just over half the total depreciation expense of $6.5 million.



This presents an opportunity to reduce the amount we rate for deprecation, but we still have to take a long-term view. This analysis concentrates on network assets. Council is currently working through its wastewater discharge consent renewal. In the LTP 2018-28 the estimate total cost of plant upgrades was $9.5 million. The remainder of the 3 Waters Reform Stiumulus Package will be allocated to this improvement.

Stormwater

Council is currently working through a programme of piping open drains. Where possible this has been included in Waka Kotahi-supported programme in the roading activity due to its contribution to road safety and currently in the 3 Waters stimulus package. This will be an improvement in the level of service Therefore remaining renewal expenditure in this activity is expected to be minimal at $1.2 million over the next 10 years, compared to a total depreciation expense of $3 million. This expenditure will be funded from depreciation reserves and borrowing where improvements are concerned.

Our Response

Recent announcements concerning the overall funding package available from Waka Kotahi are a risk to future levels of service. In order to protect the community from a major downturn or a sudden spike in funding requirements we must continue to rate for an appropriate portion of depreciation and use reserves when available.

Similarly, there is no reason to assume with confidence that further tranches of stimulus funding will be available for water services. The 3 Waters Reform Review will continue and we must carry on providing safe and compliant services supported by well maintained and effective infrastructure.

In recent years Council has exercised judgement in the amount of depreciation that it rated for and it will continue to do so without compromising these fundamental conditions.

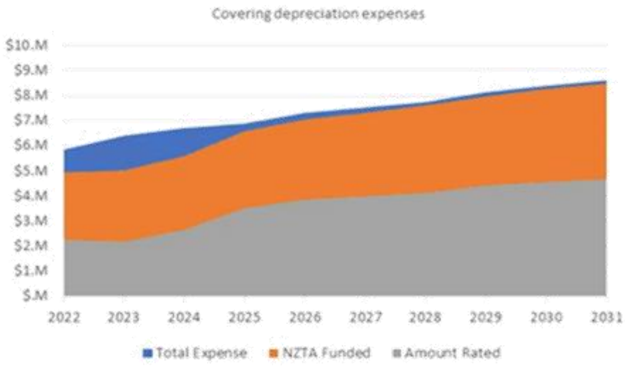
In the Economic Factors section above, we considered that underlying inflation should not present a significant challenge to maintaining affordable levels of service. However, we also pointed out that recent tenders for major roading and water utilities contracts resulted in prices significantly higher than inflation adjustments. Council's infrastructure assets were last revalued as at June 2020. The resultant annual depreciation expense was 17% higher than from the previous revaluation, almost double the economic forecasts. Even taking into account that Council only rates for the part of roading that is not subsidized by Waka Kotahi, this cost increase still amounts to the equivalent of a 3.1% increase in rates.

Therefore Council has adopted a funding approach that it considers prudent and sustainable. We will not rate for depreciation where other funding sources are available but we must maintain the serviceability of core assets, and still be able to pay the bills!

The table below summarises Council's assessment of the Risks and Opportunities that Funding Infrastructure represent for the Financial Strategy and to maintaining levels of service.

Implications for Strategic Objectives	Funding Infrastructure	
	Risk	Opportunity
Certainty of Rates Increases	Medium	Medium
Optimise External Revenue	Medium	High
Value for Money	Medium	High
Intergenerational Equity	Medium	High
Debt Remains Manageable	Low	Low

The graph below shows the total depreciation for all activities and the amount to be rated. These adjustments primarily relate to infrastructure, but in the first 3 years we have also reduced the amount to be rated for all assets, including buildings equipment and plant. By including the amount that will be covered by NZTA capital subsidies, we close the gap by 2025 so that sufficient funding is in place to cover future renewals.



LEVELS OF SERVICE - AFFORDABILITY AND BALANCING THE BOOKS

During pre-engagement for this LTP the community told us that current levels of service were about right, so we've prepared a plan around how we can continue to deliver these levels of service sustainably and consistently.

Maintaining levels of service poses challenges for funding:

- If we do nothing different, the costs will still increase and in some areas this will exceed inflation.
- We need a reset. As described in the introduction, our immediate funding challenges are not new, but we now have to do something about it.

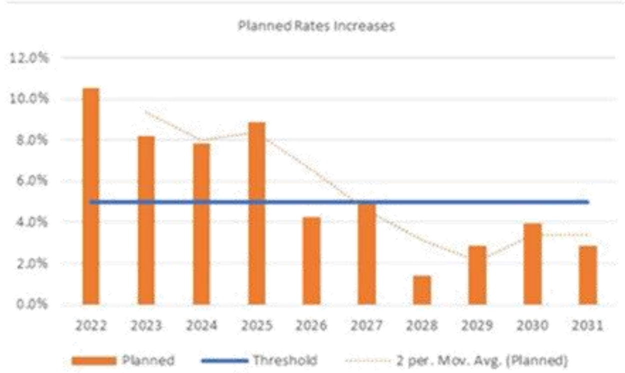
We will do everything we can to secure alternative revenue sources, but rates make up half of the total amount.

Total Revenue by Source - 10 year plan

Rates

The new rating system addresses the issues of consistency that we saw in the previous system, but it's still about the distribution of rates, not the total amount.

Council will retain its objective of keeping rates increases below 5%, but this must be seen as a long-term objective. In order to catch up and keep up, rates increases will need to be higher for the next four years:



OTHER POLICY CONDITIONS

BORROWING

Council's primary security for borrowing is its ability to set rates. We do not currently offer assets as security but will consider alternatives if it is prudent to do so. This may require an update to our Liability Management Policy.

INVESTMENTS

Council will not speculate on the securities or other financial markets, but will invest where there is clear economic benefit to the district, where the risk is within the parameters of the investment policy and where such investment contributes to the achievement of community outcomes.

Council owns 100% of the equity in Quality Roading and Services (Wairoa) Ltd (QRS). The main purpose of this investment is to maintain and enhance competition for local infrastructure contracts issued by Council. QRS is a significant employer in the district and its presence in Wairoa also ensures resources are available to respond to emergencies. QRS distributes a percentage of its profit to Council. The targets for QRS are set out in the company's Statement of Intent that is agreed with Council annually.

Council's portfolio of bonds and other liquid investments is held to:

- Provide emergency funds
- Represent reserves accumulated for asset renewals
- Earn a return on surpluses, windfalls and deposits.

Our current average return on these investments is 4%. We have maintained this in our financial forecasts, although since they will be expended by 2024 this is of limited relevance. As a minimum, we expect a return of 0.75% above our cost of borrowing, which is currently 2.5% As described in economic factors earlier in this strategy, future decisions between repaying loans or increasing investments will be made based on the cost of borrowing versus available returns on bonds.

Council owns a minority shareholding in Civic Financial Services Ltd. The sole purpose of this is by virtue of Council's membership of the mutual insurance funds that the company administers. No return is anticipated on this investment.

OVERALL ASSESSMENT

	Population	
	Risk	**Opportunity**
Certainty of Rates Increases	**High** – small population and large geographical spread provides a small funding base for escalating costs	**Low** – growth would need to be high percentages to make a significant difference to spreading the load
Optimise External Revenue	**Low** – our diversity is a strength and does attract external funding	**High** – our community was an important factor in the amount of PGF funding we were able to attract
Value for Money	**High** – cost increases always likely to exceed rate of population growth	**Medium** – cost of service discussion with an engaged community improves transparency
Intergenerational Equity	**Low** – shared objectives with regards to future generations	**High** – involving the community in future planning helps preserve sustainable services
Debt Remains Manageable	**Medium** – must maintain borrowing within prudent limits so that debt servicing does not become a large part of day to day expense	**Low** – limited scope for targeted rates for specific projects

	Economic Factors	
	Risk	**Opportunity**
Certainty of Rates Increases	**Medium** – population size presents an exposure to extreme changes in inflation or interest rates	**Low** – limited investment holdings and modest returns
Optimise External Revenue	**Low** – subsidies set at co-contribution rates, some exposure on what can be delivered	**Medium** – strong relationships with funders have seen Wairoa achieve above average investment
Value for Money	**Medium** – some revenue lines may not increase at the same rate as costs	**Low** – already benefiting from low interest rates
Intergenerational Equity	**Low** – funding plans in place to deliver the same levels of service in the future	**High** – economic recovery stimulus packages have delivered improvements to long-term infrastructure and facilities
Debt Remains Manageable	**Low** – debt used as part of a balanced funding approach and repayments included in funding plans	**Medium** – capacity built in to take advantage of refinancing options

	Land Use	
	Risk	**Opportunity**
Certainty of Rates Increases	**Medium** – significant changes may affect demand and cost effectiveness of services	**Medium** –new rating policy enables Council to repond with greater agility and consistency
Optimise External Revenue	**Low** – observed trends in land use are more likely to justify continuation of high subsidy rates	**Medium** – link to economic development, options to explore financial contributions may arise
Value for Money	**Medium** – changes in land use may affect demand for Council activities which are planned over the long-term	**Medium** – new development may create sufficient demand to increase fees and charges
Intergenerational Equity	**Medium** – rapid change may create redundancy or deficiencies in infrastructure	**Medium** – co-design with community partners to support sustainable outcomes
Debt Remains Manageable	**Low** – the only risk would be redundant capacity and a need to finance significant unexpected changes to assets	**Low** – unlikely that co-funding opportunities would supersede existing arrangements

	Funding Infrastructure	
	Risk	Opportunity
Certainty of Rates Increases	**Medium** – impact of cost escalations on future renewals and depreciation	**Medium** – continuous monitoring of capital programmes against funding plans will provide greater certainty
Optimise External Revenue	**Medium** – dependency on Waka Kotahi subsidies, risk increases in the longer term	**High** – strong partnerships with funders and leading participation in reform reviews, stimulus packages, tourism
Value for Money	**Medium** – inability to continue funding may lead to greater deterioration in service	**High** – Waka Kotahi and PGF, regional partnering
Intergenerational Equity	**Medium** – risk level is determined by level of rating for depreciation	**High** – future economies from continuous improvement in optimisation and investment, e.g. smart meters, pipe lining
Debt Remains Manageable	**Low** – balanced funding approach, appropriate to the nature of the expenditure	**Low** – can only be achieved by rating for loan repayments

WAIROA DISTRICT COUNCIL

REVENUE AND FINANCING POLICY

WAIROA
DISTRICT COUNCIL

REVENUE AND FINANCING POLICY

PURPOSE AND SCOPE

1. This policy outlines the choices Council has made in deciding the appropriate sources of funding for operating and capital expenditure from those sources listed in the Local Government Act 2002 (LGA). The policy also shows how the Council complied with section 101(3) of the LGA which sets out a number of factors we must consider when making these decisions. A comprehensive analysis of this is included in the Funding Needs Analysis (Appended).
2. Deciding the best way to fund activities is complex. Applying the legislation is complex and involves many statutes, regulations and multiple statutory policies. The outcome of balancing all those matters requires judgement having considered many factors including but not limited to:
    - Legal.
    - Social.
    - Competition.
    - Affordability.
    - Impact of change.
    - Efficiency.
    - Equity.
    - Cost.
    - Intergenerational equity.
    - Transparency.
    - Accountability.
    - Business.
    - Strategic Alignment.
    - Benefit.

POLICY STATEMENT

FUNDING SOURCES FOR OPERATING EXPENSES

3. Operating costs are the everyday spending on Council activities. This includes contributions to the wear and tear on assets used (depreciation), interest charged on borrowing for capital projects and overheads.
4. The funding of each activity must be considered individually. Some activities may be best funded by user charges, such as building consents, others with targeted rates, such as water, and others from the general rate, such as roading.
5. The funding sources used for operating costs and the Council's policies in respect of funding operating expenses are described in the following sections.

User Charges

6. User charges are applied to services where it is identified there is a benefit to an individual or group, or directly attributable cost. User charges are a broad group of fees charged directly to an individual or entity including but not limited to:
    - Service charges.
    - Hire.
    - Rent, lease, licences for land and buildings.
    - Permits.
    - Regulatory charges.
    - Fines and penalties.
    - Connection fees.
    - Disposal fees.
    - Deposits.
    - Private works.
    - Planning and consent fees.
    - Statutory charges.
    - Retail sales.
    - Landing fees
7. The price of the service is based on a number of factors, including but not limited to:
    a. The cost of providing the service.
    b. The estimate of the users' private benefit from using the service.
    c. The impact of cost to encourage/discourage behaviours.
    d. The impact of cost on demand for the service.
    e. Market pricing, including comparability with other councils.
    f. The impact of rates subsidies if competing with local businesses.
    g. Cost and efficiency of collection mechanisms.
    h. The impact of affordability on users.
    i. Statutory limits.
    j. Other matters as determined by the Council.
8. The ability to charge user charges is limited by various statutes and regulations. As a general rule, fees for statutory functions should be set at no more than the cost of providing the service. In some cases, legislation sets the fees at a level that is below cost and in other cases, where provided by legislation (such as the Waste Minimisation Act 2008) fees may be set at greater than the cost of providing the service. It is appropriate to incorporate overhead costs when determining the cost of providing a service.
9. Where goods or services are sold commercially, and taking into consideration legislative limitations, the Council's preference is to charge a market price. This includes retail sales, leases, rents and licences for land and buildings.
10. Fees and charges may be set at any time and are reviewed annually. A list of current fees and charges is maintained on our website.
11. Revenue from user charges is generally allocated to the activity which generates the revenue.

Grants, Sponsorship, Subsidies and Other Income

12. Grants, sponsorship and subsidies are used where they are available. Many of these types of income are regular and predictable and can be budgeted for (for example Waka Kotahi NZTA roading subsidy). Some other types are unexpected or unpredictable and may not be able to be prudently budgeted (such as Provincial Growth Fund funding, reparation payments, civil defence and other reimbursements, legal settlements and insurance claims). These are applied as they arise to the corresponding activity or project.

Investment Income and Proceeds from the Sale of Assets

13. The Council's approach to investments is documented in the Investment and Liability Management Policies. These investments generate income such as dividends, interest, and rents.
14. Income from all asset disposals are generally receipted to the activity that used the asset to deliver service. Generally, these proceeds are considered to be capital in nature. However, low value items may be used to fund operating costs. Council may resolve to utilise higher value proceeds for operating purposes if it is satisfied that it is prudent and in the community's interest.

REVENUE AND FINANCING POLICY

Development Contributions, Financial Contributions and Lump Sum Contributions

15. Generally, there is little revenue from these funding sources to fund operating costs.
16. Lump sum contributions have been used for the Māhia and Ōpoutama wastewater schemes. which included a portion of operating cost (interest). Council has an Early Payment of Rates Policy enabling existing ratepayers for these schemes to pay future targeted rates for this in advance.
17. Council will consider using lump sum contribution arrangements as a suitable funding option for future projects.
18. Financial contributions, relating to resource consents are collected and placed in a reserve fund. The use of this funds could include some operating costs. The Council does not currently take development contributions, but it is considering the use of these as part of its review of the District Plan. Should development contributions be implemented a portion of revenue funds the interest cost on debt for growth related capital projects.

Reserve Funds

19. Reserve funds are used for the purposes that they were created. Reserve funds may be used to meet operating costs if the expenditure is consistent with the purpose of the fund.

Borrowing

20. The Council's approach to Borrowing is documented in the Investment and Liability Management Policies. The Council generally plans to fund all cash operating costs from sources other than borrowing but may in specific circumstances, where it determines it is prudent to do so, fund some operating costs from borrowing.

Rates

21. Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source.
22. The Council may establish general or targeted rates to fund operating costs.

SUMMARY OF SOURCES OF FUNDING FOR OPERATION COSTS BY ACTIVITY

23. The above funding sources were considered when determining the funding required from all sources (including general rates or targeted rates) for each activity in the Funding Needs Analysis, as required by section 101(3)(a).
24. Table 1 shows the degree (expressed as a range) to which each funding source is used to fund operating costs in relation to each activity to be funded, as required by section 101(3)(a) of the LGA".
25. After the activity by activity analysis, the Council undertakes an analysis of the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community. The results of this analysis may vary the outcome of the activity by activity analysis.
26. The ranges in Table 1 are expressed as a percentage of the revenue budgeted to fund each activity and are indicative only. They may change over time because of changes in expenditure requirements. Actual funding sources may differ from the budgeted funding sources.

Table 1: Operating Funding by Activity

	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Water Supply*	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Wastewater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Stormwater	0% -20%	0%	0% -20%	0%	0%	0%	0% -20%	80% - 100%
Waste Management	20% -40%	0%	0%	0%	0%	0%	0% -20%	40% - 60%
Airport	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parking	0%	0%	0%	0%	0%	0%	100%	0%
Roading	0%	60% - 80%	0%	0%	0%	0%	20% -40%	0%
Camping Grounds	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Cemeteries	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Centre	0%	0%	0%	0%	0%	0%	80% - 100%	0%
Community Support	0%	0% -20%	0%	0%	0%	0%	80% - 100%	0%
Library	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Memorial Hall	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Parks and Reserves	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%

REVENUE AND FINANCING POLICY

	User charges	Grants, subsidies & other	Invest. Income	Fin. and Dev. Contributions	Reserve Funds	Borrowing	General Rates	Targeted rates
Resource Planning	0% -20%	0%	0%	0%	20% -40%	20% -40%	40% - 60%	0%
Environmental Health	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Building Control	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Liquor Control	40% - 60%	0%	0%	0%	0%	0%	60% - 80%	0%
Bylaw Compliance	40% - 60%	0%	0%	0%	0%	0%	40% - 60%	0%
Community Rep-resentation	0%	0%	0%	0%	0%	0%	100%	0%
Māori Relationships	0%	0%	0%	0%	0%	0%	100%	0%
Economic Development	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Gaiety Theatre	80% - 100%	0%	0%	0%	0%	0%	0% -20%	0%
Visitor Information	0% -20%	0%	0%	0%	0%	0%	80% - 100%	0%
Pensioner Housing	100%	0%	0%	0%	0%	0%	0%	0%
Property	0% -20%	0% -20%	0% -20%	0%	0%	0%	80% - 100%	0%
Funds Management	0%	0%	100%	0%	0%	0%	0%	0%

FUNDING SOURCES FOR CAPITAL COSTS

27. Capital costs are those costs associated with the purchase and improvement of assets, and the repayment of debt. The funding sources for capital costs and Council's policies in respect of the funding of this expenditure are described in the sections that follow.

User Chargse

28. User charges are not often used for capital costs as individual user contributions would generally be too large to be affordable. Borrowing and charging users annually for financing costs (interest and principal) via rates is often a more affordable method of collecting user contributions for capital costs.

29. The Council may charge for capital works that are for private benefit (such as, a network extension to a single dwelling) or where capital works are undertaken outside of Asset Management Plans at the request of individuals (for example, a rural seal extension for dust suppression).

Grants, Subsidies and Other Income

30. The Council relies on significant subsidies for capital works relating to our transport activity. Grants and subsidies may be available for other activities from time to time.

31. Other income can be from many and varied sources and is unlikely to be predictable enough to budget for in advance. Other income used to fund capital costs could include bequests, insurance claims, and legal settlements.

32. Grants, subsidies and other income are used wherever they are available.

Development Contributions

33. Development Contributions (DCs) fund capital costs necessary to service growth. Council does not have a development contributions policy at this time and will consider this as part of the consideration of financial contributions in the review of the District Plan.

Financial Contributions

34. Financial contributions are collected under the Resource Management Act 1991 to avoid, remedy or mitigate adverse effects on the environment as conditions to resource consents. The requirements for these contributions are outlined in the District Plan. Contributions may be received in cash or as revenue by the vesting of assets.

Proceeds from the Sale of Assets

35. From time-to-time, assets are disposed of. Usually these are low value items and the revenue is allocated to the activities that the assets were used in. In the case of short-life assets these proceeds would normally contribute to the cost of their replacement.

36. The Council holds some higher value assets for investment purposes which, although not budgeted for, could be sold. Unrestricted proceeds from the sale of these assets would be used to repay debt or supplement the corresponding asset replacement reserves, unless otherwise resolved. Restricted revenues would be placed in the appropriate reserve fund and used for the purpose required by the document that imposes the restriction.

REVENUE AND FINANCING POLICY

Reserve Funds

37. Reserve funds for capital projects are held and the funds are used when a project meets the specific criteria for accessing the reserve. This includes renewal funding derived from rates for operating costs such as depreciation and other accounting provisions.

Borrowing

38. The Council borrows to fund its asset programme. The amount of borrowing available is restricted by the debt limits set in the Financial Strategy.
39. Borrowed funds, both the principal and interest (an operational cost), are generally repaid by future rates.
40. Borrowing spreads the cost of the project over a longer period of time, smoothing changes in rates and ensuring that future ratepayers who will enjoy the benefit of long-lived assets contribute to their costs.

Lump Sum Contributions

41. When undertaking a major project, there is an option to seek lump sum contributions to the capital cost of the project from those who are identified in the projects "capital project funding plan". Lump sum contributions are provided for in the Local Government (Rating) Act 2002 and have restrictions placed on how they are used. Where a lump sum payment option is proposed ratepayers may choose to pay the lump sum or not. If not, the rating unit will be liable to pay any targeted rate set to recover the loan costs.

Rates

42. Rates are mostly used to fund everyday expenses including depreciation and interest costs related to borrowing.
43. A portion of rates funds the capital (principal) repayments of debt.
44. Council may establish targeted rates to fund specific capital projects where there is a benefit of separate funding.
45. Council holds reserve funds for capital expenditure. Some of which has been sourced from rates.

Summary of Sources of Funding for Capital Costs by Activity

46. Funding of Capital costs will be determined via the same principles as the operating costs funding policy unless the Council resolves otherwise. Such a resolution will follow the funding guidelines and in doing so will be consistent with this policy and not require an amendment to the policy. Existing projects (projects resolved prior to the adoption of this policy) will be funded according to the Annual Plan, Long-Term Plan or other resolution made at the time the Council approved the project. It is not practicable to determine a funding policy for all unknown future projects. The main difference is that it is the purpose of the expenditure will have more bearing on the funding available. Capital projects are often large in nature and will provide benefits over many years, and the funding approach must reflect this.
47. The Council uses the following guidelines when considering the funding of capital projects:
    a. A Funding Needs Analysis will be completed where the project is not included in the capital works programme or is additional to planned services, or where its inclusion impacts on Council's overall funding capacity.
    b. All projects are first funded from grants, subsidy or other external income where available.
    c. Renewal projects that maintain the same service level are then funded from reserve funds set aside for that purpose.
    d. General purpose funds or unrestricted reserve funds held for other complementary purposes are considered.
    e. Lump sum rating options are considered.
    f. Projects that have exhausted previous funding sources or are for new or increased service levels or for growth in infrastructure are then funded from debt.
48. A single project may have a mix of each of these funding options.
49. It is not practical to create separate funding policies for each and every capital project. The Council will only do this when a project is particularly large, affects a particular group or does not fit with an existing funding policy or activity.
50. Whenever funding a capital project, the Council will consider the available sources of funds, the Revenue and Financing Policy, and section 101(3) in applying the above guidelines to a capital project. Generally, the Council will resolve the funding policy at the time the project is proposed in an Annual or Long-Term Plan.

OVERALL FUNDING CONSIDERATION

51. The Council is required by section 101(3)(b) of the LGA to consider "the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community". This section allows that as a final measure, we may modify the overall mix of funding that would otherwise apply after the initial s101(3)(a) analysis for each activity to be funded.
52. The following adjustments have been made:
    a. The allocation of the rates liability between sectors of the rating base may be altered by using differentials on the general rate and certain targeted rates. The allocations in this Long-Term Plan were determined by the Council after consultation with the community in 2020. The Council may modify the differential factors during the term of the Long-Term Plan to reflect a change in allocation of cost, or benefit, or to achieve better community outcomes or wellbeing.
    b. This adjustment included an additional allocation of cost to the forestry differential for all activities, rather than just the incremental cost previously allocated from roading activities. The Council has decided this allocation to increase the rates to this sector is appropriate because of comparative negative community wellbeing impacts on the Wairoa community.
    c. Rates affordability (people's ability to pay rates) is an issue in parts of the region. Adjustments to limit the impact of fixed rates on lower value rating units were made so that rates are more affordable for lower value rating units.
    d. Fees and charges may be waived or discounted where it is considered appropriate to do so. Some matters we may consider in deciding whether it is appropriate to waive fees are for social reasons (e.g., the promotion of events

REVENUE AND FINANCING POLICY

and facilities) or commercial reasons (e.g., due to poor service or to minimise risk).

e. Rates may be remitted where it considered appropriate to do so and as allowed for in the Rates Remissions and Postponements Policies (including Māori Freehold Land). These policies address social matters as well as adjusting rates for benefits that differ for some rates assessments (such as additional or no provision of some services).

f. The Council may use accounting provisions and reserve funds to spread the costs of activities over multiple years to smooth the cost to users and ratepayers.

Rates

53. Our final consideration of funding by rates comes:
    a. After considering how other funding sources will be used to fund operating and capital costs.
    b. how rates have been applied to activities in the Funding Needs Analysis; and/or
    c. After being adjusted for the overall impact of allocation of liability.

54. The following section outlines the Revenue and Financing Policy requirements that are used to set rates. To have a full understanding of rates they should be read with regards to the analysis above and in conjunction with the Rating Policy, Funding Impact Statement and Rates Resolution.

General Rates

55. The Council sets a general rate is assessed on all rateable properties (rating units) based on the capital value of the property. A Uniform Annual General Charge (UAGC) will be set on each separately used or inhabited part (SUIP) of all rating units.

56. The Council has determined in its Funding Needs Analysis which activities should be funded from general rates (see Table 1).

57. The Council has chosen to differentiate the General Rate into four rating categories, applying 6 rating differentials, based on the use to which the land is put. In respect of residential land, Council observes the provisions of s101(3)(b) of the LGA and the overall impact of the allocation of liability for revenue needs on the community. In doing so it has determined that the application of 3 rating differentials to land categorised as residential for rating purposes is appropriate. The General Rate will be assessed on capital value of the land. The factors to be applied to all differentials and the thresholds for the residential differentials will be determined in the Funding Impact Statement
    a. Residential will be
        i. Residential A
        ii. Residential B
        iii. Residential C
    b. Commercial.
    c. Rural.
    d. Forestry.

58. The Council primarily uses valuation data (specified in the Rating Valuations Rules) to determine the allocation of rating units to differential rating categories. The full definitions can be found in the Rating Policy and the Funding Impact Statement and may change during the term of the Long-term Plan.

59. In setting the differential categories, and the differential factors, the Council considered the requirements of the LGA and other considerations, including:
    a. The activities funded by the general rate and the s101(3) considerations for the activities.
    b. The impact of any change, or rate of change to the differential.
    c. The views of those impacted by the differentials.
    d. Other reasonable options, and the advantages and disadvantages of those options.
    e. The overall impact of the differential on all ratepayers.

60. The UAGC is part of the general rates and is a fixed amount each year. The Council can set the UAGC based on an allocation of the cost of specific activities or at an amount the Council considers is appropriate. In past years, the Council has preferred to base the UAGC on the allocation basis. From 2021 the Council will set the UAGC at a level it considers appropriate.

61. The Council recognises the regressive nature of fixed rates. Rates affordability is a matter the Council considers when setting the UAGC. Council's remissions policies provide for some adjustment to UAGCs for properties where appropriate. During the term of this Long-term Plan the Council may adjust the UAGC as part of its rate setting process in order to improve community wellbeing for current and/or future communities.

62. If the cost allocation from activities (as described in the Rating Policy) is amended, or an adjustment is made to the UAGC to improve community wellbeing, the amount removed from the UAGC will remain part of general rates.

Targeted Rates

63. Targeted rates are finalised when adopting the Funding Impact Statement in the Long-Term Plan or an Annual Plan. The Council may introduce new targeted rates, consistent with this policy, when setting rates in any year as documented in the respective year's Funding Impact Statement and Rates Resolution. The Council's requirement to consult is determined by s95A of the LGA.

64. The Council has chosen to have a small number of targeted rates and will provide transparency of how much a ratepayer's rates is contributing to activities by using better communication tools than the rates invoice. Information on targeted rates is listed in the Rating Policy, Rates Resolutions and Funding Impact Statement for each year.

65. The Council consulted on changes to targeted rates in its 2020 rates review, the outcomes of which are reflected in this and other relevant policies.

REFERENCES

- The Funding Needs Analysis, required by section 101(3) of the LGA, provides the background and analysis to explain the funding decisions we have made. It is guided by the funding principles and choices of funding sources documented in the Revenue and Financing Policy.
- The Investment and Liability Management Policies place restrictions on the use of the proceeds from asset sales.
- The Rating Policy further clarifies funding requirements by documenting matters not included in this Revenue and Financing Policy. It includes definitions and, when applicable, maps for rating areas.
- The Funding Impact Statement is included in each Long-term Plan and Annual Plan as required by clauses 15 or 20 of schedule 10. This statement shows the results of the detailed rates calculation for each year.

Together the above documents form the necessary components to lawfully charge under the LGA for our revenue requirements. We must also comply with other legislation regarding the setting of some fees and charges and the Local Government (Rating) Act 2002 for the setting of rates.

WAIROA DISTRICT COUNCIL

SIGNIFICANCE AND ENGAGEMENT POLICY

WAIROA DISTRICT COUNCIL

SIGNIFICANCE AND ENGAGEMENT POLICY

PURPOSE

This Policy lets both Council and the community identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place.

This Policy exists to:

- inform you about what you can expect from Council regarding community engagement and the ways you can influence and participate in the decision-making of Council.
- provide Council with a tool that clearly guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal.

OVERVIEW

Decisions made by the Wairoa District Council affect the residents and ratepayers of Wairoa. We are committed to building and maintaining relationships with stakeholders and our community so that decisions are well informed. Wherever practical, we will engage with individuals, organisations and groups in our community in ways that give them the best opportunity to have their say.

This Significance and Engagement Policy (Policy) meets the requirements of the Local Government Act 2002 (LGA 2002).
The objectives of this Policy are:

1. To establish a general approach and process for identifying the significance of Council decisions;
2. To set out when and how Council will engage with the community in decision-making, depending on the significance of the decision.

The LGA 2002 states that one role of a Council is to enable democratic local decision-making and action by, and on behalf of, communities. This Policy explains how Council will decide the level of significance that a matter has, the types of matters where the community will be involved in the decision-making process, and when the community can expect Council to make a decision on its behalf.

There are many informal ways that Council engages with the community during its everyday business which helps to inform it on community views. There are also decisions that a Council must make which require a more structured form of engagement. This is because of the importance that a matter has within the wider community, or for groups within the community.

The first part of this Policy sets out how Council will decide whether or not a matter is "significant". The second part of this Policy sets out when and how the community's views will be heard on these significant, and other, matters.

POLICY STATEMENT

SIGNIFICANCE

Local authorities must make decisions about a wide range of matters and most will have a degree of significance, but not all issues will be considered "significant". An assessment of the degree of significance of proposals and decisions, and the appropriate level of engagement, will therefore be considered in the early stages of a proposal before decision making occurs.

Council has identified criteria to assess the degree of significance. The significance of an issue, proposal or decision lies somewhere on a continuum from low to high. Where the significance of a proposal or decision is unclear against one criterion, then Council will treat that criterion as being more, rather than less, significant. If any of the criteria are met, the proposal or decision may be 'significant'. However, the criteria should be considered collectively to get to this point.

CRITERIA FOR SIGNIFICANCE

Significance means the importance of an issue, proposal, decision, or matter, as assessed by Council. Council will consider the following matters when assessing the degree of significance of proposals and decisions, and the appropriate level of engagement:

- The likely impact/consequences of the issue, proposal, decision or other matter, on the district.
- Whether the asset is a strategic asset as listed in appendix two two of this Policy.
- The impact on levels of service provided by Council or the way in which services are delivered.
- The degree of impact on Council's debt or the level of rates it charges.
- The financial and non-financial costs and implications of the issue, proposal, decision or other matter having regard to Council's capacity to perform its role.
- Whether the decision is reversible and the likely impact on future generations.
- The impact on the community, how many people are affected and by how much.
- Whether the decision or action flows from, or promotes, a decision or action that has already been taken by Council or furthers a community outcome, policy or strategy.
- Whether there is a history or reasonable expectation of the issue generating wide public interest within the district.
- The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.

It may be that only one of the criteria applies, but to such a high degree that the decision will be considered "significant". Conversely, several criteria may be applicable, but to only a low degree, and therefore will be considered to have a lower level of significance. Each decision will involve staff making an assessment for consideration by elected members. Appendix one of this Policy sets out how the criteria will be used to assess significance.

SIGNIFICANCE AND ENGAGEMENT POLICY

DETERMINING SIGNIFICANCE

In the first instance, staff will be responsible for assessing the significance of a potential decision, in accordance with legislation and this Policy. Reports to Council and its Committees will include the staff assessment of the significance of the proposals and any options or recommended decisions.

ENGAGEMENT

Any community engagement will be undertaken in proportion to the level of significance of the matter being considered When any engagement takes place, Council will provide information and:

- Seek to hear from everyone affected by a decision.
- Ask for views early in the decision-making process so that there is enough time for you to give us feedback, and for your views to be considered properly.
- Listen and consider views in an open and honest way.
- Respect everyone's point of view.
- Provide information that is clear and easy to understand.
- Consider different ways in which the community can share views with us.
- Ensure that the engagement process is efficient and cost effective.

PRINCIPLES OF ENGAGEMENT

Council will take a principle-based approach to our community engagement activities.

- **Genuine:** We will listen to the views provided by the community with an open mind and will give due consideration to them when making decisions.
- **Timeliness:** We will engage with the community as early as appropriate and ensure that engagement processes are an integral part of project planning. We will allow enough time for participants to contribute and for them to be able to raise unexpected issues.
- **Purposeful:** We will be clear about the purpose of engagement and the ability and scope of the engagement to influence decisions.
- **Inclusive and accessible:** We will engage in a way which encourages participation of all who are likely to be affected by, or are interested in, a decision.
- **Recognise diversity:** We will use engagement methods which are appropriate to the issue and those we are seeking to engage, having regard to their culture, age, ability and time availability.
- **Informed:** We will ensure information relating to the engagement is readily available so that participants can make informed contributions.
- **Responsive:** We will record, consider and respond to participants' contributions, and provide information to the community on how their feedback influenced the decision-making.
- **Engagement with Māori:** We will acknowledge the unique perspectives of Māori in our community.
- **Cost-effective:** We will engage in a cost-effective manner, and resource engagement in proportion to the significance of the decision. We will ensure the least possible cost to all involved in the engagement (including the costs to the communities/ affected parties).

The ways engagement can take place are varied and will be in proportion to the significance of the matter being considered.

STATUTORY COMPLIANCE

The LGA 2002 and other legislation require Council to consult with the community in a range of circumstances. The LGA 2002 has also sets out principles to guide all consultation and prescribes specific consultative procedures, which must be followed in certain circumstances. At a minimum, Council will adhere to all legislative requirements.

SPECIAL CONSULTATIVE PROCEDURE

There are situations where the Special Consultative Procedure must be used under the LGA 2002:

- Adoption or amendments to the Long-Term Plan
- Adoption or amendment to a significant bylaw
- Transfer of ownership of a significant strategic asset
- Changes to financial policies.

There are also statutes which require the special consultative procedure to be followed in specified situations including:

- Resource Management Act 1991
- Rating Powers Act 1988
- Building Act 1991
- Sale and Supply of Liquor Act 2012
- Psychoactive Substances Act 2013
- Dog Control Act 1996
- Waste Minimisation Act 2008
- Freedom Camping Act 2011
- Land Transport Management Act 2003
- Energy Companies Act 1992.

It is important to note that formal consultation using a special consultative procedure is a structured process outlined in legislation and supported by case-law. In other engagement processes, however, there are no explicit statutory or legal rules constraining or defining community engagement processes. The LGA 2002 has given local authorities the ability to determine this as appropriate for their communities.

SIGNIFICANT PROPOSALS OR DECISIONS

Council will determine the nature and form of the engagement in accordance with the significance of the particular decision. In general, the greater the significance of the decision, the more we will do to engage the community. A 'significant' decision does not automatically require the special consultative procedure.

SIGNIFICANCE AND ENGAGEMENT POLICY

ENGAGEMENT WITH MĀORI

Council will honour all engagement processes, agreements and memorandums of understanding developed with Māori as they relate to its decision-making policies. It will also consider its obligations as outlined under the Resource Management and Local Government Acts.

Te Tiriti o Waitangi/the Treaty of Waitangi is the founding document of New Zealand. Council accepts the great importance of this living, dynamic document, and is committed to upholding the spirit of Te Tiriti o Waitangi/the Treaty of Waitangi principles

- Principle of Tino Rangatiratanga – Self-management
  The rights of Māori to exercise full authority and control over their lands, resources and taonga.
- Principle of Kawanatanga – Governance
  The authority to make laws for the good order and security of the country subject to the duty imposed (on the Crown) to Māori under the Treaty.
- Principle of Whakawhanaungatanga – Partnership
  A partnership between Māori and the Crown which requires the parties to act reasonably and with the utmost good faith in accordance with the Treaty of Waitangi.
- Principle of Oritetanga – Equality and privileges of citizenship
  The right of tangata whenua as individual citizens to receive, as a minimum, fair and equal access to the resources and benefits provided by the Crown.
- Principle of Kaitiakitanga – Stewardship
  The responsibility of Māori to undertake their duty of custodianship, stewardship and guardianship over their lands, resources and taonga.
- Principle of Whakatika i te mea he – Duty to remedy past breaches
  The duty of the Crown to remedy past breaches of the Treaty and to prevent further breaches.
- Principle of Tuatiaki ngangahau – Active protection of taonga and Māori interests
  The duty to ensure the active protection of taonga for as long as Māori wish it to apply.
- Principle of He here kia mōhio – Duty to be informed
  The duty of the Crown to make informed decisions through consultation with Māori.

More information on Council's processes that provide tangata whenua contribution to Council's decision making can be found in our Māori Policy.

ENGAGEMENT ON OTHER MATTERS

Outside of matters where it remains mandatory for a special consultative procedure to be undertaken, Council will determine the appropriate level of engagement on a case by case basis.

Council may decide that it will use a special consultative procedure if the matter is of high significance, or it may choose another form of appropriate consultation. In instances where significance is judged to be moderate, engagement with the community could involve consulting through an advisory committee or focus group, public meetings, or surveys.

When Council decides that a matter is of low to moderate significance, or in instances where it is considered that the views of the community are already known, it may make a decision on behalf of the community and then inform the community of the outcome. This may be, for instance, through publication on the Council website, in the local media, or other appropriate means.

REASONS NOT TO ENGAGE

Council acknowledges there are times when it is not necessary, appropriate or possible to engage the community on a proposal or decision.This will be decided in accordance with the criteria below:

1. The proposal or decision is not of a nature or significance that requires engagement.
2. Council already has a sound understanding of the views and preferences of the people likely to be affected by, or interested in, the proposal or decision.
3. There is a need for confidentiality or commercial sensitivity.
4. The costs of engagement outweigh the benefits of it.
5. The proposal or decision has already been addressed by Council's strategies, policies or plans, which have previously been consulted on.
6. An immediate or quick response or decision is needed or it is not reasonably practicable to engage.

Whenever Council does not formally engage, community views will still be considered before a decision is made and as much information will be provided to the public as possible.

ENGAGEMENT ACTIVITIES

Council will decide which engagement activities or processes to use based on the individuals, communities and sectors that are affected by, or interested in the proposal; and the extent of that interest/impact. In the first instance, staff will be responsible for assessing the appropriateness of engagement activities for each proposal or decision at the project planning stage.

There may be times where Council activities are affected by events at a regional, national, or global scale – such as extreme weather, or a pandemic. In these instances, Council may delay activities to ensure an appropriate level of engagement. Council may also implement alternative forms of engagement in order to overcome barriers these events have created to engagement. These will be considered on a case by case basis.

INFORMATION REQUIREMENTS

Council will ensure that, when conducting any engagement or consultation process in relation to a significant decision, it provides:

- Clear information on what is being proposed and why it is being proposed
- Sufficient information on which to provide meaningful feedback
- The advantages and disadvantages of each option being considered
- What impacts, if any, will occur if the proposal goes ahead
- How the community can provide its views
- The timeframe for completing the community engagement or consultation
- How submitters and participants can learn about the outcome.

SIGNIFICANCE AND ENGAGEMENT POLICY

DEFINITIONS

Community	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
Decisions	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of council decisions will not be deemed to be significant).
Engagement	Is a term used to describe the process of seeking information from the community to inform and assist decision making. There is a continuum of community involvement.
Significance	As defined in Section 5 of the LGA 2002 in relation to any issue, proposal, decision, or other matter that concerns or is before a local authority, means the degree of importance of the issue, proposal, decision, matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for: • The district or region • Any persons who are likely to be particularly affected by, or • interested in, the issue, proposal, decision, or matter • The capacity of the local authority to perform its role, and the financial and other costs of doing so.
Strategic Asset	As defined in Section 5 of the LGA 2002 in relation to the assets held by the local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority's capacity to achieve or promote any outcome that the local authority determines to be important to the current or future wellbeing of the community; and includes • Any asset or group of assets listed in accordance with Section 90(2) by the local authority; and • Any land or building owned by the local authority and required to maintain the local authority's capacity to provide affordable housing as part of its social policy; and • Any equity securities held by the local authority in a port company within the meaning of the Port Companies Act 1988 • An airport company within the meaning of the Airport Authorities Act 1966

RAISING A CONCERN

Concerns with the engagement process should be raised with the Wairoa District Council Governance team (governance@wairoadc.govt.nz)

SIGNIFICANCE AND ENGAGEMENT POLICY

APPENDIX 1: ASSESSING SIGNIFICANCE AGAINST CRITERIA

Criteria	Higher Significance	Lesser Significance
Change in levels, or delivery, of service provided by Council. Water Supply*	There is a major and/or long term change to services.	There is a medium to low level of change to services.
Level of financial impact.	There is a major and long term financial impact.	There is a medium to low level of impact.
Impact on the community.	The decision would have a major impact on sections or all of the community.	The impact on the community is medium to low.
Decision involves a "strategic asset" as listed in this Policy.	The decision involves the sale or transfer of more than 20% of a strategic asset.	The decision does not impact on Council's ownership of the asset.
Impact on Council debt or level of rates.	The impact is major and/or long term on either debt levels or rates.	The impact is of a medium to low level.
Reversibility of decision.	The decision is irreversible and would impact negatively on future generations to a high degree.	The decision is not irreversible, or if it were, the impact on future generations would not be high.
Building on previous decisions.	The matter is considered to be significant by other criteria, and has not been previously consulted with the community.	The decision or action is consequential to, or promotes, a decision or action already taken by Council or the views of the community on this matter are already known.
Historic interest.	There is a history of the matter generating wide and intense public interest and a reasonable expectation that this will again be so.	There is no history of the matter generating widespread interest.
The likely impact/consequences of the issue, proposal, decision or other matter, on youth, elderly and Māori.	The decision would have a major impact on youth, elderly and Māori.	The impact on youth, elderly and Māori is medium to low.

APPENDIX 2: LIST OF STRATEGIC ASSETS

The LGA 2002 definition of a strategic asset is outlined in Section 5.

The list of assets outlined below are considered to be "strategic assets", however not all decisions made regarding them will be significant. For example, the road network is strategic but the purchase or sale of small land parcels that make up the network may not amount to a significant decision.

- Water supply catchments and supply network as a whole.
- Wastewater network as a whole.
- Stormwater and flood protection network as a whole.
- Land transport network as a whole.
- Waste management facilities as a whole.
- Cemeteries.
- Ownership of community facilities as a whole.
- Ownership of Quality Roading and Services (Wairoa) Ltd (QRS).

WAIROA DISTRICT COUNCIL

MĀORI POLICY

WAIROA
DISTRICT COUNCIL

MĀORI POLICY

This policy does not prevent any individual, whānau, hapū, iwi or entity from dealing directly with the Council concerning any issue that may affect them.

PURPOSE

The purpose of this policy is to:

- provide a framework for relationships between tangata whenua and Wairoa District Council to achieve mutually beneficial outcomes for the community of Wairoa
- ensure the provision of processes and procedures that facilitate effective communication between tangata whenua and Wairoa District Council
- enable Māori views to be incorporated into local government decision making, policies and procedures
- Promote and facilitate Māori participation in Council activities.

SCOPE

This policy provides a foundation for establishing processes that provide for tangata whenua to contribute to Council's decision-making responsibilities.

1. POLICY STATEMENT

1.1 CONTEXT

The Wairoa District has the highest proportion of Māori of any local authority area in the country – approximately 65.7%1 of the district's 8960 people.

Section 81 of the Local Government Act 2002 requires Council to:

a. establish and maintain processes to provide opportunities for Māori to contribute to the decision-making processes of [Council]; and
b. consider ways in which it may foster the development of Māori capacity to contribute to the decision-making processes of [Council], and
c. provide relevant information to Māori for the purposes of paragraphs (a) and (b).

This gives Wairoa District Council the ability to facilitate enhanced opportunities for Māori to contribute to Council's decision-making processes.

The Māori policy outlines the collaborative approach of Council's decision-making processes that is within the spirit of Te Tiriti o Waitangi2.

1.2 DEFINITIONS

- Council refers to Wairoa District Council – elected representatives and staff.
- District refers to the territorial authority area of the Wairoa District Council.
- Tangata whenua refers to whānau, hapū, and iwi who whakapapa to whenua in the Wairoa district and is inclusive of Māori organisations and taura here who have chosen to live in the district and be a part of the wider Māori community.
- Takiwā refers to ward areas for the purpose of having a set number of areas and therefore independent members as representatives on the Māori Standing Committee
- Māori Standing Committee Member refers to members selected by their takiwā, each of whom bears an obligation to faithfully represent the views of their takiwā and, collectively as a committee, the interests of all Māori in the district.

2. WORKING TOGETHER

The following principles underpin how Council will interact and work with tangata whenua. The Chief Executive Officer and Group Managers (Community and Engagement, Community Assets and Services, Planning and Regulatory, Information and Customer Experience, Finance and Corporate Support) are responsible for ensuring that the day-to-day operations of Council are carried out in accordance with these principles.

i. **Tika**
A shared commitment to "do the right thing" – morally and ethically – by making certain that everyone is treated with equal respect and fairness.

ii. **Pono**
A shared commitment to ensure informed decision-making is underpinned by, and made with, honesty, integrity and good faith.

iii. **Manaakitanga**
The mutual elevation of mana in encounters and when engaged in discourse as a means of seeking shared understanding based on the spirit of respect and dignity

iv. **Rangatiratanga**
The duty of Council to accept and support tangata whenua in fulfilling their role as mana whenua over lands, resources and other taonga tuku iho within the local authority boundaries

v. **Kaitiakitanga**
The duty of Council to recognise and support tangata whenua in fulfilling their duty as kaitiaki of air, land, water and all other taonga tuku iho.

vi. **Whakapapa**
Mutual acknowledgement that Council and tangata whenua share a common history in their duty of care for the area that is defined as the Wairoa district.

vii. **Kete Mātauranga**
Council recognises that tangata whenua have an embodied set of expertise and skills in providing a Māori world view

viii. **Kawenga**
Council and tangata whenua share a strong sense of responsibility and reciprocal obligation toward taonga, as all taonga are inter-related, inter-connected and inter-dependent.

ix. **Tiriti o Waitangi**
Tiriti o Waitangi is the founding document of New Zealand. Council accepts the great importance of this living, dynamic document, and is committed to upholding the spirit of Tiriti o Waitangi/Treaty of Waitangi principles.

x. **Kotahitanga**
Mutual respect of the unity of all things tangible and intangible.

xi. Whai Mōhiotanga
Mutual acceptance by Council of the importance of whai within the rohe in offering cultural knowledge, expertise, guidance and advice.

xii. Te Reo Māori
Council encourages, supports and promotes the use of te Reo Māori in the district.

3. REPRESENTATION

Representation refers to the mechanisms which provide for individuals and groups authorised to speak for tangata whenua to participate in Council decision-making processes. Tangata whenua representation can be undertaken through a variety of mechanisms. These mechanisms take into account all of the Principles of Working Together and the diversity of tangata whenua in the district. Methods of representation include but are not limited to: Māori wards on the Council, endorsements made by the Māori Standing Committee, and formal relationships with Post Settlement Governance Entities and Iwi Entities.

3.1 TANGATA WHENUA PROVISION IN STANDING ORDERS OF COUNCIL

Section 29 of the Council's standing orders outlines 'Additional provisions for tangata whenua'. This section outlines the process for tangata whenua representatives in attending and speaking at meetings as part of their representation roles. These provisions are in addition to members of the public being able to speak/attend Council meetings as outlined in Section 14 (Public Forums) and Section 11.1 of standing orders (Meetings open to the public). These provisions apply at Council and committee meetings (including the Māori Standing Committee) as defined on pg 14 of the Council's standing orders.

3.2 MĀORI STANDING COMMITTEE

The Māori Standing Committee is a committee of the Council. The Māori Standing Committee provides support and guidance on Council processes, especially on those matters requiring a Māori perspective, as well as an advisory body for Council on matters requiring a Māori perspective. This includes the development and revision of Council policies and strategies. Tangata whenua can take issues to their takiwā representative or the Māori Standing Committee, who can then advocate for the tangata whenua to Council or to other bodies (if appropriate). Recommendations from the Māori Standing Committee will be communicated through a report from the Chair and will be given due consideration by the Council when making decisions that directly impact on Māori and on all matters that require the perspective of te Ao Māori. All members of the Māori Standing Committee shall adhere to the Wairoa District Council Code of Conduct, which sets out the standards of behaviour expected from committee members in the exercise of their duties.

3.3 MĀORI WARDS

The Wairoa District Council held a poll, as part of the 2016 Local Authority Elections, to see whether it should introduce one or more Māori wards for at least its next two triennial elections. Wairoa electors voted in favour of the establishment of Maori wards on the council. The Wairoa District Council is made up of a Mayor elected over the entire district, and three (3) Councillors elected at large from the General Ward, and three (3) Councillors elected at large from the Māori Ward.

3.4 POST SETTLEMENT GOVERNANCE ENTITIES AND IWI ENTITIES

Council is committed to positive working relationships with Post Settlement Governance Entities (PSGEs) and Iwi Entities.

3.5 OTHER REPRESENTATION

Council acknowledges there are other forms of representation outside what is contained in this policy. As set out in the introduction, this policy does not limit any individual, whānau, hapū, iwi or entity from engaging with council.

4. SIGNIFICANCE & ENGAGEMENT

The Council's Significance and Engagement Policy lets both Council and the communities identify the degree of significance attached to particular decisions, to understand when the community can expect to be engaged in Council's decision making processes, and know how this engagement is likely to take place. This provides Council with a tool that clearly guides the assessment of significance during decision-making and provides direction on the consideration of community views and the level of community engagement that might be desirable to enable Council to develop a clearer understanding of community views and preferences on an issue or proposal. This policy includes a specific section about 'Engagement with Māori'.

5. ADVOCACY

There are a number of decision-making processes that lie outside the scope of Council and are undertaken at a regional or national level.

It is expected that interaction and advocacy with external agencies on behalf of Council either by Councillors or Māori Standing Committee members would be with the full knowledge of Council. This does not prevent individuals (whether on the Māori Standing Committee or Council) from advocating on behalf of their own hapū or group, as long as there is a declaration that they are not acting on behalf of Council.

An important role for the Māori Standing Committee is as an advocate for tangata whenua perspectives and issues to local, regional and national bodies.

6. PAKEKE

There are occasions where it will be appropriate for Council-run activities to have Pakeke in attendance – for pōwhiri/pōhiri, tangihanga, hui. This is particularly important in giving due respect to tikanga, where a whaikōrero/karanga/karakia is appropriate.

7. POUAHUREA MĀORI - MĀORI RELATIONSHIPS MANAGER

Underpinning Council's commitment to the effective facilitation of Māori in decision making is the provision of dedicated staff and other resources. The aim of this is to increase Māori influence in the Council and foster greater understanding of Māori issues.

The position of Pouahurea Māori/ Māori Relationships Manager, has been established by Council as a means of facilitating and enhancing Māori involvement in decision making. The purpose of the position is to provide advice to, and liaise with, Council and its Committees, Council staff and the community in respect to their relationship with, and impact on, tangata whenua.

8. MONITORING & REVIEW

This policy will be monitored on an annual basis and an informal review will be undertaken each year by the Māori Standing Committee to assess its relevance and effectiveness.

A formal review of this policy will be undertaken at least every three years.

GLOSSARY OF MĀORI TERMS

ahi kaa	The continuous unbroken occupation of land by whānau, hapū or iwi over successive generations.
hapū	Sub-tribe
hui	Gathering/Meeting
iwi	Tribe
kaitiaki	Whānau, hapū or iwi given the responsibility to care, maintain, manage and protect taonga tuku iho (tangible and intangible) within their territorial domain.
Karakia	Incantation, prayer, affirmation
karakia(whakanoa)	Prayer to remove tapu
karanga	Ceremonial calling of visitors
kawa	The specific protocols and processes that particular hapū or iwi engage to formalise encounters with others. Kawa varies amongst hapū and iwi, however the kawa of the hosts will take precedence and will govern proceedings
kawenga	Duties incumbent on someone to fulfill responsibilities
manaakitanga	The expression and responsibility inherent to the mana of encounter or engagement as in the reciprocal relationships between host and visitor
mana whenua	The acknowledged authority, that a particular whānau, hapū or iwi has over a particular area. This authority affords whānau, hapū and iwi rights as kaitiaki and obligations to manaaki. It also infers the obligation of other groups to negotiate or consult for access rights to land and resources
pōwhiri/pōhiri	Ritual of encounter
tangihanga	Grieving ritual/process
taonga	Tangible resources or treasures
taonga tuku iho	Intangible resources or treasures that are important to the cultural heritage of tangata whenua, taura here, and the wider community
tapu	Sacred restriction
taura here	The association of Māori individuals or groups who join together to fulfil a common purpose or goal, that share similar aspirations and who live outside their tribal area
wāhi tapu	Sacred place
whaikōrero	Oratory
whakapapa	Relates to the genealogy, not only of people but all things. It is the relationships to and between all elements, tangible and intangible, such as matter and energy, the universe, the gods, people, mokopuna and other forms of life
whenua	Land

SIGNIFICANT FORECASTING ASSUMPTIONS AND RISKS

FORECASTING ASSUMPTIONS AND RISKS

Council has made a number of assumptions which underlie the financial forecasts within this LTP. These have been informed by a consideration of social, economic, environmental and cultural issues on a national, regional and local level that impact on Council's planning, activities and operations. These assumptions do not include statements of fact that fall within the decision-making discretion of Council or unlikely events about which assumptions are made[1].

1. WATER REFORM

Assumptions

Council plans to deliver three waters services over the life of this LTP, however the Government's three waters reform creates a high degree of uncertainty on the future ownership and delivery of these services. The receipt of Government funding will enable improvements in water service delivery, support economic recovery from COVID-19 and progress reform in this area. Additional funding will be subject to Government decision-making and reliant on Council demonstrating progress against delivery plans and reform objectives. The Government will provide guidance on the approach to funding support.

Risk

High degree of uncertainty and potential for change in regards to financial and infrastructural planning in the three waters space.

Likelihood

High

Financial materiality

High

Reasons and effect of uncertainty

Uncertainty exists regarding the scale and impact of financial and legislative compliance resulting from the Government's 3-Waters reform and Hawkes Bay 3-Waters service delivery options. Considerable administration of 'shovel ready' and civil construction projects. Second order impacts create further uncertainty.

Changes since 2018-28 LTP

The Government's three waters reform programme and Hawkes Bay three waters service delivery options review. Associated regulatory and legislative change. Targeted infrastructure stimulus investment to enable improvements to water service delivery and ensure period of economic recovery following COVID-19.

2. INFLATION

Assumptions

Council's financial information is based on costs and income adjusted for inflation. The BERL forecasts of price level changes have been used to calculate costs and income for years 2-10 of the LTP. These forecasts are based on a post-COVID-19 'mid-scenario' as the baseline, which is considered most applicable to our local area and economy[2]. Where existing contracts contain cost fluctuation/ inflation provisions these have been applied where relevant.

Table 1: Local government cost index, BERL mid-scenario, % change on year earlier.

	Opex	Capex	Total
2019	3.0	2.9	3.0
2020	1.9	2.0	2.0
2021	-0.6	-0.9	-0.7
2022	3.6	4.0	3.7
2023	2.9	3.0	2.9
2024	2.5	2.6	2.5
2025	2.5	2.6	2.5
2026	2.5	2.7	2.6
2027	2.5	2.6	2.5
2028	2.6	2.8	2.6
2029	2.7	2.8	2.7
2030	2.7	2.9	2.7
2031	2.6	2.7	2.6
20 year average %pa	2.2	2.3	2.2

Table 2: Local government cost adjustors, BERL mid-scenario, % change on year earlier.

	Planning & Regulation	Roading	Transport	Community	Water & Environment
2019	3.2	2.3	2.8	2.0	3.8
2020	1.7	1.9	1.8	1.7	2.5
2021	0.5	0.8	0.7	-0.2	-3.8
2022	2.7	3.3	2.9	3.2	6.0
2023	2.5	3.1	2.6	2.7	3.5
2024	2.3	3.0	2.4	2.5	2.6
2025	2.2	2.9	2.4	2.4	2.7
2026	2.2	2.9	2.4	2.5	2.9
2027	2.2	2.9	2.4	2.4	2.8
2028	2.2	2.9	2.4	2.5	3.2
2029	2.2	2.9	2.4	2.6	3.3
2030	2.2	2.9	2.4	2.6	3.4
2031	2.2	2.9	2.4	2.4	3.1
20 year average %pa	2.0	2.5	2.2	2.1	2.5

Risk

Actual inflation will be significantly different from the assumed inflation.

Likelihood

Low in years 1-3. Medium in years 4-10.

Financial materiality

Low in years 1-3. Medium in years 4-10.

[1]Such matters are included in the activity management plans (Section 2: Our Activities) or asset management plans (Section 5: Our Infrastructure).
[2]This scenario is likely to be applicable to most councils and especially for those in areas without an overreliance on tourism and the retail trade.

Reasons and effect of uncertainty

Uncertainty exists regarding the mid and long-term effects of COVID-19 on the district's economy and recovery, making planning more challenging. From experience, contract tender prices can vary materially from the Local Government Cost Index (LGCI) due to the remoteness of the district and the size of the contracts that the Council will seek to place. It is conceivable that demand pressures that are created from COVID-19 economic recovery stimulus packages may exacerbate this issue. Council will seek to mitigate this by partnering locally and through collaborative procurement practices within the Hawke's Bay region. Inflation is affected by external economic factors. Council's costs and income will increase by the rate of inflation unless efficient gains can be made.

Changes since 2018-28 LTP

Economic challenges and recovery as a result of the COVID-19 pandemic. Government's three waters reform programme and Hawkes Bay water service delivery options review. Associated regulatory and legislative change.

3. CLIMATE CHANGE & NATURAL DISASTER

Assumptions

Potential climate change effects are likely to impact on our infrastructure and affect Council's ability to deliver levels of service. Council's planning includes scenarios which factor in the occurrence of more frequent and intense weather events. These reach levels of significance within the period covered by Council's infrastructure strategy. Council's response to climate change helps it identify key assets at risk, recognise impacts in asset and financial modelling and prioritise funding for resilience. It will support Council to identify critical components of its networks, and prioritises renewals so that the network can continue to operate.

Risk

More frequent and intense weather events that create increased risk or damage to Council's infrastructure and activities.

Likelihood

Medium-High

Financial materiality

High

Reasons and effect of uncertainty

Although Council has faced natural disaster events in the past, and coped adequately, climate change predictions are that weather events will become more frequent and intense. These may have implications on Council's infrastructure and activities. There may be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea-level rise. Flooding and heat are predicted to impact the roading networks in our district. Drought will likely result in water shortages, increased demand for irrigation and increased risk of fires. Council expects this may impact on the provision of safe drinking water, the disposal of wastewater and stormwater.

The potential effect of a natural disaster on Council's financial position is dependent on the scale, duration and location of the event. Central government assistance and insurance contracts would reduce some of Council's financial risk.

Changes since 2018-28 LTP

- National climate emergency declaration by New Zealand Government in December 2020.
- Regional climate emergency announced by Hawkes Bay Regional Council in June 2019.
- Greater regional emphasis on response to climate change. HBRC has made climate change a focus in all its decision-making areas and relevant work programmes.
- Recommendation from OAG for Councils to engage in comprehensive discussion of resilience and climate change issues with their communities.

4. FUNDING SOURCES

Assumptions

Council's sources of funds are as per the revenue and financing policy. Council will continue to receive external funding at current levels from government agencies such as SPARC, MSD and DIA. Council will continue to apply for government funding through various channels.

Risk

Some revenue sources may be not achievable. Government agencies may reduce or eliminate funding for various programmes.

Likelihood

Low

Financial materiality

Low

Reasons and effect of uncertainty

Council has undertaken a review of its revenue and funding policy and the rationales for its funding allocations. The funding assistance rate for the land transport system from Waka Kotahi (NZTA) is confirmed for 2021-2024. Fees and charges are based on levels regularly achieved, and adjusted for specific initiatives or conditions. Council's rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Rates are consulted upon and controlled by prudent thresholds.

Council has received significant additional funding from the Provincial Growth Fund to assist with various large-scale projects. Council will continue to apply for such funding. As part of the Government's three waters reform programme, Council has received significant funding to support investment in the district's three waters infrastructure. This may comprise additional tranches of funding and specific agreements to key reform milestones and Council has taken a conservative view with regards to the likelihood of such funding being available in the future.

Changes since 2018-28 LTP

Significant changes to Council's rating system and its revenue and financing policy. Council has received significant funding from PGF to assist with various large-scale projects in the district. Council has received significant funding to support investment in the district's three waters infrastructure.

5. EXTERNAL BORROWING SOURCES

Assumptions

Council will continue to receive funding and financing from an approved banking institution.

Risk

The bank does not continue to provide finance to fund Council's activities.

Likelihood

Low

Financial materiality

Medium

Reasons and effect of uncertainty

Council believes that the likelihood of the withdrawal of bank funding is low, due to the good credit rating and relatively low risk it has as a public entity. As a member of the Local Government Funding Agency (LGFA), Council has an alternative source of debt funding. Council also has the ability to set rates at a level sufficient to cover its costs.

Changes since 2018-28 LTP

Council became a member of the LGFA in 2018, shortly after the LTP 2018-28 was adopted.

6. RATING

Assumptions

The bases for calculating and allocating rates will be appropriate throughout the life of the LTP.

Risk

Groups of ratepayers are significantly affected by changes to the rating system, rating revaluations, or changes to Council's activities.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Council's rating system has been reviewed and consulted upon to deliver a system that is simpler, ensures appropriate distribution and is affordable for more ratepayers. Differentials have been applied to mitigate effects. When Council reviewed its rating system and revenue and financing policy, it consulted with the community on the most appropriate rating methodology. It has also undertaken a review of its revenue and funding policy and the rationales for its funding allocations. Rates are consulted upon and controlled by prudent thresholds. Property values could change significantly and only in certain areas of the district.

Changes since 2018-28 LTP

Review and change to rating system. Review and update of revenue and financing policy. Rating revaluations.

7. LIVES OF SIGNIFICANT ASSETS

Assumptions

Council has estimated the useful lives of its significant assets, as detailed in the Statement of Accounting policies.

Risk

Assets will not last as long as forecast and will need to be replaced before funds are available.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council has an asset management planning and upgrade programme in place. Asset capacity and condition is monitored, with replacement works being planned in accordance with standard asset management practice. Council has growing concerns about the impact climate change will have on the life-span of its infrastructural assets.

Changes since 2018-28 LTP

Three waters review and associated legislative and regulatory change. Greater national and regional emphasis on response to climate change and the impact it has on infrastructural assets.

8. CURRENCY MOVEMENTS & ASSET VALUES

Assumptions

Currency movements of exchange rates will not fluctuate significantly during the life of this LTP.

Risk

Council's costs are adversely affected by foreign exchange movements.

Likelihood

Medium

Financial materiality

Medium

Reasons and effect of uncertainty

Council does not have direct exposure to currency movement in respect of significant assets or liabilities and is not aware of any material dependencies on overseas inputs within its major contracts. However, the Wairoa economy is underpinned by a strong primary sector with a substantial export component. Parts of the community that depend on these markets to thrive may be adversely affected by exchange rate movements which could, in turn, affect the demand and perceived affordability of Council services.

Changes since 2018-28 LTP

N/A

9. CONSENT RENEWALS

Assumptions

Council basis its future projections on the expectation that consents will be renewed for its activities including wastewater, waste management, water supply and stormwater.

Risk

Approving bodies will fail to renew the consent renewals that Council requires to carry out its activities.

Likelihood

Medium

Financial materiality

High

Reasons and effect of uncertainty

Council has no reason to believe that any of the consents that it operates under will not be renewed, but are concerned at the implications of potential changes to consent conditions or compliance resulting from the three waters review. Any failure to renew the consents could significantly affect the ability of Council to provide an effective level of service. An update on the wastewater consent is specifically addressed in this LTP[3].

Changes since 2018-28 LTP

Three waters review and associated legislative and regulatory change.

10. NEW AND REPLACEMENT ASSETS, CAPITAL WORK

Assumptions

The construction of new assets increases Council's levels of service, unless otherwise stated. The replacement of existing assets does not mean an increase in levels of service or capacity, unless stated. Programmes are completed within time and budget.

Risk

The replacement of existing assets increases the levels of service due to technological changes or through the adoption of best practice. New assets do not meet the agreed levels of service or do not provide adequate capacity. Delays in the completion of major capital projects may delay completion of other projects.

Likelihood

Low-Medium

Financial materiality

Low-Medium

Reasons and effect of uncertainty

In most cases, increased levels of service are linked with the construction of new assets. Council's asset managers have already adopted best practice techniques. For most new assets there are relatively long project planning and design phases. Where possible, new assets are designed and constructed with future levels of service and capacity in mind.

An increase in private development at Mahia is likely to impact on the demand for future assets.

Council regularly managed capital projects that are carried forward from previous periods. Projects with lower priority and that are less time sensitive may be delayed. Various disruptive technologies, including social media, software-as-a-service, artificial intelligence, e-commerce, drones and automation have implications for our operations. These can be harnessed to reduce costs and improve service delivery, however given the pace of change it is difficult to forecast exactly when and how technologies will progress, and to what end.

Changes since 2018-28 LTP

Increased use of drones and other technologies to support Council's activities.

11. CAPITAL WORKS COSTS

Assumptions

On average, the costs of major capital works will not vary significantly from costs estimated at the concept stage and adjusted for inflation.

Risk

Some project costs are greater than the estimates, resulting in increased debt levels.

Likelihood

Medium in years 1-3. High in years 4-10.

Financial materiality

High

Reasons and effect of uncertainty

Council has a high level of confidence regarding the costs of capital project in the short term but less certainty in the longer term due to possible economic fluctuations, growth patterns, consent conditions etc. The potential effects of this uncertainty on the financial statements would be difficult to estimate, but may lead to a number of projects being deferred, cancelled or rescoped. As an example, through 2019 to 2021 an upgrade to the Mahanga water supply infrastructure was paused and subject to 2 referendums as a result of cost escalations rendering the project unaffordable.

Changes since 2018-28 LTP

Three waters review and associated legislative and regulatory change.

12. LAND TRANSPORT FUNDING

Assumptions

Ratepayer contributions provide 25% of the funding towards the land transport system, and the Government's subsidy is 75%.

Risk

A change to the Governments subsidy rate, and variation in criteria for inclusion in the subsidised works programme.

Likelihood

Low in years 1-3. Medium in years 4-10.

[3] *For more information, see Section 1: Our Long Term Plan.*

Financial materiality

Medium

Reasons and effect of uncertainty

The funding assistance rate from Waka Kotahi (NZTA) is confirmed for 2021-2024. However, funding priorities may change as a result of the Land Transport Management Act 2003.

Changes since 2018-28 LTP

The funding assistance rate from Waka Kotahi (NZTA) is confirmed for 2021-2024.

13. GENERAL POPULATION AND HOUSEHOLD CHANGE

Assumptions

The population of the district will increase moderately during the life of the LTP. The number of households will increase moderately. Growth in the district is expected to be in Mahia, with an increase in retirees to the area or those returning home.

Risk

Population change will be higher than protected, putting increased pressure on Council to provide additional infrastructure and services. Alternatively, the population could decline, increasing the residual burden on ratepayers.

Likelihood

Low

Financial materiality

Low-Medium

Reasons and effect of uncertainty

Medium growth projections signal small population gains of up to 3% and high growth projections signal 8% during the life of the LTP. Wairoa is projected to account for 60% of total new (permanently occupied) household growth and Mahia approximately 15%[4]. Growth in in Mahia will likely be due to an increase in retirees to the area or those returning home. Council will seek to understand the future impacts of development on its infrastructure. This will help it better model the potential financial impacts and prioritise funding accordingly.

Population projects are based on demographic assumptions that do not change quickly and a continuation of the annual average level of population growth in the district. Existing infrastructure and levels of service are not likely to require increased investment in the population is static. A decline in population may not reduce the cost of delivering Council's levels of service, although if it results in extended asset lives, the annual depreciation expense would be lower.

Changes since 2018-28 LTP

Small population increase. Increased development at Mahia.

14. AGEING POPULATION AND SINGLE PERSON HOUSEHOLD CHANGE

Assumptions

The population of the district aged 65 and over is expected to increase during the life of the LTP. The number of single-person households will also increase. Declines in the population aged 40-64 and two-parent families are expected[5].

Risk

There will be a decline in the affordability/ability to pay, with more people on fixed incomes and potentially lower household incomes.

Likelihood

High

Financial materiality

Medium

Reasons and effect of uncertainty

Without intervention it is inevitable that increasing costs of Council's activities will become an increasing proportion of fixed household income. Council's review of its rating system and economic development initiatives seek to alleviate this. An ageing demographic may require an adaptation of public services and infrastructure to meet the needs of an older community.

Changes since 2018-28 LTP

Increase in ageing population. Increase in single person households

15. COUNCIL POLICY

Assumptions

Apart from Council's revenue and financing policy, there will be no significant changes to Council policy in this LTP.

Risk

New legislation is enacted that requires a significant policy response from Council. Election of a new Council with different objectives to the current Council.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

Changes to Council policy to deal with new requirements are part of normal business. Any significant change would be assessed in terms of the impact on Council's financial position. Council's significance and engagement policy, and its Maori decision-making policy remain largely unchanged. The Local Government Act 2002 ensures that changes in policy follow due process, including consultation with the public.

Changes since 2018-28 LTP

Changes to Revenue and Financing policy.

[4] Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.
[5] Source: Wairoa District Council Long Term District Planning – Demographic and Economic Growth Projections 2021-2031.

16. GOVERNANCE

Assumptions

The structure of Council's elected representation includes a general ward and Maori wards.

Risk

Applications will be made to Council for a representation review.

Likelihood

High

Financial materiality

Low

Reasons and effect of uncertainty

The Maori Ward will remain in place for the next election in 2022. Council is required to complete a review of its governance structure in 2024.

Changes since 2018-28 LTP

Triennial elections in 2019.

17. CONTRACTS

Assumptions

No significant variations in terms of price from the re-tendering of operational and maintenance contracts and renewal of service level agreements, other than those variations in this LTP.

Risk

A significant variation in price from re-tendering contracts and renewal of service level agreements.

Likelihood

Medium for years 1-3. High for years 4-10.

Financial materiality

Medium-high

Reasons and effect of uncertainty

Council has been able to manage contracts within a narrow range of cost variation. If contract prices were to increase significantly then it would review the amount of work programmed and undertaken. Adjustment for known and projected increases in contracts have been included. For more information, refer to assumption about Inflation.

18. EXTERNAL FACTORS

Assumptions

Apart from the Government's three waters reform and RMA reforms, there will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council other than what is stated in this LTP.

Risk

There are unexpected changes that alter the services provided by Council.

Likelihood

Medium

Financial materiality

Low

Reasons and effect of uncertainty

Most changes to legislation are programmed and known about in advance. Only in extraordinary circumstances (such as public outcry over a particular incident) would unexpected changes to legislation be prompted. Central government is likely to share part of any cost associated with major legislative change.

MATAPAE PŪTEA

FINANCIAL FORECAST STATEMENTS

TE MATAPAE AHIPŪTEA WHIWHI ME UTU WHAKAHAERE

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

for the 10 years to 30 June 2031

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Revenue											
Rates	13,987	15,459	16,726	18,037	19,637	20,478	21,485	21,784	22,405	23,295	23,965
Subsidies and grants	20,211	19,890	11,707	12,978	18,671	14,061	13,700	14,132	13,959	14,904	14,100
Petrol tax	88	85	87	90	92	94	96	98	101	103	105
Fees and charges	2,096	2,357	2,296	2,360	2,447	2,479	2,536	2,626	2,659	2,722	2,813
Investment income	1,154	471	563	594	576	604	611	650	687	731	769
Miscellaneous income	-	-	-	-	-	-	-	-	-	-	-
Total revenue	**37,536**	**38,262**	**31,379**	**34,059**	**41,423**	**37,716**	**38,428**	**39,290**	**39,811**	**41,755**	**41,752**
Expense											
Water supply	1,731	2,222	2,333	2,430	2,471	2,591	2,704	2,668	2,756	2,908	2,903
Stormwater	507	572	629	636	638	668	682	696	696	735	737
Wastewater	1,739	2,116	2,451	2,514	2,561	2,644	2,729	2,701	2,782	2,921	3,243
Solid waste	1,915	2,306	2,536	2,882	3,047	3,040	3,165	3,341	3,453	3,546	3,675
Transport	13,277	12,291	12,975	13,527	14,892	15,350	15,777	16,340	16,438	17,118	17,126
Community facilities	2,525	2,372	2,404	2,484	2,607	2,684	2,758	2,800	2,873	2,943	3,023
Planning and regulatory	2,696	2,094	2,191	2,221	2,044	2,114	2,138	2,116	2,229	2,200	2,233
Leadership and governance	3,538	3,561	3,692	3,810	3,616	3,816	3,841	3,906	3,992	4,028	4,130
Corporate expense	1,021	1,383	1,038	1,093	1,065	1,104	1,298	1,259	1,271	1,391	1,471
Total expense	**28,949**	**28,917**	**30,249**	**31,597**	**32,941**	**34,011**	**35,092**	**35,827**	**36,490**	**37,790**	**38,541**
Net surplus (deficit) on operations	**8,587**	**9,345**	**1,130**	**2,462**	**8,482**	**3,705**	**3,336**	**3,463**	**3,321**	**3,965**	**3,211**
Subvention income	-	250	125	100	100	100	100	100	100	100	100
Net surplus / (deficit) for the year	**8,587**	**9,595**	**1,255**	**2,562**	**8,582**	**3,805**	**3,436**	**3,563**	**3,421**	**4,065**	**3,311**
Other comprehensive revenue and expense											
Fair value movement Property, plant and equipment	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Fair value movement Other	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue and expense for the period	**8,587**	**9,595**	**21,868**	**2,562**	**8,582**	**32,530**	**3,436**	**3,563**	**36,795**	**4,065**	**3,311**

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TE MATAPAE TŪ AHUPŪTEA

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

for the 10 years to 30 June 2031

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Current assets											
Cash and cash equivalents	1,972	1,270	2,782	1,963	3,270	5,406	5,995	6,667	9,048	10,184	11,515
Inventories	58	78	81	85	92	101	112	126	142	160	181
Trade and other receivables	3,120	3,902	2,982	3,217	4,435	3,307	3,191	3,029	2,829	2,864	2,522
Financial assets at fair value	-	1,831	395	-	276	-	-	-	-	-	-
Total current assets	**5,150**	**7,081**	**6,240**	**5,265**	**8,073**	**8,814**	**9,298**	**9,822**	**12,019**	**13,208**	**14,218**
Current liabilities											
Trade and other payables	9,782	6,016	4,889	5,416	6,612	5,946	5,797	5,871	5,996	6,350	6,336
Advance funding PGF	-	-	-	-	-	-	-	-	-	-	-
Borrowings	-	1,500	3,500	2,000	2,000	2,000	2,000	2,000	2,000	2,000	2,000
Total current liabilities	**9,782**	**7,516**	**8,389**	**7,416**	**8,612**	**7,946**	**7,797**	**7,871**	**7,996**	**8,350**	**8,336**
Working capital	**(4,632)**	**(435)**	**(2,149)**	**(2,151)**	**(539)**	**868**	**1.501**	**1,951**	**4,023**	**4,858**	**5,882**
Non current assets											
Property, plant and equipment	279,284	296,930	331,720	334,802	340,554	380,742	386,899	390,559	427,178	430,685	435,058
Work in progress	20,604	20,574	9,776	12,630	19,956	13,699	11,411	11,369	11,882	12,963	12,099
Investment in subsidiary	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Investment property	-	-	-	-	-	-	-	-	-	-	-
Biological asset Forestry	260	115	115	115	115	115	115	115	115	115	115
Available for sale financial assets	23	23	23	23	23	23	23	23	23	23	23
Intangible assets	198	12	12	12	12	12	12	12	12	12	12
Financial assets at fair value	8,256	1,161	859	887	338	338	338	338	338	338	338
Total non-current assets	**309,875**	**320,065**	**343,755**	**349,719**	**362,248**	**396,179**	**400,048**	**403,666**	**440,798**	**445,386**	**448,895**
Non-current liabilities											
Employee entitlements	112	66	71	72	72	60	61	60	60	-	-
Landfill aftercare	730	1,281	1,317	1,347	1,378	1,408	1,439	1,471	1,504	1,538	1,569
Borrowings	10,901	18,015	18,082	21,451	26,979	29,769	30,803	31,277	33,653	35,037	36,228
Total non-current liabilities	**11,743**	**19,362**	**19,470**	**22,870**	**28,429**	**31,237**	**32,303**	**32,808**	**35,217**	**36,575**	**37,797**
Net assets	**293,500**	**300,268**	**322,136**	**324,698**	**333,280**	**365,810**	**369,246**	**372,809**	**409,604**	**413,669**	**416,980**
Represented by											
Equity	**293,500**	**300,268**	**322,136**	**324,698**	**333,280**	**365,810**	**369,246**	**372,809**	**409,604**	**413,669**	**416,980**

TE MATAPAE MANA TAURITE

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

for the 10 years to 30 June 2031

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Total equity Opening balance	284,913	290,673	300,268	322,136	324,698	333,280	365,810	369,246	372,809	409,604	413,669
Net surplus (deficit) for period	8,587	9,595	1,255	2,562	8,582	3,805	3,436	3,563	3,421	4,065	3,311
Other comprehensive income	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Total comprehensive income	**8,587**	**9,595**	**21,868**	**2,562**	**8,582**	**32,530**	**3,436**	**3,563**	**36,795**	**4,065**	**3,311**
Total equity Closing balance	**293,500**	**300,268**	**322,136**	**324,698**	**333,280**	**365,810**	**369,246**	**372,809**	**409,604**	**413,669**	**416,980**
Components of equity Ratepayer's equity											
Ratepayer's equity Opening balance	137,936	160,014	162,127	177,140	173,717	174,146	190,312	185,328	180,473	196,307	191,720
Net surplus (deficit) for period	8,587	9,595	1,255	2,562	8,582	3,805	3,436	3,563	3,421	4,065	3,311
Transfers from restricted reserves	4,250	-	13,758	-	-	12,361	-	-	12,413	-	-
Transfers to restricted reserves	(2,196)	(7,482)	-	(5,985)	(8,153)	-	(8,420)	(8,418)	-	(8,652)	(9,069)
Transfer from revaluation reserves	-	-	-	-	-	-	-	-	-	-	-
Ratepayer's equity Closing balance	**148,577**	**162,127**	**177,140**	**173,717**	**174,146**	**190,312**	**185,328**	**180,473**	**196,307**	**191,720**	**185,962**
Special funds											
Special funds Opening balance	20,003	14,853	22,335	8,577	14,562	22,715	10,354	18,774	27,192	14,779	23,431
Transfer from ratepayer's equity	2,196	7,482	-	5,985	8,153	-	8,420	8,418	-	8,652	9,069
Transfer to ratepayer's equity	(4,250)	-	(13,758)	-	-	(12,361)	-	-	(12,413)	-	-
Special funds Closing balance	**17,949**	**22,335**	**8,577**	**14,562**	**22,715**	**10,354**	**18,774**	**27,192**	**14,779**	**23,431**	**32,500**
Revaluation reserves											
Revaluation reserves Opening balance	126,974	115,806	115,806	136,419	136,419	136,419	165,144	165,144	165,144	198,518	198,518
Net transfer to ratepayer's equity	-	-	-	-	-	-	-	-	-	-	-
Revaluation recognised in other comprehensive revenue and expense	-	-	20,613	-	-	28,725	-	-	33,374	-	-
Revaluation reserves Closing balance	**126,974**	**115,806**	**136,419**	**136,419**	**136,419**	**165,144**	**165,144**	**165,144**	**198,518**	**198,518**	**198,518**
Total equity *Closing balance*	**293,500**	**300,268**	**322,136**	**324,698**	**333,280**	**365,810**	**369,246**	**372,809**	**409,604**	**413,669**	**416,980**

TE MATAPAE KAPEWHITI

PROSPECTIVE STATEMENT OF CASH FLOWS

for the 10 years to 30 June 2031

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Cash flows from operating activities											
Rates received	14,737	18,596	17,578	18,134	19,394	21,088	21,762	22,013	22,688	23,489	24,310
Other revenue	22,752	19,162	14,122	15,049	20,128	17,124	16,107	16,675	16,621	17,446	16,907
Investment income	1,154	471	563	594	576	604	611	650	687	731	769
Subvention income	-	250	125	100	100	100	100	100	100	100	100
Payments to suppliers and employees	(19,129)	(25,985)	(25,433)	(24,538)	(24,408)	(26,856)	(27,060)	(27,273)	(27,583)	(28,364)	(29,085)
Interest paid	(1,186)	(368)	(495)	(547)	(593)	(731)	(801)	(852)	(888)	(973)	(1,058)
Net cash flows from operating activities	**18,328**	**12,126**	**6,460**	**8,792**	**15,197**	**11,329**	**10,719**	**11,313**	**11,625**	**12,429**	**11,943**
Cash flows from investing activities											
Sale of property, plant and equipment	16	61	37	47	107	28	65	112	16	55	107
Sale of financial assets	-	1,026	1,739	367	273	276	-	-	-	-	-
Purchase of financial assets	(2,115)	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(20,604)	(19,987)	(8,791)	(11,893)	(19,798)	(12,287)	(11,229)	(11,227)	(11,636)	(12,732)	(11,910)
Net cash flows used in investing activities	**(22,703)**	**(18,900)**	**(7,015)**	**(11,479)**	**(19,418)**	**(11,983)**	**(11,164)**	**(11,115)**	**(11,620)**	**(12,677)**	**(11,803)**
Cash flows from financing activities											
Loans raised	2,702	4,949	3,567	5,369	7,528	4,790	4,034	4,474	6,376	6,384	7,191
Borrowings repaid	-	-	(1,500)	(3,500)	(2,000)	(2,000)	(3,000)	(4,000)	(4,000)	(5,000)	(6,000)
Net cash flows from financing activities	**2,702**	**4,949**	**2,067**	**1,869**	**5,528**	**2,790**	**1,034**	**474**	**2,376**	**1,384**	**1,191**
Net increase/(decrease) in cash & cash equivalants	**(1,673)**	**(1,825)**	**1,512**	**(818)**	**1,307**	**2,136**	**589**	**672**	**2,381**	**1,136**	**1,331**
Cash and cash equivalents at beginning of year	3,645	3,095	1,270	2,782	1,963	3,270	5,406	5,995	6,667	9,048	10,184
Cash and cash equivalents at end of year	**1,972**	**1,270**	**2,782**	**1,964**	**3,270**	**5,406**	**5,995**	**6,667**	**9,048**	**10,184**	**11,515**
Made up of											
Cash	50	11	178	417	714	1,134	689	325	1,007	764	582
Short term deposits	1,922	1,259	2,604	1,547	2,556	4,272	5,306	6,342	8,041	9,420	10,933
Cash & cash equivalents at end of year	**1,972**	**1,270**	**2,782**	**1,964**	**3,270**	**5,406**	**5,995**	**6,667**	**9,048**	**10,184**	**11,515**

TE MATAPAE PŪTEA PENAPENA

PROSPECTIVE STATEMENT OF MOVEMENT IN RESERVES

for the 10 years to 30 June 2031

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Reserves held for emergency purposes											
Opening balance	769	785	800	816	833	849	866	884	901	919	938
Transfers to reserves	-	16	16	16	17	17	17	18	18	18	19
Transfer from reserves	-	-	-	-	-	-	-	-	-	-	-
Closing balance	**769**	**800**	**816**	**833**	**849**	**866**	**884**	**901**	**919**	**938**	**956**
Reserves for future asset purchases											
Opening balance	13,427	11,312	12,034	12,991	12,477	14,200	16,039	18,004	19,762	22,215	24,439
Transfers to reserves	5,135	2,543	2,713	3,194	3,895	4,225	4,424	4,584	4,885	5,116	5,292
Transfer from reserves	(7,361)	(1,821)	(1,756)	(3,708)	(2,172)	(2,386)	(2,459)	(2,826)	(2,432)	(2,892)	(2,880)
Closing balance	**11,200**	**12,034**	**12,991**	**12,477**	**14,200**	**16,039**	**18,004**	**19,762**	**22,215**	**24,439**	**26,851**
Reserves held for future operational costs											
Opening balance	1,873	2,756	2,924	2,927	2,945	3,047	3,275	3,508	3,757	3,867	4,090
Transfers to reserves	182	261	75	77	250	292	302	314	344	333	341
Transfer from reserves	(10)	(93)	(72)	(58)	(148)	(65)	(69)	(65)	(234)	(111)	(120)
Closing balance	**2,045**	**2,924**	**2,927**	**2,945**	**3,047**	**3,275**	**3,508**	**3,757**	**3,867**	**4,090**	**4,310**

TE MATAPAE TE MAHERE PŪTEA HUA

PROSPECTIVE CAPITAL PLAN

for the 10 years to 30 June 2031

Water Supply	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Wairoa pipelines renewals	-	-	636,600	380,800	390,950	687,000	588,500	484,000	497,600	510,000
Water main replacement Cemetery/Kitchener St	25,000	-	-	-	-	-	-	-	-	-
Intake to plant	-	-	-	-	1,312,001	-	-	-	-	-
Wairoa meters (new)	-	-	-	-	-	-	-	-	-	-
AC pumping main	-	-	-	1,879,920	-	-	-	-	-	-
Booster pump stations	-	-	31,830	-	-	-	-	-	-	-
Valve replacements	-	77,625	79,575	81,600	83,775	85,875	88,275	90,750	93,300	95,625
Wairoa reservoir renewals	80,000	-	84,880	-	89,360	-	94,160	-	99,520	-
Asset management modelling design	-	-	-	-	-	-	-	-	-	-
Renewals moddeling	-	-	-	-	-	-	-	-	-	-
Replacement reservoir construction	-	-	-	-	-	-	-	-	-	-
Tuai reticulation	-	517,500	-	-	-	-	-	-	-	-
New water bore reticulation for Blue Bay and new supply line	-	-	-	-	-	-	-	-	-	-
Booster pump stations	30,000	-	-	-	-	-	-	-	-	-
Booster pump stations	-	31,050							-	-
DIA T1 smart meters	1,325,000	-	-	-	-	-	-	-	-	-
Ferry Hotel water main	-	-	-	-	-	-	-	-	-	-
Māhanga water supply upgrade	75,000	-	-	-	-	-	-	-	-	-
Install WAN at intake	-	-	-	-	-	-	-	9,680	-	-
Replacement chemical dosing plant batching compressor	-	5,175	-	-	-	-	-	-	-	-
Renewal expenditure	25,000	25,875	26,525	27,200	27,925	28,625	29,425	30,250	31,100	31,875
Replacement of filter inlet valves	35,000	-	-	-	-	-	-	-	-	-
Reseal Water Treatment Plant entry driveway	-	-	-	10,880	-	-	-	-	-	-
Renew backwash valves and control	-	-	-	-	-	-	-	-	-	-
Laptop managers or operators	3,000	-	-	-	3,351	-	-	-	3,732	-
Vehicle	-	-	-	48,690	-	-	-	-	54,900	-
Boundary valves pump station	10,000	10,350	10,610	10,880	11,170	11,450	11,770	12,100	12,440	12,750
Safety improvement	10,000	10,350	10,610	10,880	11,170	11,450	11,770	12,100	12,440	12,750
Cleaning inspection reservoir	-	-	-	-	-	-	-	-	-	-
Replacement of intake valves	-	-	-	-	-	-	-	-	-	-
Resilience earthquake valves and bore investigations	-	-	-	-	-	-	-	-	-	-
Fire alarm system for boundary station	-	-	10,610	-	-	-	-	-	-	-
Flood control protection at intake	-	-	-	-	-	-	-	-	-	-
Pipe main condition sampling	-	-	-	-	-	-	-	-	-	-

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	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Repaint boundary station building generator shed	-	-	-	-	-	-	-	-	-	-
Māhanga treatment upgrade	-	-	-	-	-	-	-	-	-	-
Sheetpile protection of intake	-	-	-	-	-	-	-	121,000	-	-
Switchboards replacement	-	-	-	-	-	-	-	-	-	-
Blue Bay bore rehabilitation	-	-	-	-	-	-	-	-	-	-
Chlorine analyser	-	-	-	-	-	-	-	-	-	-
Replace lifting vinyl flooring at Water Treatment Plant	-	-	-	-	-	-	-	30,250	-	-
Re-roof boundary generator room	-	-	-	-	-	-	-	-	-	-
Install new chlorine gas leak wind socks at Water Treatment Plant	-	-	-	-	-	-	-	-	-	-
Blue Bay telemetry SCADA upgrade	-	-	-	-	-	-	-	-	-	-
Blue Bay water treatment upgrade includes WSP and consent	-	-	-	-	-	-	-	-	-	-
Install chlorination and monitoring of the Tuai water supply	-	-	-	-	-	-	-	-	-	-
Replace failing filter inlet valves	-	-	-	-	-	-	-	-	-	-
Replace Water Treatment Plant septic tank system	-	-	-	-	-	-	-	-	-	-
Water Treatment Plant major valve replacement	-	15,525	-	16,320	-	17,175	-	18,150	-	19,125
Boundary major valve replacement for Affco	10,000	-	10,610	-	11,170	-	11,770	-	12,440	-
Vehicle replacement	-	-	-	54,100	-	-	-	-	-	62,350
Replace air-con unit	-	5,175	-	-	-	-	-	-	-	-
Mobile Water Treatment Plant	-	-	-	-	-	-	-	605,000	-	-
Total	**1,628,000**	**698,625**	**901,850**	**2,521,270**	**1,940,872**	**841,575**	**835,670**	**1,413,280**	**817,472**	**744,475**

Stormwater	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Wairoa pipeline renewals	-	-	-	-	279,250	-	-	-	-	-
CCTV	-	-	53,050	54,400	-	-	-	-	-	-
Māhia pipelines renewals	500,000	-	-	-	-	-	-	-	-	-
Piping open drains Kitchener St (Clyde Rd to Hospital) (contribution)	42,000	-	-	-	-	-	-	-	-	-
Piping open drains Wairoa	-	-	-	-	-	-	-	-	152,598	156,400
Total	**542,000**	**-**	**53,050**	**54,400**	**279,250**	**-**	**-**	**-**	**152,598**	**156,400**

Wastewater	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Telemetry base sets	-	-	-	-	-	-	-	-	-	-
Infiltration study night time flow	-	-	-	-	-	-	-	-	-	-
Riparian planting	200,000	51,750	42,440	32,640	-	-	-	-	-	-
Project management	-	-	-	-	-	-	-	-	-	-
Outfall (Lowe environmental)	2,027,550	-	-	-	-	-	-	-	-	-
Storage (Lowe environmental)	-	-	1,326,250	-	-	-	-	-	-	-
Catchment (Lowe environmental)	150,000	57,287	60,318	63,594	67,188	70,933	76,505	-	-	-
Magnaflux transducers	-	-	-	-	-	5,725	-	-	-	-
CCTV infiltration investigation	-	-	-	-	-	171,750	176,550	-	-	-
Infiltration tests	-	-	-	-	-	-	-	-	-	-
Data verification and condition reporting	-	-	-	-	-	-	-	-	-	-
Consultancy for Wairoa wastewater consent	-	-	-	-	-	-	-	-	-	-
Construction of Plant for Wairoa consent	-	-	-	-	-	-	-	-	-	-
Building upgrades	5,000	-	5,305	-	5,585	-	5,885	-	6,220	-
Wairoa consent application consultation and legal costs	-	-	-	-	-	-	-	-	-	-
Step filter	-	-	-	-	-	11,450	-	-	-	-
Pump station renewals	100,000	51,750	53,050	54,400	55,850	68,700	-	-	-	-
Tuai sand filters	-	-	-	-	-	-	-	-	-	-
Metalling of Kinikini Road	-	51,750	-	-	-	-	-	363,000	-	-
Flow meters	-	-	-	-	-	-	23,540	-	-	-
Fitzroy Plant	-	-	-	-	-	-	-	-	-	-
MBCSS expansion	-	-	-	-	-	-	-	-	870,800	-
MBCSS irrigation replacement	-	-	-	-	-	-	-	-	-	892,500
SCADA	-	-	10,610	-	-	11,450	-	-	12,440	-
Pump overhauls	-	-	10,610	-	-	11,450	29,425	30,250	43,540	31,875
Dedicated generators in each pump station	-	-	-	-	-	-	-	-	-	-
Wastewater expansion North Clyde	100,000	258,750	-	-	-	-	-	-	-	-
New rising main from Kopu Rd to Pilot Hill	-	-	-	-	-	-	-	-	-	-
WWTP upgrade BNRAS	400,000	-	-	-	-	-	-	-	-	-
WWTP upgrade UV filtration	410,000	-	-	-	-	-	-	-	-	-
Māhia sewer rising main	100,000	-	-	-	-	-	-	-	-	-
Scott Street sewer	200,000	-	-	-	-	-	-	-	-	-
WWTP upgrade irrigation	240,000	-	-	-	-	-	-	-	-	-
Relining	740,000	-	-	-	-	-	-	-	-	-
Pump station generators	270,000	-	-	-	-	-	-	-	-	-
Telemetry basesets and pump station renewals	330,000	-	-	-	-	-	-	-	-	-
DIA T1 Ōpoutama - Stage 1	190,000	-	-	-	-	-	-	-	-	-
DIA T1 Ōpoutama - Stage 2	750,000	-	-	-	-	-	-	-	-	-
Wairoa reticulation renewals	-	-	-	-	-	-	294,250	242,000	248,800	255,000
Total	6,212,550	471,287	1,508,583	150,634	128,623	351,458	606,155	635,250	1,181,800	1,179,375

Waste Management	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Landfill road sealing	40,000	-	-	-	77,630	-	-	-	-	-
RTS landscaping	15,000	-	-	-	-	7,411	7,594	-	-	-
Recycling Centre renewals	40,000	-	137,280	129,840	22,180	22,700	23,260	23,820	24,400	24,940
Rural recycling establishment	-	226,600	232,320	-	-	-	-	-	-	-
Compactor renewals	10,000	25,750	10,560	37,870	11,090	11,350	29,075	11,910	42,700	12,470
Construction of new cell	-	309,000	-	-	1,109,000	567,500	-	-	-	-
Landfill diversion infrastructure	-	-	-	-	-	-	-	-	-	-
Recycling centre Māhia	-	-	-	-	-	-	-	-	-	-
Total	105,000	561,350	380,160	167,710	1,219,900	608,961	59,929	35,730	67,100	37,410

Transport	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Purchase of surveying equipment	-	1,030	-	10,820	65,363	34,050	1,163	-	-	1,247
Purchase of vehicles	29,804	30,900	-	64,920	-	-	69,780	-	-	74,820
Purchase of office furniture	993	1,022	1,048	1,071	1,095	1,118	1,142	1,191	1,220	1,247
Purchase of computer equipment	2,484	5,112	2,619	5,353	2,738	5,591	2,856	5,955	6,100	6,235
Reseal car parks	16,632	17,032	17,059	16,350	16,785	17,220	17,655	18,090	18,525	18,960
New car parks and renewals	-	-	-	-	-	-	-	-	123,500	-
Upgrade crossings	-	-	-	-	-	-	-	-	-	-
Pavement rehabilitation	305,000	305,000	305,000	332,450	341,295	350,140	358,985	367,830	376,675	385,520
Heavy metalling	951,905	933,510	892,330	1,121,005	1,171,806	1,147,518	1,224,827	1,261,247	1,260,898	1,194,859
New footpaths	54,000	54,000	54,000	32,700	33,570	34,440	35,310	36,180	37,050	37,920
Sealed road resurfacing	1,242,965	899,634	925,488	1,207,830	1,239,965	1,084,353	1,372,175	1,447,200	1,482,000	1,516,800
Drainage renewals	665,000	661,900	658,900	833,850	856,035	878,220	900,405	922,590	944,775	966,960
Structure replacements	520,000	732,732	731,232	751,318	771,307	791,296	811,285	831,275	851,264	871,253
Traffic services renewals	175,000	173,760	172,560	234,350	240,585	246,820	253,055	259,290	265,525	271,760
Minor improvements	1,206,563	1,158,750	1,130,625	1,872,075	2,383,470	2,023,350	1,809,638	1,311,525	1,898,813	1,118,640
Minor improvements	578,438	586,795	730,835	624,025	794,490	674,450	603,213	437,175	632,938	372,880
Bridge strengthening	635,000	-	-	-	-	-	-	-	-	-
Māhia East Coast Road traction sealing	-	-	-	-	-	-	-	-	-	-
Emergency reinstatement renewal	1,000,000	1,031,000	2,334,200	8,143,477	949,915	948,760	946,141	1,206,000	1,235,000	1,264,000
Emergency reinstatement new	486,436	490,055	492,607	493,728	493,956	493,355	491,994	627,120	642,200	657,280
Emergency Work 2018/19	2,000,000	-	-	-	-	-	-	-	-	-
Road 38 unsealed road metalling	120,000	120,000	120,000	130,800	134,280	137,760	141,240	144,720	148,200	151,680
Road 38 drainage renewals	50,000	50,000	50,000	54,500	55,950	57,400	58,850	60,300	61,750	63,200
Road 38 traffic services renewal	5,000	5,000	5,000	5,450	5,595	5,740	5,885	6,030	6,175	6,320
Road 38 renewal structures	-	-	-	-	-	-	-	-	-	-
Road 38 structures components renewals	-	-	-	-	-	-	-	-	-	-
Road 38 minor improvements	232,500	232,500	232,500	61,313	62,944	64,575	66,206	67,838	69,469	71,100
Road 38 minor improvements	77,500	77,500	77,500	20,438	20,981	21,525	22,069	22,613	23,156	23,700
Road 38 associated improvements	-	-	-	-	-	-	-	-	-	-
Road 38 emergency reinstatement new	75,000	77,325	79,575	81,750	83,925	86,100	88,275	90,450	92,625	94,800
Road 38 sealed resurfacing	40,000	10,000	10,000	-	-	-	-	-	-	-
Runway lighting	50,000	-	105,000	-	-	-	-	-	-	-
Building renewals	35,000	-	-	-	-	-	-	-	-	-
Resurfacing runway	-	-	-	-	-	-	-	-	-	-
Resurfacing aprons	-	-	-	163,500	-	-	-	-	-	-
Interior mens toilets	-	-	-	-	-	-	-	-	-	-
Total	10,555,220	7,654,557	9,128,078	16,263,073	9,726,050	9,103,781	9,282,149	9,124,619	10,177,858	9,171,181

Community Facilities	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Community Center remedial works	35,000	15,405	15,780	16,140	16,515	16,875	17,250	17,640	18,030	18,390
Relocate gym upstairs	-	-	-	-	-	-	-	-	-	-
Renewals pool	-	-	-	-	-	-	-	-	-	-
Storage facility	250,000	-	-	-	-	-	-	-	-	-
Capital expenditure stormwater	-	25,875	-	-	-	-	-	-	-	-
Building renewals	10,000	-	-	-	-	-	-	-	-	-
New beams	-	-	-	166,780	-	21,272	21,746	17,640	-	-
Nuhaka developments	85,000	-	-	-	-	-	-	-	-	-
Renewal projects	165,000	5,135	-	5,380	-	5,625	-	5,880	-	6,130
Digital hub project	28,118	-	52,600	-	-	-	-	-	-	-
Computer equipment	-	6,419	6,575	6,725	6,881	7,031	7,188	7,350	7,513	7,663
Book purchases	36,478	37,566	38,585	39,573	40,603	41,600	42,640	43,721	44,808	45,825
Renew alarm system	-	-	-	-	-	-	-	-	-	-
Library shelves	4,000	-	4,208	-	4,404	-	4,600	-	4,808	-
Purchase Pixma printer	-	-	-	-	-	-	-	-	-	-
HP ProBook 650 Laptop	-	6,162	-	6,456	-	6,750	-	7,056	-	7,356
Tuai Hall rewiring project	-	-	-	-	-	-	-	-	-	98,080
War Memorial Hall roof	-	-	-	-	-	-	-	117,600	-	-
War Memorial Hall improvements	120,000	-	-	-	-	-	-	-	-	-
CBD enhancement - Stage 1	-	-	-	-	-	-	-	-	-	-
Toilet renewals	50,022	51,300	52,503	53,586	54,652	55,695	56,722	58,800	60,100	61,300
Public space enhancement	15,000	15,405	15,780	16,140	16,515	16,875	17,250	17,640	18,030	18,390
Playground renewals	50,000	51,350	52,600	10,760	11,010	11,250	11,500	11,760	12,020	12,260
Picnic tables	10,000	10,270	10,520	10,760	11,010	11,250	11,500	11,760	12,020	12,260
Lighthouse retrofit	-	-	52,600	-	-	-	-	-	-	-
Skatepark upgrade	120,000	-	-	-	-	-	-	-	-	-
Implement Ōpoutama RMP	-	-	-	-	-	-	-	-	-	-
Picnic tables	-	-	-	-	-	-	-	-	-	-
Improve boat ramp	-	-	-	-	-	-	-	11,760	-	-
Mokotahi picnic area enhancement	-	-	-	-	-	-	-	-	-	-
Lambton square buildings	-	-	-	-	-	-	-	-	-	-
Clyde domain pavillion renewals	-	-	-	-	-	-	-	-	-	-
Whangawehi toilets	-	-	-	-	-	-	-	-	-	-
Wilding pine clearance	-	-	-	-	-	-	-	-	-	-
Whakamahi Beach project	-	-	-	40,595	-	-	-	-	-	-
Main Street toilets project	-	-	-	-	-	-	-	-	-	-
Playground equipment	-	-	-	-	-	-	-	-	-	-
New playground equipment	-	-	-	-	-	-	-	58,800	-	-
Resiting playground	30,000	-	-	-	-	-	-	-	-	-
Camera installation	45,000	-	-	-	-	-	-	29,400	-	-
Coronation square pavement and kerb renewals	-	-	-	-	-	-	-	-	-	122,600
Mountain bike park	-	-	-	-	-	-	-	11,760	-	-
Basketball court	-	-	-	-	-	-	-	-	-	-
Total	**1,053,618**	**224,887**	**301,751**	**372,895**	**161,590**	**194,223**	**190,396**	**428,567**	**177,329**	**410,254**

Planning & Regulatory	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Replacement of vehicle	90,000	46,350	-	97,380	49,905	-	104,670	53,595	-	112,230
Mobile data devices	6,000	-	-	6,420	-	-	6,816	-	-	7,212
Replacement of vehicle	-	-	-	-	-	-	-	-	-	-
Replacement of sound level meter	-	-	-	-	-	17,025	-	-	-	-
Replacement of vehicle	45,000	-	-	48,690	-	-	52,335	-	-	56,115
Lone worker	2,000	-	-	-	2,184	-	-	-	1,770	-
Pound extension	60,000	-	-	-	-	-	-	-	-	-
Replacement of 2 vehicles	40,000	-	84,480	43,280	-	90,800	46,520	-	97,600	49,880
Total	**243,000**	**46,350**	**84,480**	**195,770**	**52,089**	**107,825**	**210,341**	**53,595**	**99,370**	**225,437**

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Leadership & Governance	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Elected Members' tablets	-	10,815	-	-	11,645	-	-	12,506	-	-
Purchase Mayoral vehicle	-	-	44,352	-	-	-	48,846	-	-	-
Mayoral iPhone	-	515	-	-	555	-	-	596	-	-
Vehicle	-	-	26,400	-	-	28,375	-	-	30,500	-
MSC Apple iPads	-	-	-	-	-	-	-	-	-	-
Total	-	11,330	70,752	-	12,200	28,375	48,846	13,102	30,500	-

Corporate Functions	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Purchase office equipment	-	9,484	9,505	9,525	9,536	9,522	9,517	11,910	12,200	12,470
Disaster recovery VMware servers	-	-	-	2,164	-	-	-	-	2,440	-
Refurbish old Linux server	-	-	-	18,935	-	-	-	-	21,350	-
HP G7 backup server	-	-	-	6,492	-	-	-	-	7,320	-
Wi-Fi hardware access points	-	-	-	21,640	-	-	-	-	24,400	-
Computer hardware	-	-	3,168	-	-	-	3,489	-	-	-
Laptops and screens	-	-	-	7,574	-	-	-	8,337	-	-
Desktops and screens	-	-	-	5,410	-	-	-	5,955	-	-
Hardware replacement Desktops and laptops	-	-	-	77,417	79,349	-	-	85,216	87,291	-
Rewiring and new cabinets for server room	-	-	-	-	-	-	-	7,146	-	-
Replacement laptops	-	-	26,400	-	-	-	29,075	-	-	-
Mobile phones	-	-	10,982	-	-	11,804	-	-	12,688	-
HP P2000 SAN	-	-	-	32,460	-	-	-	-	36,600	-
Tape drive replacement	-	-	-	10,820	-	-	-	-	12,200	-
Foyer display	-	-	-	-	6,654	-	-	-	-	7,482
5 Adobe Acrobat Pro licences	-	-	-	-	-	-	-	-	-	-
Record management software	-	-	-	-	-	-	-	-	-	-
MagiQ Enterprise software v4	-	-	-	-	-	-	-	-	-	-
Replacement virtual Linux server	-	-	-	-	-	-	-	-	-	-
Business Skype and Dropbox cloud data share services	-	-	-	-	-	-	-	-	-	-
Mitel or MS Teams	-	-	-	-	-	-	-	-	-	18,705
SSS IT security specialists software	-	-	-	-	-	-	-	-	-	-
Managed mobile system service	-	-	-	-	-	-	-	-	-	-
Office upgrade	25,000	-	-	-	-	-	-	-	-	-
Replace vehicles	-	46,350	-	-	-	51,075	52,335	-	-	-
Replace vehicles	-	-	-	-	-	45,400	-	-	-	-
Replace vehicles	-	-	-	-	44,360	-	-	-	-	-
Future capital requirements	5,000	5,150	5,280	5,410	5,545	5,675	5,815	5,955	6,100	6,235
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Livingstone flats roofing	-	-	-	-	-	17,025	-	-	-	-
Painting exterior block of flats	-	-	-	-	-	-	-	-	-	-
Installation of insulation	-	-	-	-	-	-	-	-	-	-
HP renewal following vacation	15,000	15,450	15,840	16,230	16,635	17,025	17,445	17,865	18,300	18,705
Replacement of AC units	-	15,450	3,168	-	-	-	-	17,865	-	4,988
Library building renewals	35,000	-	-	-	-	-	-	-	-	-
Air conditioner computer room	15,000	15,450	79,200	16,230	16,635	17,025	17,445	17,865	18,300	18,705
Security cameras main office	-	-	-	-	-	-	-	-	-	-
Renewals roof	-	-	47,520	-	-	-	-	-	-	-
Renewals toilets	-	-	-	-	-	-	-	-	-	-
Office space development	140,000	-	-	-	-	-	-	-	-	-
Exchange building fitout costs	-	-	-	-	-	-	-	-	-	-
Council entry surfacing hotmix	-	-	-	-	-	-	-	-	-	87,290
				-						
Total	**235,000**	**107,334**	**201,063**	**230,307**	**178,714**	**174,551**	**135,121**	**178,114**	**259,189**	**174,580**

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Grand Total	LTP 2022 $	LTP 2023 $	LTP 2024 $	LTP 2025 $	LTP 2026 $	LTP 2027 $	LTP 2028 $	LTP 2029 $	LTP 2030 $	LTP 2031 $
Grand Total	**20,574,388**	**9,775,720**	**12,629,767**	**19,956,059**	**13,699,288**	**11,410,749**	**11,368,607**	**11,882,257**	**12,963,216**	**12,099,112**
Funded by										
Sale of assets	61,441	37,080	46,570	107,118	28,280	64,695	112,346	16,079	54,900	106,619
Subsidies	13,649,098	5,842,677	6,948,008	12,000,794	7,230,052	6,784,352	6,892,165	6,824,537	7,521,385	6,801,504
Reserves	1,914,459	1,828,895	3,766,110	2,320,128	2,450,502	2,528,045	2,890,351	2,665,166	3,002,960	2,999,952
Loans	4,949,390	2,067,069	1,869,079	5,528,019	3,990,455	2,033,658	1,473,745	2,376,476	2,383,972	2,191,038

WAIROA DISTRICT COUNCIL

WHAKAAWEAWE PŪTEA

FUNDING IMPACT STATEMENTS

2021-2031

WAIROA
DISTRICT COUNCIL

PUNA WAI

WATER SUPPLY

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	170	188	195	195	202	220	216	223	247	244
Targeted rates (other than a targeted rate for water supply)	1,295	1,531	1,693	1,754	1,752	1,816	1,983	1,945	2,006	2,222	2,196
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	307	465	357	366	376	386	395	406	418	430	440
Internal charges and overheads recovered	436	-	-	-	-	-	-	-	-	-	-
Internal interest income	124	122	131	126	111	112	112	109	104	101	100
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**2,163**	**2,288**	**2,369**	**2,441**	**2,434**	**2,516**	**2,710**	**2,676**	**2,751**	**3,000**	**2,980**
Applications of operating funding											
Payments to staff and suppliers	781	1,202	1,182	1,223	1,228	1,236	1,307	1,264	1,292	1,414	1,396
Finance costs	-	54	55	57	112	150	149	148	164	162	161
Internal charges and overheads applied	827	328	413	449	445	466	490	478	481	510	507
Internal interest charged	83	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**1,693**	**1,584**	**1,650**	**1,729**	**1,785**	**1,852**	**1,946**	**1,890**	**1,937**	**2,086**	**2,064**
Surplus (deficit) of operating funding (A - B)	**470**	**704**	**719**	**712**	**649**	**664**	**764**	**786**	**814**	**914**	**916**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	1,425	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	140	(674)	(688)	(669)	1,230	648	(765)	(786)	(208)	(914)	(916)
Gross proceeds from sale of assets	-	-	-	-	31	-	-	-	-	16	19
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**140**	**751**	**(688)**	**(669)**	**1,261**	**648**	**(765)**	**(786)**	**(208)**	**(898)**	**(897)**

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	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	30	31	-	-	-	-	-	-	-	-
- to improve the level of service	20	1,410	528	53	11	11	11	12	627	12	13
- to replace existing assets	1,155	188	140	849	2,510	1,930	830	824	787	805	732
Increase (decrease) in reserves	(565)	(173)	(668)	(859)	(611)	(629)	(842)	(836)	(808)	(801)	(726)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**610**	**1,455**	**31**	**43**	**1,910**	**1,312**	**(1)**	-	**606**	**16**	**19**
Surplus (deficit) of capital funding (C-D)	**(470)**	**(704)**	**(719)**	**(712)**	**(649)**	**(664)**	**(764)**	**(786)**	**(814)**	**(914)**	**(916)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

WAI PARU

WASTEWATER

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	183	218	226	233	245	257	255	263	281	313
Targeted rates (other than a targeted rate for water supply)	1,513	1,651	1,965	2,038	2,099	2,205	2,316	2,295	2,370	2,529	2,817
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	105	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	67	26	33	43	19	29	43	51	52	61	67
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**1,686**	**1,860**	**2,216**	**2,307**	**2,351**	**2,479**	**2,616**	**2,601**	**2,685**	**2,871**	**3,197**
Applications of operating funding											
Payments to staff and suppliers	999	1,293	1,334	1,297	1,330	1,379	1,429	1,390	1,428	1,479	1,738
Finance costs	-	154	200	200	199	198	197	197	204	226	247
Internal charges and overheads applied	295	242	312	340	337	352	371	361	363	385	383
Internal interest charged	179	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**1,473**	**1,689**	**1,846**	**1,837**	**1,866**	**1,929**	**1,997**	**1,948**	**1,995**	**2,090**	**2,368**
Surplus (deficit) of operating funding (A - B)	**213**	**171**	**370**	**470**	**485**	**550**	**619**	**653**	**690**	**781**	**829**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	3,630	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,545	2,307	50	(367)	(389)	(483)	(530)	(553)	(327)	90	64
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**1,545**	**5,937**	**50**	**(367)**	**(389)**	**(483)**	**(530)**	**(553)**	**(327)**	**90**	**64**

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	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	100	259	-	-	-	-	-	-	871	893
- to improve the level of service	-	3,588	109	1,429	96	67	71	100	-	-	-
- to replace existing assets	2,691	2,525	104	80	54	61	281	506	635	311	287
Increase (decrease) in reserves	(933)	(105)	(52)	(1,406)	(54)	(61)	(263)	(506)	(272)	(311)	(287)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,758**	**6,108**	**420**	**103**	**96**	**67**	**89**	**100**	**363**	**871**	**893**
Surplus (deficit) of capital funding (C-D)	**(213)**	**(171)**	**(370)**	**(470)**	**(485)**	**(550)**	**(619)**	**(653)**	**(690)**	**(781)**	**(829)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

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WAI ĀWHĀ

STORMWATER

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	52	57	58	68	70	75	75	73	79	77
Targeted rates (other than a targeted rate for water supply)	373	464	513	523	609	628	678	673	655	709	696
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	95	66	70	71	70	77	80	87	94	101	107
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**468**	**582**	**640**	**652**	**747**	**775**	**833**	**835**	**822**	**889**	**880**
Applications of operating funding											
Payments to staff and suppliers	117	136	141	122	114	128	126	135	126	142	133
Finance costs	-	50	57	59	60	59	59	59	58	58	57
Internal charges and overheads applied	153	133	161	176	174	182	192	188	189	199	199
Internal interest charged	106	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**376**	**319**	**359**	**357**	**348**	**369**	**377**	**382**	**373**	**399**	**389**
Surplus (deficit) of operating funding (A - B)	**92**	**263**	**281**	**295**	**399**	**406**	**456**	**453**	**449**	**490**	**491**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	42	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	8	237	(281)	(242)	(345)	(406)	(456)	(453)	(449)	(490)	(491)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**8**	**279**	**(281)**	**(242)**	**(345)**	**(406)**	**(456)**	**(453)**	**(449)**	**(490)**	**(491)**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	500	-	-	-	-	-	-	-	-	-
- to improve the level of service	100	42	-	-	-	-	-	-	-	153	156
- to replace existing assets	-	-	-	53	54	279	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	(279)	-	-	-	(153)	(156)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**100**	**542**	-	**53**	**54**	-	-	-	-	-	-
Surplus (deficit) of capital funding (C-D)	**(92)**	**(263)**	**(281)**	**(295)**	**(399)**	**(406)**	**(456)**	**(453)**	**(449)**	**(490)**	**(491)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

WHAKAHAERE PARA

WASTE MANAGEMENT

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	-	124	143	160	167	161	177	190	195	197	202
Targeted rates (other than a targeted rate for water supply)	1,260	1,118	1,284	1,437	1,500	1,452	1,589	1,706	1,756	1,769	1,818
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	635	673	711	758	806	826	845	864	884	904	924
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	18	16	15	19	23	25	31	34	37	42
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**1,897**	**1,933**	**2,154**	**2,370**	**2,492**	**2,462**	**2,636**	**2,791**	**2,869**	**2,907**	**2,986**
Applications of operating funding											
Payments to staff and suppliers	1,512	1,578	1,605	1,875	1,994	1,803	1,829	1,962	2,035	2,053	2,127
Finance costs	-	57	83	84	83	113	125	122	118	114	108
Internal charges and overheads applied	216	179	228	248	246	257	271	264	266	281	280
Internal interest charged	61	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**1,790**	**1,814**	**1,916**	**2,207**	**2,323**	**2,173**	**2,225**	**2,348**	**2,419**	**2,448**	**2,515**
Surplus (deficit) of operating funding (A - B)	**107**	**119**	**238**	**163**	**169**	**289**	**411**	**443**	**450**	**459**	**471**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(107)	(104)	297	69	(169)	820	164	(435)	(450)	(459)	(471)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**(107)**	**(104)**	**297**	**69**	**(169)**	**820**	**164**	**(435)**	**(450)**	**(459)**	**(471)**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	309	-	-	1,109	568	-	-	-	-
- to improve the level of service	-	15	-	-	-	-	7	8	-	-	-
- to replace existing assets	-	90	252	380	168	111	34	52	36	67	37
Increase (decrease) in reserves	-	(90)	(26)	(148)	(168)	(111)	(34)	(52)	(36)	(67)	(37)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	**15**	**535**	**232**	-	**1,109**	**575**	**8**	-	-	-
Surplus (deficit) of capital funding (C-D)	**(107)**	**(119)**	**(238)**	**(163)**	**(169)**	**(289)**	**(411)**	**(443)**	**(450)**	**(459)**	**(471)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

RANGA

TRANSPORT

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	101	4,065	4,514	4,797	5,055	5,279	5,646	5,773	5,844	6,299	6,281
Targeted rates (other than a targeted rate for water supply)	3,594	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	7,887	5,719	5,785	5,949	6,636	6,804	6,888	7,212	7,106	7,354	7,269
Fees and charges	52	42	43	54	56	57	58	60	61	63	64
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	32	38	45	51	58	73	83	97	114	131
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**11,635**	**9,858**	**10,380**	**10,845**	**11,798**	**12,198**	**12,665**	**13,128**	**13,108**	**13,830**	**13,745**
Applications of operating funding											
Payments to staff and suppliers	8,526	7,387	7,414	7,609	8,752	8,883	9,005	9,448	9,322	9,666	9,527
Finance costs	-	18	65	105	197	234	266	296	324	357	382
Internal charges and overheads applied	1,562	1,243	1,655	1,805	1,790	1,875	1,972	1,908	1,924	2,045	2,031
Internal interest charged	39	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**10,127**	**8,648**	**9,134**	**9,519**	**10,739**	**10,992**	**11,243**	**11,652**	**11,570**	**12,068**	**11,940**
Surplus (deficit) of operating funding (A - B)	**1,508**	**1,210**	**1,246**	**1,326**	**1,059**	**1,206**	**1,422**	**1,476**	**1,538**	**1,762**	**1,805**
Sources of capital funding											
Subsidies and grants for capital expenditure	11,568	8,524	5,843	6,895	12,001	7,230	6,784	6,892	6,825	7,521	6,802
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	(1,508)	18	(205)	78	2,190	259	(115)	(170)	(282)	(289)	(572)
Gross proceeds from sale of assets	-	9	9	-	19	-	-	21	-	-	22
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**10,060**	**8,551**	**5,647**	**6,973**	**14,210**	**7,489**	**6,669**	**6,743**	**6,543**	**7,232**	**6,252**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	6,362	6,912	4,254	5,635	12,287	5,827	5,322	5,111	4,879	5,707	4,646
- to replace existing assets	7,120	3,643	3,400	3,493	3,976	3,899	3,782	4,171	4,245	4,471	4,526
Increase (decrease) in reserves	(1,914)	(794)	(761)	(829)	(994)	(1,031)	(1,013)	(1,063)	(1,043)	(1,184)	(1,115)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**11,568**	**9,761**	**6,893**	**8,299**	**15,269**	**8,695**	**8,091**	**8,219**	**8,081**	**8,994**	**8,057**
Surplus (deficit) of capital funding (C-D)	**(1,508)**	**(1,210)**	**(1,246)**	**(1,326)**	**(1,059)**	**(1,206)**	**(1,422)**	**(1,476)**	**(1,538)**	**(1,762)**	**(1,805)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

NGĀ TAPUTAPU HAPORI

COMMUNITY FACILITIES

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	786	3,167	3,302	3,428	3,274	3,393	3,512	3,604	3,723	3,855	3,985
Targeted rates (other than a targeted rate for water supply)	1,256	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	39	73	25	26	26	27	27	28	29	29	30
Fees and charges	70	70	72	73	75	77	79	80	82	84	86
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	12	11	11	12	15	15	20	23	26	27
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**2,151**	**3,322**	**3,410**	**3,538**	**3,387**	**3,512**	**3,633**	**3,732**	**3,857**	**3,994**	**4,128**
Applications of operating funding											
Payments to staff and suppliers	1,908	2,599	2,574	2,635	2,540	2,609	2,663	2,714	2,774	2,827	2,909
Finance costs	-	41	47	47	53	53	53	54	56	55	54
Internal charges and overheads applied	290	297	349	379	375	392	413	407	408	430	429
Internal interest charged	69	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**2,267**	**2,937**	**2,970**	**3,061**	**2,968**	**3,054**	**3,129**	**3,175**	**3,238**	**3,312**	**3,392**
Surplus (deficit) of operating funding (A - B)	**(116)**	**385**	**440**	**477**	**419**	**458**	**504**	**557**	**619**	**682**	**736**
Sources of capital funding											
Subsidies and grants for capital expenditure	600	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	627	(101)	(405)	(442)	(176)	(420)	(446)	(497)	(473)	(641)	(695)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**1,227**	**(101)**	**(405)**	**(442)**	**(176)**	**(420)**	**(446)**	**(497)**	**(473)**	**(641)**	**(695)**

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	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	85	-	-	167	-	21	22	18	-	-
- to improve the level of service	1,546	70	26	26	67	28	28	29	118	30	31
- to replace existing assets	78	336	188	204	110	111	115	115	163	122	254
Increase (decrease) in reserves	(513)	(207)	(179)	(195)	(101)	(101)	(106)	(106)	(153)	(111)	(244)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,111**	**284**	**35**	**35**	**243**	**38**	**58**	**60**	**146**	**41**	**41**
Surplus (deficit) of capital funding (C-D)	**116**	**(385)**	**(440)**	**(477)**	**(419)**	**(458)**	**(504)**	**(557)**	**(619)**	**(682)**	**(736)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

MANA WHAKATIPU ME KĀWANATANGA

LEADERSHIP AND GOVERNANCE

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	2,603	2,730	2,923	2,995	2,975	3,152	3,231	3,334	3,418	3,466	3,504
Targeted rates (other than a targeted rate for water supply)	540	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	115	53	54	56	8	-	-	-	-	-	-
Fees and charges	302	261	244	249	254	233	237	273	250	255	291
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**3,561**	**3,044**	**3,221**	**3,300**	**3,237**	**3,385**	**3,468**	**3,607**	**3,668**	**3,721**	**3,795**
Applications of operating funding											
Payments to staff and suppliers	1,971	1,173	1,245	1,209	1,226	1,336	1,261	1,296	1,368	1,330	1,408
Finance costs	1	12	12	12	12	12	12	12	12	12	12
Internal charges and overheads applied	1,644	1,667	1,706	1,839	1,818	1,893	1,996	2,024	2,026	2,097	2,103
Internal interest charged	31	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**3,647**	**2,852**	**2,963**	**3,060**	**3,056**	**3,241**	**3,269**	**3,332**	**3,406**	**3,439**	**3,523**
Surplus (deficit) of operating funding (A - B)	**(86)**	**192**	**258**	**240**	**181**	**144**	**199**	**275**	**262**	**282**	**272**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	28	-	53	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	86	(192)	(258)	(240)	(181)	(144)	(200)	(275)	(262)	(282)	(272)
Gross proceeds from sale of assets	-	-	-	21	-	-	9	15	-	9	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**86**	**(164)**	**(258)**	**(166)**	**(181)**	**(144)**	**(191)**	**(260)**	**(262)**	**(273)**	**(272)**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	28	-	53	-	-	-	-	-	-	-
- to replace existing assets	-	-	18	77	7	19	35	56	20	38	8
Increase (decrease) in reserves	-	-	(18)	(56)	(7)	(19)	(27)	(41)	(20)	(29)	(8)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	-	**28**	-	**74**	-	-	**8**	**15**	-	**9**	-
Surplus (deficit) of capital funding (C-D)	**86**	**(192)**	**(258)**	**(240)**	**(181)**	**(144)**	**(199)**	**(275)**	**(262)**	**(282)**	**(272)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

MAHERE ME WAETURE

PLANNING AND REGULATORY

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	193	1,482	1,479	1,517	1,577	1,608	1,693	1,715	1,791	1,782	1,859
Targeted rates (other than a targeted rate for water supply)	1,219	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	631	754	775	762	780	800	816	835	856	875	893
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Internal interest income	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends from Investments	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
Total operating funding (A)	**2,043**	**2,236**	**2,254**	**2,279**	**2,357**	**2,408**	**2,509**	**2,550**	**2,647**	**2,657**	**2,752**
Applications of operating funding											
Payments to staff and suppliers	2,015	1,428	1,476	1,483	1,324	1,328	1,338	1,322	1,379	1,360	1,420
Finance costs	-	12	12	12	12	12	12	12	13	13	13
Internal charges and overheads applied	598	639	650	684	697	720	743	770	779	779	787
Internal interest charged	7	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**2,620**	**2,079**	**2,138**	**2,179**	**2,033**	**2,060**	**2,093**	**2,104**	**2,171**	**2,152**	**2,220**
Surplus (deficit) of operating funding (A - B)	**(577)**	**157**	**116**	**100**	**324**	**348**	**416**	**446**	**476**	**505**	**532**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	650	(158)	(116)	(100)	(324)	(348)	(416)	(446)	(476)	(505)	(532)
Gross proceeds from sale of assets	-	53	14	25	57	15	27	61	16	29	65
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**650**	**(105)**	**(102)**	**(75)**	**(267)**	**(333)**	**(389)**	**(385)**	**(460)**	**(476)**	**(467)**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
- to replace existing assets	-	243	46	84	196	52	108	210	54	99	225
Increase (decrease) in reserves	73	(191)	(32)	(59)	(139)	(37)	(81)	(149)	(38)	(70)	(160)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**73**	**52**	**14**	**25**	**57**	**15**	**27**	**61**	**16**	**29**	**65**
Surplus (deficit) of capital funding (C-D)	**577**	**(157)**	**(116)**	**(100)**	**(324)**	**(348)**	**(416)**	**(446)**	**(476)**	**(505)**	**(532)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

RANGAPŪ

CORPORATE FUNCTIONS

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	(160)	(236)	(160)	(152)	(228)	(311)	(197)	(259)	(289)	(217)	(163)
Targeted rates (other than a targeted rate for water supply)	(586)	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	397	-	-	-	-	-	-	-	-	-
Fees and charges	171	170	175	179	183	188	192	196	201	205	210
Internal charges and overheads recovered	5,314	4,971	5,712	6,168	6,133	6,398	6,715	6,693	6,737	7,011	7,007
Internal interest income	1,295	96	84	84	81	78	83	91	98	106	113
Interest and dividends from Investments	761	758	701	698	704	700	677	684	691	698	705
Local authorities fuel tax, fines, infringement fees, and other receipts	88	85	87	90	92	94	96	98	101	103	105
Total operating funding (A)	**6,885**	**6,241**	**6,599**	**7,067**	**6,965**	**7,147**	**7,566**	**7,503**	**7,539**	**7,906**	**7,977**
Applications of operating funding											
Payments to staff and suppliers	5,385	5,335	5,647	6,098	6,012	6,187	6,609	6,454	6,431	6,774	6,787
Finance costs	201	648	792	862	929	1,078	1,161	1,216	1,262	1,334	1,403
Internal charges and overheads applied	166	243	239	248	253	261	267	294	301	283	288
Internal interest charged	1,006	371	382	391	364	396	431	469	503	546	586
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**6,759**	**6,597**	**7,060**	**7,599**	**7,558**	**7,922**	**8,468**	**8,433**	**8,497**	**8,937**	**9,064**
Surplus (deficit) of operating funding (A - B)	**126**	**(356)**	**(461)**	**(532)**	**(593)**	**(775)**	**(902)**	**(930)**	**(958)**	**(1,031)**	**(1,087)**
Sources of capital funding											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	1,261	771	466	532	599	775	908	929	964	1,031	1,112
Gross proceeds from sale of assets	16	-	14	-	-	13	29	16	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**1,277**	**771**	**480**	**532**	**599**	**788**	**937**	**945**	**964**	**1,031**	**1,112**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
- to improve the level of service	1,336	250	-	-	-	-	-	-	-	-	19
- to replace existing assets	195	520	112	214	252	195	197	152	301	277	273
Increase (decrease) in reserves	(127)	(355)	(93)	(214)	(246)	(182)	(162)	(137)	(295)	(277)	(267)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**1,403**	**415**	**19**	**-**	**6**	**13**	**35**	**15**	**6**	**-**	**25**
Surplus (deficit) of capital funding (C-D)	**(126)**	**356**	**461**	**532**	**593**	**775**	**902**	**930**	**958**	**1,031**	**1,087**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

TE KAUNIHERA KATOA

WHOLE OF COUNCIL

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Sources of Operating Funding											
General rates, uniform annual general charges, rates penalties	3,523	11,739	12,665	13,225	13,315	13,799	14,615	14,903	15,240	15,989	16,303
Targeted rates (other than a targeted rate for water supply)	10,464	4,764	5,456	5,752	5,959	6,101	6,566	6,620	6,787	7,229	7,527
Subsidies and grants for operating purposes	8,041	6,241	5,864	6,030	6,670	6,831	6,916	7,240	7,134	7,383	7,299
Fees and charges	2,273	2,436	2,377	2,441	2,532	2,564	2,624	2,715	2,752	2,815	2,907
Interest and dividends from Investments	761	758	701	698	704	700	677	684	691	698	705
Local authorities fuel tax, fines, infringement fees, and other receipts	88	85	87	90	92	94	96	98	101	103	105
Total operating funding (A)	**25,151**	**26,023**	**27,150**	**28,236**	**29,272**	**30,089**	**31,494**	**32,260**	**32,705**	**34,217**	**34,846**
Applications of operating funding											
Payments to staff and suppliers	23,213	22,132	22,619	23,551	24,519	24,889	25,568	25,984	26,153	27,045	27,445
Finance costs	202	1,046	1,324	1,436	1,658	1,910	2,035	2,115	2,211	2,330	2,437
Internal charges and overheads applied	-	-	-	-	-	-	-	-	-	-	-
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding (B)	**23,416**	**23,178**	**23,943**	**24,987**	**26,177**	**26,799**	**27,603**	**28,099**	**28,364**	**29,375**	**29,882**
Surplus (deficit) of operating funding (A - B)	**1,736**	**2,845**	**3,207**	**3,249**	**3,095**	**3,290**	**3,891**	**4,161**	**4,341**	**4,842**	**4,964**
Sources of capital funding											
Subsidies and grants for capital expenditure	12,168	13,649	5,843	6,948	12,001	7,230	6,784	6,892	6,825	7,521	6,802
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	2,702	2,105	(1,140)	(1,380)	2,434	700	(1,857)	(2,686)	(1,964)	(2,458)	(2,773)
Gross proceeds from sale of assets	16	61	37	47	107	28	65	112	16	55	107
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	**14,886**	**15,815**	**4,740**	**5,615**	**14,542**	**7,958**	**4,992**	**4,318**	**4,877**	**5,118**	**4,136**

	AP 2021 $000	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Application of capital funding											
Capital expenditure											
- to meet additional demand	-	715	599	-	167	1,109	589	22	18	871	893
- to improve the level of service	9,364	12,315	4,917	7,196	12,462	5,933	5,440	5,259	5,624	5,902	4,864
- to replace existing assets	11,239	7,544	4,260	5,434	7,328	6,657	5,382	6,088	6,241	6,190	6,343
Increase (decrease) in reserves	(3,980)	(1,914)	(1,829)	(3,766)	(2,320)	(2,451)	(2,528)	(2,890)	(2,665)	(3,003)	(3,000)
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	**16,623**	**18,660**	**7,947**	**8,864**	**17,637**	**11,248**	**8,883**	**8,479**	**9,218**	**9,960**	**9,100**
Surplus (deficit) of capital funding (C-D)	**(1,736)**	**(2,845)**	**(3,207)**	**(3,249)**	**(3,095)**	**(3,290)**	**(3,891)**	**(4,161)**	**(4,341)**	**(4,842)**	**(4,964)**
Funding balance ((A-B) + (C-D))	-	-	-	-	-	-	-	-	-	-	-

NGĀ KAUPAPA HERE MŌ TE KAUTE

STATEMENT OF ACCOUNTING POLICIES

Notes to the Financial Statements for the 10 years to 30 June 2031

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Wairoa District Council (Council) is a territorial local authority governed by the Local Government Act 2002 (LGA) and operates in Wairoa, New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The primary objective of the Council is to provide goods or services for community or social benefits rather than making a financial return. The Council's principal activities are outlined within this LTP. As a defined public entity under the Public Audit Act 2001, for the purposes of financial reporting, the Council is audited by the Auditor General, and is classed as a Public Sector Public Benefit Entity.

These forecast financial statements are for Wairoa District Council (the Council) as a separate legal entity. Consolidated forecast financial statements comprising the Council and its controlled entity have not been prepared.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The forecast financial statements have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014, which include the requirement to comply generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared to comply with Public Benefit Entity Accounting Standards (PBE Standards) for a Tier 1 entity*.

The reporting period for these forecast financial statements is the 10-year period ending 30 June 2031. The forecast financial statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated. The accounting policies set out below have been applied consistently to all periods presented in these forecast financial statements.

MEASUREMENT BASE

The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's-length transaction. For investment property, non-current assets classified as held for sale and items of property, plant and equipment which are revalued, the fair value is determined by reference to market value.

The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's-length transaction. Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value.

The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used and the discount rate for forecasting the long term cost of borrowing are as per the "Significant forecasting assumptions" The preparation of prospective financial statements in conformity with PBE Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses.

The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results.

These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP. Actual results are likely to vary from the information presented, and the variations may be material.

NEW ACCOUNTING POLICIES

PBE IPSAS 41 Financial Instruments (PBE IPSAS 41) becomes effective for the year ending 30 June 2023. Council has decided to adopt this standard early with an effective date of 1 July 2021.

JUDGEMENTS AND ESTIMATES

The preparation of forecast financial statements using PBE accounting standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates and these variations may be material.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates with a significant risk of material adjustment in the next year are discussed in the relevant notes. Significant judgements and estimations include landfill post-closure costs, asset revaluations, certain fair value calculations and provisions.

REVENUE

Revenue comprises rates, revenue from operating activities, contracting services, investment revenue, subsidies, petrol tax and fees and charges and is measured at the fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions. Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to the Group and the revenue can be reliably measured, regardless of when the payment is being made.

EXCHANGE TRANSACTIONS

Exchange transactions are transactions where the Council receives assets (primarily cash) or services, or has liabilities extinguished, and directly gives approximately equal value (primarily in the form of goods, services, or use of assets) to another entity in exchange.

Exchange revenue received by the Council can be summarised into the following areas:

- **Rates Revenue from Water by Meter**
  Water rates by meter are regulated in the same way as other rates and are taxes that use a specific charging mechanism to collect the rate. However, as the water rates are primarily charged on a per unit of consumption basis, water rates by meter are considered to be more in the nature of an exchange transaction. Water meter revenue is based on actual usage charged at the time of use.
- **Provision of Services**
  Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.
- **Sale of Goods**
  Sales of goods are recognised when a product is sold to the customer and all risks and rewards of ownership have transferred to the customer.
- **Construction Contracts**
  Revenue on construction contracts is recognised progressively over the period of each contract. The amount included in the statement of comprehensive revenue and expenditure, and the value of the contract assets or liabilities are established by assessment of the individual contracts taking into account the proportion of work completed, cost analysis and estimated final results. When the contract income cannot be reliably measured, revenue is recognised only to the extent of the expenses recognised which are recoverable.
- **Interest Revenue**
  Interest revenue is recognised on an accrual basis with movements in fair value profits and losses disclosed in the overall income statement as interest on investments.
- **Dividend Revenue**
  Dividend revenue is recognised when the right to receive payment is established which is generally when shareholders approve the dividend.
- **Investment property lease rentals**
  Lease rentals (net of any incentives given) are classified as exchange revenue and recognised on a straight line basis over the term of the lease unless another systematic basis is more representative of the time pattern in which benefits derived from the leased asset is diminished.

NON-EXCHANGE TRANSACTIONS

Non-exchange transactions arise when the Group receives value from another entity without directly giving approximately equal value in exchange. Revenue received from a non-exchange transaction cannot be deferred unless there is both a performance obligation and a return obligation attached to it. For example, where grant or subsidy funding is received without performance obligation then revenue is recognised when receivable.

Where a performance obligation exists, revenue is recognised upon satisfactory completion of the performance. Most of the services that the Council provides for a fee are subsidised by rates and therefore do not constitute an approximately equal exchange. Accordingly, most of the Council's revenue is categorised as non-exchange. Revenue from non-exchange transactions received by Group can be summarised as:

- **Rates Revenue**
  Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced quarterly within the financial year to which the rates have been set. Rates revenue is recognised in full as at the date when rate assessment notices are sent to the ratepayers. Rates are a tax as they are payable under the Local Government Ratings Act 2002 and are therefore defined as non-exchange.
- **Government Subsidies and Grants**
  Council receives government grants from NZ Transport Agency, which subsidises part of Council's costs in providing the local roading infrastructure services along ith other subsidies and grants from Government agencies. Grants and subsidies are recognised as revenue immediately except to the extent a liability is also recognised in respect of the same grant or subsidy. A liability is recognised when the grant or subsidy received are subject to a condition such that the Council has the obligation to return those funds received in the event that the conditions attached to them are breached.

  As the Council satisfies the conditions, the carrying amount of the liability is reduced and an equal amount is recognised as revenue. Reimbursements (eg NZ Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions relating to the eligible expenditure have been fulfilled.
- **Vested Assets**
  Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.
- **Fees and Charges for provision of services**
  Non-exchange revenue from the rendering of services consists of services in activities where Council subsidise the activity. Such revenue is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total service to be provided, only when there are conditions attached that require the funds to be returned if performance does not occur. Where no conditions are attached revenue is recognised when receivable.

EXPENSES

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

- **Borrowing costs**
  Borrowing costs are recognised as an expense in the period in which they are incurred.
- **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 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 Council's decision.
- **Depreciation and amortisation**
  Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

TAXATION

The Council, as a local authority, is only liable for income tax on the surplus or deficit for the year derived from any Council controlled trading organisations and comprises current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods. Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and the unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

GOODS AND SERVICES TAX (GST)

All items in the financial statements 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.

FINANCIAL ASSETS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense. Management determines the classification of its financial assets at initial recognition and re-evaluates this classification at each reporting date.

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

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

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

Financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Included in this category are short-term investments, which are valued at fair value. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the statement of comprehensive revenue and expenditure.

FINANCIAL ASSETS AT AMORTISED COST

Financial Assets at amortised cost are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets. Council's Financial Assets at amortised cost comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of 3 months or less.

Trade and Other Receivables

Trade receivables are recognised initially at fair value and are subsequently measured at amortised cost using the effective interest method less an allowance for any uncollectable amounts. An allowance for uncollectable receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables.

Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation, and default in payments are considered indicators that the debtor is impaired. When the receivable is uncollectible, it is written off against the provision account for receivables.

Loans and deposits

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than 3 months.

AVAILABLE FOR-SALE FINANCIAL ASSETS

Available-for-sale (AFS) financial assets are non-derivatives that are either designated as available for sale or not designated in any of the other categories. After initial measurement, AFS financial assets are re-measured at fair value with unrealised gains or losses recognised in other comprehensive revenue and expense and accumulated in the AFS reserve in equity until:

- The investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income or
- The investment is determined to be impaired when the cumulative loss is reclassified from the AFS reserve to the statement of comprehensive revenue and expenditure in finance costs.

Interest earned whilst holding AFS financial assets is reported as interest income using the effective interest rate method.

HELD TO MATURITY INVESTMENTS

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Council has the positive intention and ability to hold them to maturity.

After initial measurement, held to maturity investments are measured at amortised cost using the effective interest rate method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are integral to the effective interest rate.

The effective interest rate amortisation is included as finance income in the statement of comprehensive revenue and expenditure. Losses arising from impairment are recognised in the statement of comprehensive revenue and expenditure as finance costs.

INVENTORIES

Raw materials are held at purchase cost on a first in first out basis. Finished goods are stated at the lower of cost and net realisable value with costs assigned on the basis of weighted average costs.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

INVESTMENT PROPERTIES

Investment properties are properties that are held primarily to earn rental revenue or for capital growth or both. Investment properties exclude those properties held for strategic purposes or to provide a social service. This includes properties that generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property, plant and equipment.

Investment property is measured initially at its cost including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met, and excludes the costs of day-to-day maintenance of an investment property.

After initial recognition, the Council measures all investment property at cost less accumulated depreciation. Depreciation is provided on a straight-line basis on all investment property other than land, at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

PROPERTY PLANT AND EQUIPMENT

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

- **Operational Assets**
  These include land, buildings, the landfill post-closure asset, library books, plant and equipment and motor vehicles.
- **Infrastructure Assets**
  Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function, for example, sewer reticulation includes reticulation piping and sewer pump stations.
- **Intangible Assets**
  These include software and trademarks.
- **Restricted Assets**
  Restricted assets are parks and reserves owned by Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

RECOGNITION

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

MEASUREMENT

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose.

Subsequent expenditure that extends or expands the asset's service potential is capitalised. Borrowing costs incurred during the construction of property, plant and equipment are not capitalised.
After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by depreciated replacement cost. Specific measurement policies for categories of property, plant and equipment are shown below.

Revaluations

The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive revenue and expense and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit.

Any subsequent increase on revaluation that offsets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive revenue and expense and in the revaluation reserve for that class of property, plant and equipment. Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.

While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example, where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.

Impairment

The Council's assets are defined as cash generating if the primary purpose of the asset is to provide a commercial return. Non-cash generating assets are assets other than cash generating assets. The Council's assets are reviewed at least annually to determine if there is any indication of impairment.

Where an asset's, or class of assets', recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. A non-cash generating asset's value in use is the present value of the asset's remaining service potential.

Losses resulting from impairment are reported within comprehensive revenue and expense., unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive revenue and expense.

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 included in the Statement of Comprehensive Revenue and Expense. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Work in Progress

The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment for WDC other than land at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Application of the estimated useful economic lives of assets is subject to change depending on the individual circumstances of the asset, particularly when assets are revalued and the valuers provide an annual depreciation figure.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end. For revalued assets, any accumulated depreciation as at the revaluation date is eliminated against the gross carrying amounts of the assets and the net amounts are restated to the revalued amounts of the assets.

An asset's carrying amount is written down immediately to its recoverable amount, or recoverable service amount, if the asset's carrying amount is greater than its estimated recoverable amount or recoverable service amount.

The useful lives and associated depreciation rates of major assets have been estimated as follows:

Category		Estimated Life (years)
Quarries		30-40
Buildings		30-40
Other improvements		10-50
Plant, equipment & vehicles		4-10
Library collection		2-10
Office equipment, furniture & fittings		5-10
Computer equipment		4-5
Sewerage	Structures	50
	Oxidation ponds	40
	Pipes	80-120
	Manholes	80
	Pumps	10-35
	Plant	10-35
	Resource consents	25
Stormwater	Reticulation piping	50-100
	Culverts	50-120
	Manholes/sumps	50-100
	Open drains	Not depreciated
Water Supply	Structures	50
	Pumps	15-35
	Reticulation piping	60-120
	Meters	20
	Hydrants	40
	Resource consents	20-25
	Reservoirs	80-100
Roads	Top surface (seal)	14
	Basecourse	100-120
	Formation	Not depreciated
	Bridges	20-80
	Footpaths	15-40
	Kerbs	50
	Streetlights (poles)	50

The large variations in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset. The useful lives are updated after each revaluation cycle and are reflected in the new depreciation rates that will apply.

Revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis. Bridges, Roads, Wastewater, Stormwater and Water Supply assets are revalued every 3 years.

Council assesses the carrying values of its revalued assets annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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 Revenue and Expense.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Revenue and Expense will be recognised first in the Statement of Comprehensive Revenue and Expense up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Infrastructural Asset Classes: Roads and bridges

Roading assets are revalued at fair value determined on a depreciated replacement cost basis and reviewed by an independent valuer. The most recent valuation was performed by WSP as at 30 June 2020.

Infrastructural Asset Classes: Water, Sewerage and Stormwater Systems

Water, wastewater and stormwater infrastructure assets are revalued at fair value using the optimised depreciated replacement cost method. The most recent valuation was performed by WSP as at 30 June 2020.

Operational and Restricted Land and Buildings

Operational and restricted land and buildings are held at deemed cost and are not revalued.

Land Under Roads

Land under roads is based on cost less impairment.

Unformed or Paper Roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council. Council does not recognise land under unformed paper roads in the statement of financial position because there is no service potential from the majority of paper roads.
The public good of having access routes is very difficult to value. In addition, there is a very limited market for sale to the surrounding or adjacent property owner, and cannot be measured reliably because of the small individual area of many paper roads to those adjacent or surrounding properties, and the high cost of sale.

INTANGIBLE ASSETS

Intangible assets comprise computer software and trademarks. They are recorded at cost less any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Trademarks are not amortised but tested annually for impairment.

BIOLOGICAL ASSETS - FORESTRY

The Council's biological assets consist of forestry. Forestry assets are independently valued triennially at fair value less estimated costs to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and taking into consideration environmental, operational and market restrictions.

Gains or losses arising on the initial recognition of biological assets at fair value less estimated sale costs and from a change in fair value less estimated point of sale costs are recognised in the statement of comprehensive revenue and expense. The costs to maintain forestry assets are included in the statement of comprehensive revenue and expense.

CREDITORS AND OTHER PAYABLES

Trade and other payables are measured by amortised cost using the effective interest method. Trade payables are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

EMPLOYEE BENEFITS

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits which the Group expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. A provision for employee benefit liabilities is recognised as a liability when benefits are earned but not paid.

This provision includes which includes salaries and wages accrued up to balance date, holiday leave earned, but not yet taken at balance date, retirement and long service leave entitlements expected to be settled within 12 months). Holiday leave includes: annual leave, long service leave, statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis in accordance with section 21(2) of the Holidays Act 2003.

LONG-TERM EMPLOYEE ENTITLEMENTS

Retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlement information.

Defined contribution pension plan obligations are recognised as an expense in the statement of comprehensive revenue and expenditure as incurred.

PROVISIONS

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the obligation.

LANDFILL POST-CLOSURE COSTS

Council has a resource consent issued by the Hawke's Bay Regional Council to operate the Wairoa landfill. Under this resource consent the Council has a legal obligation to provide ongoing maintenance and monitoring of the Wairoa landfill site until 2031. The Council has provided for aftercare of the Wairoa landfill where such a liability exists.

The management of the landfill will influence the timing of recognition of some liabilities. The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The cash outflows for landfill post-closure are expected to occur within the next 25 years. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology.

The provision includes all costs associated with landfill post-closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas. Amounts provided for landfill post-closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.

BORROWING

Borrowings are initially recognised at their fair value net of transaction costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

EQUITY

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council.

The components of equity are:

- Ratepayer's equity
- Revaluation reserves
- Special fund reserves

SPECIAL FUNDS AND COUNCIL CREATED RESERVES

Special fund reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

COST ALLOCATION

Council has derived the cost of service for each significant activity of Council using the cost allocation system outlined below.

- Direct costs, which can be traced directly to a specific significant activity, are expensed directly to the relevant activity.

- Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

FORECAST STATEMENT OF CASH FLOWS

Cash and cash equivalents for the purposes of the forecast cashflow statement comprise bank balances, cash on hand and short-term deposits with a maturity of 3 months or lessC that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities include cash received from all non-financial revenue sources of the Council and the Group and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment revenue. Financing activities relate to activities that change the equity and debt capital structure of the Council and Group and financing costs.

RELATED PARTIES

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Group and key management personnel.

Key management personnel include the Mayor and Councillors as Directors, the Chief Executive and all members of the Executive Leadership Team being key advisors to the Directors and Chief Executive. The Mayor and Councillors are considered Directors as they occupy the position of a member of the governing body of the Council reporting entity.

Directors' remuneration comprises any money, consideration or benefit received or receivable or otherwise made available, directly or indirectly, to a Director during the reporting period. Directors' remuneration does not include reimbursement of authorised work expenses or the provision of work-related equipment such as mobile phones and laptops.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements Council 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 experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Discount and inflation rates**
  The inflation rates used and the discount rate for forecasting the long-term cost of borrowing are as per the "Significant forecasting assumptions"
- **Overdue Receivables Provision**
  The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding impairment provision for overdue receivables.
- **Landfill Aftercare Provision**
  The appropriate note discloses an analysis of the exposure of Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.
- **Infrastructural Assets**
  There are a number of assumptions and estimates used when performing Depreciated Replacement Cost valuations over infrastructural assets. These include:

  a. the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets
  b. estimating any obsolescence or surplus capacity of an asset; and
  c. estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Revenue and Expense.

  To minimise this risk Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience.
  Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives Council further assurance over its useful life estimates. Experienced independent valuers are used in performing or reviewing the Council's infrastructural asset revaluations.

CRITICAL JUDGEMENTS IN APPLYING COUNCIL'S ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying the Council's accounting policies for the periods ending 30 June 2022-2031.

- **Classification of Property**
  Council owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's housing policy and as such are accounted for as property, plant and equipment.
- **Classification of Costs**
  Judgement is used over the classification of costs between capital and maintenance. Items are reviewed regularly to ensure the cost allocation is reasonable.

PUBLIC BENEFIT ENTITY FINANCIAL REPORTING STANDARD 42 PROSPECTIVE FINANCIAL STATEMENTS (PBE FRS 42)

The Council has complied with PBE FRS 42 in the preparation of these forecast financial statements.

1. **Description of the nature of the entity's current operation and its principal activities**
   The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this LTP.

2. **Purpose for which the forecast financial statements are prepared**
   It is a requirement of the Local Government Act 2002 to present forecast financial statements that span 10 years and include them within the LTP.

   This provides an opportunity for ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cashflows of Council. Forecast financial statements are revised annually to reflect updated assumptions and costs.

3. **Basis for assumptions, risks and uncertainties**
   The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the forecast financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this LTP.

4. **Cautionary note**
   The financial information is forecast. The forecast financial statements are prepared based on best estimates available at the time of preparing the accounts. The actual results achieved for any particular financial year is also likely to vary from the information presented, and may vary materially depending on the circumstances that arise during the period.

The Council is responsible for the forecast financial statements presented, including the assumptions underlying forecast financial statements and all other disclosures. The LTP is forecast and as such contains no actual operating results.

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FINANCIAL PRUDENCE BENCHMARKS

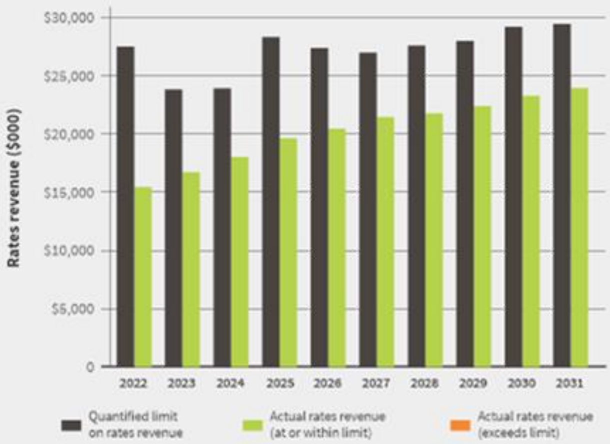
FINANCIAL PRUDENCE

The purpose of the Long Term Plan Disclosure Statement for period commencing 1 July 2021 is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether Council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Council is required to include this statement in its LTP in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014[1].

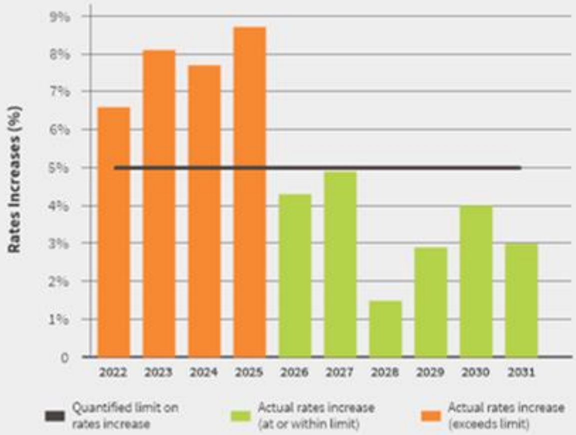
RATES AFFORDABILITY BENCHMARK

Council meets the rates affordability benchmark if its actual rates income equals or is less than each quantified limit on rates, and its actual rates increases equal or are less than each quantified limit on rates increases.



Rates Revenue

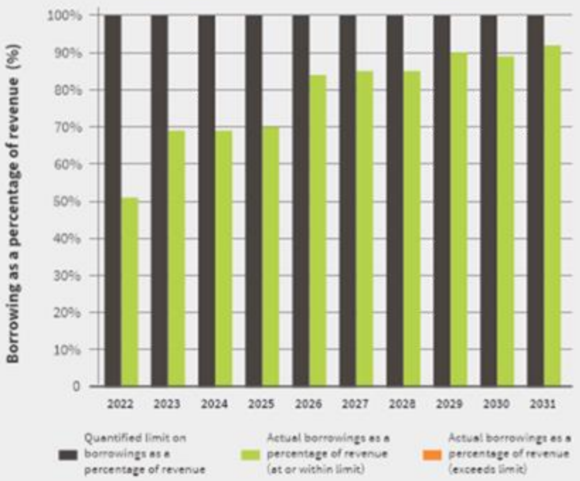
Total rates (including capital contribution rates) shall not exceed 70% of total cash revenue.



Rates Increases

The maximum annual total rates increase shall not exceed 5%. In 2020 this was clarified as being total rates levied (not net rates income).

DEBT AFFORDABILITY BENCHMARK



The Council meets the debt affordability benchmark if its actual borrowing is within each quantified limit on borrowing. The quantified limit is debt as a percentage of income.

Borrowings as Percentage of Revenue

This graph compares Council's borrowings with a quantified limit contained in the financial strategy.

Total borrowings will not exceed annual revenue.

2

[1] *For more information, including definitions of some of the terms used in this section, please refer to the Regulations.*

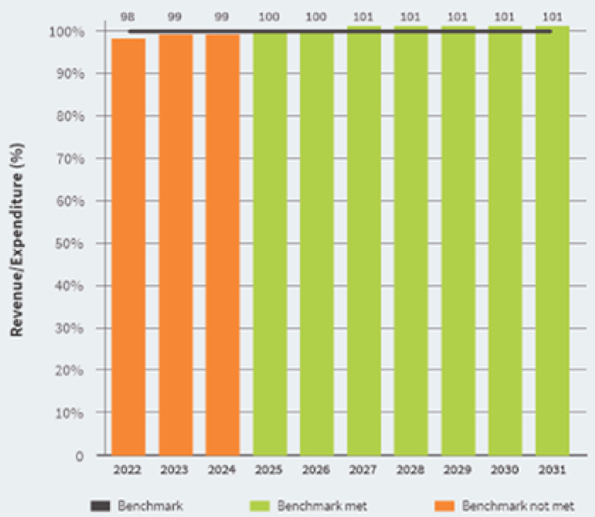
BALANCED BUDGET BENCHMARK

The Local Government Act 2002 (LGA) requires Council to budget each year for operating revenue at a level sufficient to meet the operating expenses budgeted for that year. This is known as the “balanced budget” requirement. The LGA does allow Council to budget for a deficit, if it resolves that it is financially prudent to do so.

Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason Council has defined its balanced budget target as the Local Government (Financial Reporting and Prudence).

The regulations 2014 definition has been modified to exclude costs and gains from asset sales and the Waka Kotahi capital subsidies from the calculation of revenue, offset by the depreciation not funded.

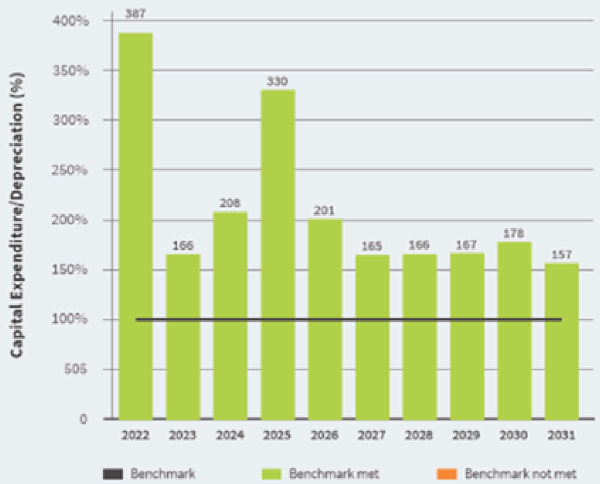
If the capital subsidies and full depreciation were included, then the budget would be balanced in all years. Using the modified definition, Council expects to show a balanced budget by 2025, through increased efficiencies and increasing rate funding for depreciation of assets that Council pays to replace.



This graph displays Council’s revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

Council meets this benchmark if its revenue equals or is greater than its operating expenses (100%)

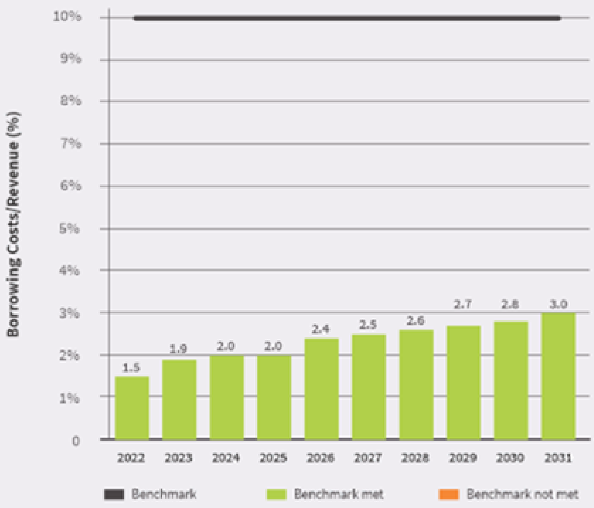
ESSENTIAL SERVICES BENCHMARK

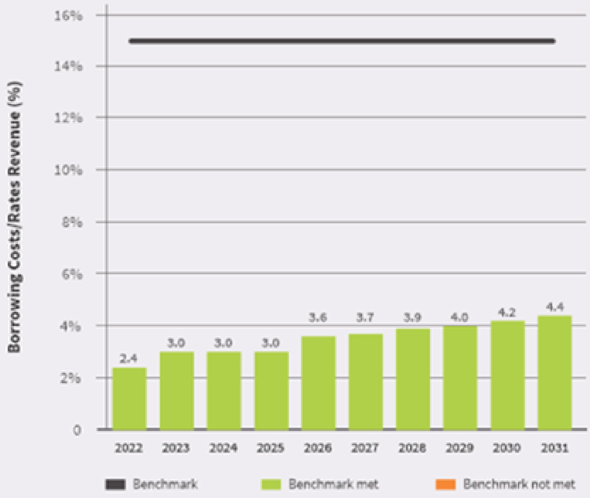


This graph displays Council’s capital expenditure on network services as a proportion of depreciation on network services.

Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services (100%).

DEBT SERVICING BENCHMARK





Borrowing Costs as a Percentage of Revenue

This graph displays Council's borrowing costs as a proportion of revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects Council's population will grow [more slowly than] the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.

Borrowing Costs as a Percentage of Rates Revenue

This graph compares Council's actual borrowing with a quantified limit on borrowing stated in the financial strategy.

Annual interest costs and loan repayments (debt servicing) shall not exceed 15% of rates revenue.

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BALANCED BUDGET

BALANCED BUDGET

Council, when approving the Annual Plan and Long Term Plan, sets the rates and fees and charges at a level that is predicted to adequately fund the next year's activities. Council must have a balanced budget under section 100(1) of the Local Government Act 2002. Council is required to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

However, under section 100(2) a local authority may set projected operating revenues at a different level from that required by section 100(1) if the local authority resolves that it is financially prudent to do so, having regard to:

- The estimated expenses of achieving and maintaining the expected levels of service provision set out in the LTP, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life.
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life.
- The funding and financial policies adopted under section 102.

Under section 101(1) a local authority must manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community.

Council is required to ensure that the funding needs of Council are met from the sources of finance deemed appropriate, taking account of the distribution of benefits, the periods that benefits occur, the costs and benefits of funding the activities, and the community outcome, which the activity promotes. Also, Council is required to consider the impact on the social, economic, environmental, and cultural well-being of the community.

The LGA does allow the Council to budget for a deficit, if it resolves that it is financially prudent to do so. The Council acknowledges that it runs deficits from a balanced budget perspective because it does not fully rate fund depreciation. For this reason, the Council has defined its balanced budget target as the Local Government (Financial Reporting and Prudence) Regulations 2014 definition modified to exclude costs and gains from asset sales and the NZTA capital subsidies from the calculation of revenue, offset by the depreciation not funded.

If the capital subsidies and full depreciation were included, then the budget would be balanced in all years. Using the modified definition, the Council expects to show a balanced budget by 2025, through increased efficiencies and increasing rate funding for depreciation of assets that the Council pays to replace.

Council has complied with section 100(1) of the Local Government Act 2002, to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses, as per the reconciliation below, taking account of the following adjustments to the forecast net surplus.

Over the 10 years of the LTP Council forecasts and accumulated net surplus of $43 million, comprising $85 million of non-operating revenue items and $42 million of expenses that are not funded by operating cashflows.

ITEMS CREATING A SURPLUS

CAPITAL SUBSIDIES

This revenue is included in the forecast net surplus but is used to pay for capital expenditure. It relates primarily to funding received from Waka Kotahi (NZTA) for roading renewals and enhancements and in the first year of the plan includes $5 million relating to capital subsidies from DIA for the 3 Waters Reform Review Stimulus Package. Over the 10 years of the plan Capital Subsidies total $81 million, which is almost double the total of forecast net surpluses of $44 million.

PROCEEDS FROM SALE OF ASSETS

This revenue is the expected return at auction of the sale of motor vehicles that reach the end of their serviceable lives. The proceeds will be used to contribute to the cost of replacement vehicles, supplementing accumulated depreciation reserves.

RATING FOR LOAN REPAYMENTS

Loan repayments, as distinct from interest expenses, are not an operating expense and therefore rating for loan repayments is reported as part of the net surplus. As discussed in Council's financial strategy loans will be used for new assets and where insufficient reserves and subsidies are available. Council will then rate for the loan amounts over the lives of the corresponding assets, instead of depreciation, so that sufficient money is available to repay the loans when they come due.

ITEMS CREATING A DEFICIT (REDUCING THE SURPLUS)

DEPRECIATION NOT RATED

Council will not rate for depreciation where external funds for asset renewals are available. This relates to the Capital Subsidies and Rating for Loan Repayments sections above. In effect these items net off but the amounts in a given year will differ due to the long-term nature of the expenditure. Consequently, Council does not rate for 75% of depreciation on roads and bridges and has reduced the amount it will rate for depreciation on 3 waters assets by $0.2 million per year, due to the investment from the 3 Waters Reform Review Stimulus Package.

As a matter of policy Council does not rate for $3.4 million of depreciation on the following:

- the Community Centre or because the original asset was funded by borrowing
- the Māhia and Ōpoutama wastewater schemes because the amount that Council borrowed for the original assets is being recovered through lump sum payments and targeted rates
- Property assets that are used for residential, recreational, or communal purposes because the fee revenue and/or maintenance budgets is expected to be sufficient to cover ongoing renewals

In addition to these items, Council has reviewed its capital works forecasts and decided to reduce the amount it will rate for depreciation in the first 3 years of the plan. This is an affordability measure that reduces the rates increase to the minimum amount required to maintain a balanced budget. The total adjustment over the 3-year period is $1.8 million and is explained in the Financial Strategy.

PROVISIONS

Council has included nominal amounts in its financial forecasts for increases in provisions for landfill aftercare and bad debts. These are estimates of uncertain future events and do not relate to day-to-day cash flows. They are correctly reflected as expenses but without associated revenue. The total amount of these over 10 years is $3 million.

EXPENSES AND OPERATING PROJECTS FUNDED FROM RESERVES AND LOANS

A small number of operating items will be funded from reserves and loans because they are long-term projects, or because a future cash inflow is anticipated. The largest of these is Council's contribution to the combined regional plan, which will supersede the District Plan review following Resource Management Act reforms. These items total $1.3 million over 10 years.

After adjusting for all of these items Council has adopted a budget that will deliver, on average, a funding surplus of $45,000 per year, and thus a balanced budget.

BALANCED BUDGET RECONCILIATION

	LTP 2022 $000	LTP 2023 $000	LTP 2024 $000	LTP 2025 $000	LTP 2026 $000	LTP 2027 $000	LTP 2028 $000	LTP 2029 $000	LTP 2030 $000	LTP 2031 $000
Net surplus / (deficit) for the year	**9,596**	**1,256**	**2,564**	**8,581**	**3,805**	**3,437**	**3,563**	**3,419**	**4,066**	**3,311**
Less										
Capital Subsidies	(13,649)	(5,843)	(6,948)	(12,001)	(7,230)	(6,784)	(6,892)	(6,825)	(7,521)	(6,802)
Proceeds to Reserves	(9)	(9)	-	(19)	-	-	(21)	-	-	(22)
Rating for loan servicing	-	(166)	(239)	(297)	(420)	(555)	(636)	(682)	(757)	(819)
Add										
Depreciation not Rated	3,614	4,255	4,092	3,399	3,488	3,577	3,668	3,759	3,872	3,983
Provisions	230	256	268	288	298	310	314	323	334	341
Expenses funded from Reserves / Loans	325	335	343	81	83	40	29	30	31	31
Balanced Budget Position	**108**	**84**	**80**	**32**	**24**	**24**	**24**	**25**	**25**	**23**

RATING FUNDING IMPACT STATEMENT

RATING FUNDING IMPACT STATEMENT

Council adopted a change to its Rating System in January 2021 and updated its Revenue and Financing Policy in March 2021. This Funding Impact Statement reflects those changes and provides information about Council sources of Revenue from Rates, how these are calculated and where the liability will be applied.

Various sections of the Local Government (Rating) Act 2002 ("Rating Act") and the Local Government Act 2002 that the Council sets its rates under, require particular information to be identified in Council's Funding Impact Statement. This includes the following:

- The basis for setting the general rate, i.e. land, annual or capital value (Rating Act, section 13).
- Any category or categories that will be used for setting the general rate differentially (Rating Act, section 14).
- The activity or activities for which a targeted rate will be set (Rating Act, section 16).
- The category or categories that will be used to establish rateable land for a targeted rate (Rating Act, section 17).
- For each category, any factor that will be used to calculate liability for a targeted rate (Rating Act, section 18).
- Council's intention to set a targeted rate for the quantity of water supplied (Rating Act, section 19).
- If the targeted rate is set differentially, the total revenue sought from each category of rateable land or the relationship between the rates set on rateable land for each category (Local Government Act 2002, Sch 10, cl 15(4)(d)).
- Whether lump sum contributions will be invited in respect of the targeted rate (Local Government Act 2002, Sch 10, cl 15(4)(e)).
- Examples of the impact of the general rate and targeted rate rating proposals on the rates assessed on different categories of rateable land with a range of property values for the first year of the plan (Local Government Act 2002, Sch 10, cl 15(5)).

DIFFERENTIAL RATING FACTORS

The Local Government (Rating) Act 2002 provides for rates being charged at different rates in the dollar for different categories of rateable land. The categories must be defined using the matters in Schedule 2 of the Rating Act.

Council can use these provisions to set rates on a differential basis, with the different categories defined based on such matters as the rateable value of land, the uses of land within the district, and the differing provision and consumption of Council services relative to other categories of ratepayers in the district.

For the year ending 30 June 2022, and the remaining years of the LTP 2021-31, Council will utilise a General Rate assessed on the Capital Value of rateable land, applying Differential Factors to rating categories defined based on land use. Council will also utilise a Uniform Annual General Charge (UAGC) which will be assessed as a fixed amount per Separately Used or Inhabited Part (SUIP) of a Rating Unit.

The Land Use Categories for Rating Purposes and the differential factors to be applied to the General Rate (Capital Value) for the year commencing 1 July 2021 are detailed in the table below.

Targeted Rates assessed on a fixed amount per Rating Unit, SUIP or connection will be applied for water utilities and waste management and where applicable will be assessed by location. Water by meter rates will apply where metered water is supplied.

DIFFERENTIAL CATEGORIES

For the year 1 July 2021 to 30 June 2022 the following Land Use Categories and Differential Factors will apply to the General Rate assessed by Capital Value.

Category	Differential Factor
Commercial	1.6
Forestry	4.0
Residential A – Capital Value less than $400,000	1.0
Residential B – Capital Value greater than or equal to $400,000 and less than $600,000	0.8
Residential C - Capital Value greater than or equal to $600,000	0.7
Rural	0.7

Rates per unit in the following paragraphs are per $000's of rateable value unless otherwise stated. Amounts shown are inclusive of GST at 15%. Since Council has adopted a new rating method, comparatives to the year ending 30 June 2022 would not have been relevant in a rate-by-rate analysis.

GENERAL RATE

Council will assess a general rate based on the capital value of all rateable land in the district, set differentially according to the use to which the land is put and the capital value of the land.

The rates (per dollars ($000's) of capital value) for 2021/22 are:

Differential Category	Rate per $1,000 of Capital Value (incl. GST) $	Revenue Generated (incl. GST) $
Commercial	7.2664	912,834
Forestry	18.1661	2,799,468
Residential A – Capital Value less than $400,000	4.5415	1,880,521
Residential B – Capital Value greater than or equal to $400,000 and less than $600,000	3.6332	323,211
Residential C - Capital Value greater than or equal to $600,000	3.1791	242,417
Rural	3.1791	4,241,151

The general rate will raise $ 10,399,601 (including GST) in 2021/2022. Revenue from the General Rate will be used to fund the following Groups of Activities:

Group of Activities	Revenue Generated (incl. GST) $
Water Supply	165,563
Stormwater	47,146
Wastewater	214,890
Waste Management	129,373
Transport	4,399,360
Community Facilities	2,285,988
Planning & Regulatory	1,183,622
Leadership & Governance	2,449,894
Corporate Functions	-476,235*

**Most of the Corporate Functions Group is recovered via internal overhead and internal rent from other activities. The remaining credit relates to investment revenue that remains attributable to this Group. This is offset against general rates.*

UNIFORM ANNUAL GENERAL CHARGE

Council will assess a uniform annual general charge (UAGC) as a fixed amount per separately used or inhabited part of a rating unit within the district. The total amount of the UAGC is determined by the rates allocated to specific activities.

Certain activities are funded partially by the UAGC and partially by the General Rate assessed by Capital Value. In doing so Council seeks to establish an appropriate allocation such that all ratepayers make a minimum contribution to these activities that are provided to benefit the whole community. These activities and the amount to be rated via the UAGC in 2021/22 are detailed in the table below:

Activity	Proportion Allocated through UAGC %	Revenue Generated (incl. GST) $
Commercial property	50	47,367
Enterprise Building	50	21,513
Council administration & democracy services	50	1,326,260
Māori relationships	50	127,040
Visitor information centre	50	35,158
Economic development	15	131,990
Gaiety Theatre	15	6,379
Digital Hub	15	2,343
Community Centre	15	74,031
Community support	50	139,333
Library	25	341,212

The UAGC for 2021/22 is $440.10 (incl. GST), raising $2,252,627 (incl. GST).

TARGETED RATE - WATER SUPPLY (FIXED CHARGE)

Council will assess a targeted rate to fund water supply, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of Council as a fixed amount per separately used or inhabited part of a rating unit. These amounts represent 90% of the total amount for Water Supply to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in providing clean safe drinking water.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) $	Revenue Generated (incl. GST) $
1. Wairoa township/Wairoa ward supply area (including Frasertown and Wairoa Environs): connected	Per separately used or inhabited part of a rating unit	671.30	
Water charge Wairoa			1,225,749
Frasertown water supply			121,302
Peri urban water supply			44,271
2. Wairoa township supply area (including Frasertown and Wairoa Environs): not connected but available *Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)*		335.60	37,927
3. Māhanga supply area (Māhanga water supply): connected		494.50	30,163
4. Māhanga supply area: not connected but available *Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)*		247.20	247
5. Tuai supply area: connected		547.90	30,136
6. Tuai supply area: not connected but available *Being a property to which water can be supplied but is not supplied (being a property within 100 metres of any part of the water reticulation system)*		274.00	274

The water supply (fixed amount) targeted rate will raise $1,490,070 in the year ending 30 June 2022. The water supply rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Māhanga, and Tuai.

TARGETED RATE - WATER SUPPLY (WATER METER)

Council will assess a targeted rate to fund water supply, based on the volume of water consumed or supplied, for all rating units fitted with a meter and metered exclusively for ordinary supply or metered for extraordinary supply.

The rates for 2021/22 are:

Area	Basis for Liability	Charge per m³ (incl. GST) $
1. Wairoa township reticulation area	Per cubic metre of water consumed or supplied	0.61
2. Wairoa Environs area (not including rating units in 1, 3 and 4)		0.61
3. Frasertown reticulation area		0.61
4. Tuai reticulation area		0.61
5. Land used for meat processing in Wairoa		0.34

The water supply metered rates will be used to fund the water supply activities in the Wairoa Township, Frasertown and Wairoa Environs, Mahanga and Tuai. Water by meter rates is expected to raise revenue of $384,867 in the year ending 30 June 2022.

TARGETED RATE - SEWERAGE DISPOSAL

Council will assess a targeted rate in respect of sewerage disposal, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council.

The rates for 2021/22 are:

Differential Category[1]	Basis for Liability	Charge (incl. GST) $	Revenue Generated (incl. GST) $
1. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for up to the first five)	668.3	1,358,242
2. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for six to up to and including 15)	467.8	
3. Wairoa ward (not temporary accommodation businesses): connected	Per water closet or urinal connected (for 16 or more)	334.2	
4. Wairoa ward (temporary accommodation businesses): connected	Per water closet or urinal connected (for up to the first five)	668.3	
5. Wairoa ward (temporary accommodation businesses): connected	Per water closet or urinal connected (for six or more)	467.8	
6. Wairoa ward: not connected but available *Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain.*	Per rating unit	334.2	
7. Tuai village: connected[1]	Per water closet or urinal connected	668.3	155,107
8. Tuai village: not connected but available *Where a property is situated within 30 metres of a public sewerage drain to which it is capable of being connected, either directly or through a public drain.*	Per rating unit	334.2	

[1]For the purposes of this rate, a rating unit used primarily as a residence for one household must not be treated as having more than one water closet or urinal.

9. Māhia: connected *or required to be connected under the Trade Waste and Wastewater bylaw 2012*	Per number or nature of connections from the land within each rating unit to the reticulation system	668.3	258,311
10. Māhia: not connected *or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.*	Per rating unit	334.2	
11. Ōpoutama & Blue Bay: connected *or required to be connected under the Trade Waste and Wastewater bylaw 2012*	Per number or nature of connections from the land within each rating unit to the reticulation system	668.3	53,132
12. Ōpoutama & Blue Bay: not connected *or required to be connected under the Trade Waste and Wastewater bylaw 2012 where a property is situated within 30 metres of a public sewerage system to which it is capable of being connected, either directly or through a public drain.*	Per rating unit	334.2	
13. Rural wastewater *All land that is not connected or able to connect to Council wastewater reticulation, but to which a council operated wastewater treatment facility is available. This rate funds the treatment of wastewater from septic tanks.*	Per separately used inhabited part of a rating unit described as 'Flat, Dwelling, Bach, Cottage, Cafeteria, Accommodation, Building, Cabin, Camping Ground, Tavern, Hall, Office, Hotel, Sleepout, Orchard or Shop' in Council's Rating Information Database.	55.9	109,435

The sewerage disposal targeted rate will raise $1,934,227 (including GST) in the year ending 30 June 2022. These amounts represent 90% of the total amount for the Wastewater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring wastewater is managed safely throughout the district.

TARGETED RATE - WASTEWATER SCHEMES

Council will assess a targeted rate pursuant to the provision or availability to the land of a service provided by, or on behalf of, the local authority by the Māhia and Ōpoutama wastewater schemes.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Revenue Generated (incl. GST) $
1. Māhia wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years. In accordance with the Capital Funding Plan.*	The extent of provision of the services provided by the Māhia Wastewater Scheme including the infrastructure, costs connection costs (if any), and finance costs, relating to that property.	4,817
2. Māhia wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years. In accordance with the Capital Funding Plan.*		86,302
3. Māhia wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years. In accordance with the Capital Funding Plan.*		5,307

4. Ōpoutama wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 10 years. In accordance with the Capital Funding Plan.*	The extent of provision of the services provided by the Ōpoutama Wastewater Scheme including the infrastructure costs, connection costs (if any), and finance costs, relating to that property.	4,054
5. Ōpoutama wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 20 years. In accordance with the Capital Funding Plan.*		9,311
6. Ōpoutama wastewater scheme *Connected and elected to participate in the capital repayment and finance costs associated with the scheme over 30 years. In accordance with the Capital Funding Plan.*		3,092

The Council will accept lump sum payments in respect of this rate. Payments must be received by 31 March in the year before the rates are assessed.

TARGETED RATE - WASTE MANAGEMENT

Council will assess a targeted rate in respect of waste management, set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa Township Area and the Wairoa Rural Area.

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) $	Revenue Generated (incl. GST) $
1. Wairoa township area	Per separately used or inhabited part of a rating unit	252.4	489,032
2. Rural areas	Per separately used or inhabited part of a rating unit	210.6	675,329

The waste management targeted rate will raise $1,164,361 (incl. GST) the year ending 30 June 2022. The waste management rate will be used to fund the waste management activity. These amounts represent 90% of the total amount for the Waste Management activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring rubbish is managed safely throughout the district.

TARGETED RATE - DRAINAGE

Council will assess a targeted rate in respect of drainage set differentially according to where land is situated and the provision, or availability to the land of a service provided by, or on behalf of, Council. The rate is set as a fixed amount per separately used or inhabited part of a rating unit in the Wairoa Urban and the Māhia Township Areas

The rates for 2021/2022 are:

Differential Category	Basis for Liability	Charge (incl. GST) $	Revenue Generated (incl. GST) $
1. Wairoa urban area	Per separately used or inhabited part of a rating unit	197.9	360,665
2. Māhia township area	Per separately used or inhabited part of a rating unit	134.1	63,647

The drainage targeted rate will raise $424,312 (including GST) in the year ending 30 June 2022. These amounts represent 90% of the total amount for the Stormwater activity to be funded by rates. The remaining 10% is allocated to the General Rate, assessed by Capital Value. This allocation reflects that while there is primarily a private benefit derived from this activity, there is benefit to the whole community in ensuring stormwater is managed safely throughout the district.

DEFINITION OF SEPARATELY USED OR INHABITED PART OF A RATING UNIT

A fixed amount charged to each separately used or inhabited part of a rating unit.

DEFINITION OF A SEPARATELY USED OR INHABITED PARTS OF A RATING UNIT

A separately used or inhabited part of a rating unit (SUIP) includes any part of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

Interpretation rules that form part of the definition of 'separately used or inhabited part':

A. Each separate shop or business activity on a rating unit is a separate use. (See Guidance Note 1).

B. Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 2.)

C. Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (i.e. home occupation units) will be considered a SUIP. (See Guidance Note 3.)

D. Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will be considered a SUIP. (See Guidance Note 4.)

E. Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are SUIPs. (See Guidance Note 5.)

F. Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.

G. Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for remission under "contiguity" (S.20 of LG(R)A 02) because they are not "used for the same purpose" (i.e. they are not used at all).

H. Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property. (See Guidance Note 6.)

I. A substantial part of the year is considered to be three months or more (this total period may be fragmented, and may occur at any part of the rating year).

J. Each dwelling on a lifestyle block whether tenanted or not is considered a SUIP.

GUIDANCE NOTES

The following notes are not rules, but are intended to aid officers in the interpretation of the rules.

1. Commercial Properties
   - A single building on one title with 24 separate 'shops' would have 24 SUIPs.
   - A motel with an attached dwelling would have one SUIP. This is because the attached dwelling is essential to the running of the motel. This is similar to a pastoral property with one dwelling (See rule D above)
   - A motel with an attached restaurant which is available to the wider public has two separately used parts and would have two SUIPs. Likewise, a motel with an attached conference facility would have an additional SUIP.
   - A business which makes part of its income through leasing part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a SUIP.

2. Residential Properties
   - Rating units containing more than one "flat" (as per the valuation record administered by Council's Valuation Service Provider, Quotable Value Limited) will in general be regarded as having more than one SUIP. Sleep-outs and granny flats will generally not be considered as additional SUIPs.
   - If parts of a rating unit are used only for family members or for others for very short periods, the Council will not generally regard them as SUIPs (provided proof of their use, including a signed declaration from the property owner is provided). Evidence of actively advertisement of the flats for accommodation will generally mean that the Council considers the flat is a SUIP.

3. Residential with Non-Residential Part
   - A residence with a separately accessible "office" (which may be used for surveyor, architect, or medical services) will be considered to have an additional SUIP. This is because it generates additional use of roads, services, planning resources and democratic processes.
   - A residence with a "Home Occupation" (commonly called a "hobby business") will not generally be considered as having an additional SUIP unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not qualify , but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, would likely be considered as having an additional SUIP
   - A residential property, part of which is used continually for storage of large industrial machinery, has an additional SUIP.

4. Non-Residential Activity with Co-sited Dwelling
   - A fish and chip shop, with a separately used flat above which can be accessed without passing through the shop, has an additional SUIP.
   - A dairy which has the operator's integral dwelling attached, would not be considered a SUIP because the home is an integral part of the operation of the dairy similar to a pastoral property or motel.
   - Certain Government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater).

- They may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit, however, if these organisations undertake accommodation or business activities which are not related to their core function.

5. Individually Tenanted Flats
    - Each flat, apartment, or retirement or disability home, and each property under a "licence to occupy", is a separately used or inhabited part of a rating unit. This is regardless of the number of people who may be living in the unit.

6. Pastoral Properties
    - Each dwelling, tenanted or untenanted, is a separately used or inhabited part of a rating unit.
    - Shearer's quarters that are untenanted, and used as a shearers quarters, will not be treated as a separately used or inhabited part of a rating unit. Shearer's quarters which are tenanted will be a separately used or inhabited part of a rating unit .
    - A pastoral property with one dwelling would only have one SUIP. This is because the attached dwelling is essential to the running of the pastoral property.
    - Untenanted farm dwellings and cottages in addition to the main 'farm house' will be considered additional SUIPs.

RATING BASE

The total projected rateable units within the district at the end of the financial year 2021/22 is 6,835. This is projected to increase at an average of 10 rating units per year over the 10 years of the Long Term Plan.

FORECAST (RATEABLE) RATING UNITS

	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Rating units	6,835	6,845	6,855	6,865	6,875	6,885	6,895	7,005	7,015	7,025

INDICATIVE RATING SAMPLES

Location	Property Type	Rated CV	Actual Rates 2020/21	Forecast Rates 2021/22	Movement is	Change ($) (+/-)	Change (%) (+/-)
Wairoa	Commercial	185,000	$5,396	$3,178	Decrease of	-$1,822	-34%
Wairoa	Commercial	550,000	$12,500	$6,641	Decrease of	-$4,937	-39%
Kotemaori	Forestry	22,500,000	$182,323	$376,022	Increase of	$227,121	125%
Ōpoutama	Residential A	80,000	$1,132	$949	Decrease of	-$118	-10%
Frasertown	Residential A	215,000	$1,961	$2,138	Increase of	$393	20%
Wairoa	Residential A	310,000	$4,330	$3,236	Decrease of	-$692	-16%
Wairoa	Residential B	555,000	$4,878	$3,324	Decrease of	-$1,244	-26%
Mōhaka	Residential B	450,000	$880	$1,784	Increase of	$1,021	116%
Māhia	Residential B	510,000	$1,938	$2,360	Increase of	$621	32%
Māhia	Residential C	820,000	$3,029	$3,647	Increase of	$1,031	34%
Māhia	Residential C	1,400,000	$2,674	$5,157	Increase of	$2,483	93%
Māhanga	Residential C	610,000	$2,377	$3,140	Increase of	$763	32%
Ohuka	Rural	4,060,000	$11,327	$14,320	Increase of	$2,993	26%
Putorino	Rural	10,100,000	$27,173	$34,228	Increase of	$7,055	26%
Wairoa	Rural	1,000,000	$3,708	$4,557	Increase of	$849	23%