



2023/24

ANNUAL PLAN

MAHERE-Ā-TAU

Cover photo: Marokopa Beach

CONTENTS

INTRODUCTION	4
FROM THE MAYOR AND CHIEF EXECUTIVE YOUR COUNCIL	5 6
DELIVERING ON OUR COMMUNITY OUTCOMES	7
OUR STRATEGIC DIRECTION OUR PRIORITIES	8 9
GROUPS OF ACTIVITIES	10
HOW TO READ THIS SECTION	11
LEADERSHIP	12
COMMUNITY AND PARTNERSHIPS	14
RECREATION AND PROPERTY	16
REGULATORY SERVICES	18
RESOURCE MANAGEMENT	20
SOLID WASTE	22
STORMWATER	24
WASTEWATER	26
WATER SUPPLY	28
ROADS AND FOOTPATHS	30
FINANCES	33
INTRODUCTION	38
FUNDING IMPACT STATEMENT AND RATING INFORMATION	45
RATING MAPS	58
PROSPECTIVE STATEMENT OF RESERVE FUNDS	63
ACCOUNTING POLICIES	67
ANNUAL PLAN DISCLOSURE STATEMENT	78

A photograph showing a row of young trees planted in a grassy field. The trees are supported by wooden stakes. In the background, there are larger trees and a building. The sky is blue with some clouds. The text "INTRODUCTION KŌRERO WHAKATAKI" is overlaid on the image in a dark box.

INTRODUCTION

KŌRERO WHAKATAKI

FROM THE MAYOR AND CHIEF EXECUTIVE

Kia ora, welcome to the 2023/24 Annual Plan.

We live in challenging and changing times so this Annual Plan needed to balance rates affordability and equity alongside costs associated with storm events, high inflation, contractor and resource shortages, and changing central government policy to deliver this Annual Plan for the Waitomo District Council for the year ending 30 June 2024.

In particular we were faced with three very significant challenges during the development of this Annual Plan.

The first is that inflation is driving Council costs upward. In calendar year 2022 the consumer price increased just over 7 percent.

The second is that we are in catch-up mode to repair damage to our roading network. Cyclone Dovi hit us hard in February 2022, causing an estimated \$15 million of damage. Since then, further storm events have added to the damage. This plan envisages us catching up all repair work.

The third is that we have put together this plan in a climate of much uncertainty. Central Government has once again changed direction with respect to its "Three Waters" reform. It also has withdrawn the second tranche of "Better off Funding" promised to Councils in 2021.

To cope with increased costs from inflation, this plan increases the total revenue sourced from property rates by 5.84%. Rate increases for individual properties vary property by property according to property values. Council has used the uniform annual general charge to reduce the variability of rate increases across ratepayers.

Council also charges fees for some of its services. Most charges have been increased by the rate of inflation to maintain a balance between funding from fees and rates.

Debt is forecast to rise by \$2.2 million above previous forecasts, reaching \$40.3 million by

30 June 2024. The increase in debt is largely attributable to the decision by Council to reduce the risks of Te Kuiti running out of drinking water. A dedicated pipe is required to supply the reservoir, we need more water storage, and our current reservoirs need upgrading.

The estimated cost of the total project is \$9 million, all of which is to be debt funded. If "Three Waters" reform proceeds this debt will be taken over by the new water entity.

This is the first full year of accounting for the Gallagher Recreation Centre. We are pleased to report that this Centre is financially self-sustainable with huge public interest and patronage. It is great to see this community facility come to life.

This is also the year in which a good portion of the first tranche of "Better Off Funding" will be spent. Totalling \$3.55 million, this will be applied to a range of projects throughout the district, from sealing the parking spaces in Piopio and Maniaiti/Benneydale, looking at our town entranceways to investing in our Rangatahi pathways to employment and education, planning for housing and other community development.

We thank those of you who submitted on this plan. We are pleased to present it in final form.

Ngā mihi



John Robertson
Mayor



Ben Smit
Chief Executive

YOUR COUNCIL



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**DELIVERING ON OUR
COMMUNITY OUTCOMES**
KO NGĀ WHAKATŪTUKITANGA
HAPORI

OUR STRATEGIC DIRECTION

Our community outcomes

Our Community Outcomes describe what we want for our community and what the community can expect us to be working towards.

Our Priorities provide focus areas for how we deliver and provide services to our community.

These outcomes and priority areas shaped the development of the 2021-31 10 Year Plan and this Annual Plan.

All our activities contribute to the overall achievement of our community outcomes and our vision – *Waitomo – a vibrant district.*



A Prosperous District

We will continue to enable a thriving and sustainable economy.



A District that cares for its Environment

We plan for the wise use and management of all land and resources, now and for future generations.



A District for People

We welcome all to a district that is accessible, safe, affordable, and inclusive. We promote health, wellbeing, and participation.

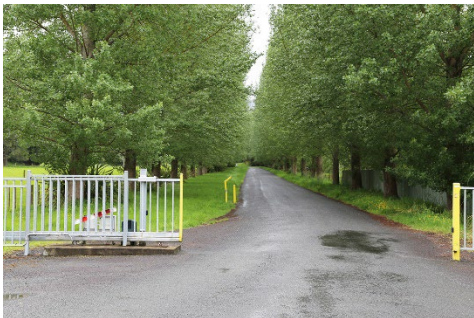


A District that works with You

We work with you to collectively focus on the right things at the right time for the greater benefit of the District.

OUR PRIORITIES

Our priority areas



Provide value for money

Residents and ratepayers get best value for money because we find efficient and effective ways to deliver fit-for-purpose infrastructure, assets and services that meet legislative requirements.

We are making it a priority to repair our storm damaged roads while increasing maintenance on our stormwater network to limit damage from future events.

We will continue with our targeted renewal and maintenance programmes for our core infrastructure to limit major repairs or replacements thereby minimising the costs for our current and future generations.

Our community will get to discuss the options for solid waste management and whether a landfill is still the best option to tackle the growing issue of waste disposal.



Support our communities

We will continue to support a safe, vibrant community where people want to live and feel safe.

Our collaboration with community partners continues through the Vibrant Waitomo Strategy. The action plan focuses on families, homes, community, education, and employment to create a thriving community.



The Gallagher Recreation Centre is now operating sustainably under a partnership agreement with the Ministry of Education and Te Kuiti High School Board of Trustees, we will continue to ensure this is a well run facility that meets the community expectations.



Our funding of community projects will continue through our Community and Partnerships Fund. The grants provide community assistance for the 'not for profit' sector to meet local needs and create a strong social base within the community.

Enable a thriving community

We will continue to enable the growth of our local economy by effectively promoting our District's local businesses and projects.

To enable economic growth, we need to ensure we have housing to support this. Our Waitomo Housing Strategy addresses the housing issues facing our district, work on the action plan has begun with our partner organisations.



We will continue our involvement with Te Waka – The Waikato Regional Economic Development Agency and the Hamilton and Waikato Regional Tourism Organisation to support our local businesses and promote the Waitomo District.



GROUPS OF ACTIVITIES
NGĀ WHAKATŪTUKITANGA

HOW TO READ THIS SECTION

Waitomo District Council has ten groups of activities outlined within this section. Sometimes a group of activity may have multiple activities within it. This section provides the following details on each group of activities.

ACTIVITY

Provides a brief description of each activity that makes up the group.

MAIN FOCUS AREAS FOR 2023/24

Identifies projects the council will be undertaking during the financial year.

VARIANCE TO YEAR 3 OF 2021-31 TEN YEAR PLAN (10YP)

The variance comments for each group of activities focuses on variance in budgets of the Annual Plan 2023/24 to the same year, being the third year of the 10YP.

VARIANCE TO 2022/23 ANNUAL PLAN

Variance comments are also provided between 2022/23 and 2023/24 Annual Plans to explain changes in funding requirements.

PROSPECTIVE FUNDING IMPACT STATEMENTS

Describes what we will deliver to the community and our measures of success.

ADJUSTMENT TO COMPARATIVE BUDGETS

The 2022/23 and 10YP budgets have been adjusted to provide comparison to the Annual Plan 2023/24. The adjustment is to disclose interest and other finances charges as finance costs rather than internal charges and overheads applied and recovered. The adjustment does not change the overall budget outcomes for each group of activities nor has it affected the Whole of Council Funding Impact Statement.



LEADERSHIP

This group comprises representation, strategy and engagement, investments, and emergency management. Treasury management and organisational overhead activities and service groups are also included in this group.

ACTIVITY

Representation involves enabling, promoting, and supporting local democracy by providing governance advice and democratic services to elected members, the public and staff.

Strategy and Engagement involves research and analysis to prepare strategies, policies, plans and bylaws. This activity also coordinates and undertakes community engagement and consultation.

Investments include the investment in Co-Lab, Inframax Construction Ltd (ICL), Civic Financial Services Ltd, and council owned quarries.

Emergency Management involves the administration of the Civil Defence Emergency Management function to coordinate a response to an emergency, and to manage recovery in the District.

MAIN FOCUS AREAS FOR 2023/24

- Representation review including consideration of Māori wards.
- Development of the LTP 2024-2034.
- Development of Emergency Management Response Plans.
- We will continue to fulfil our statutory role by reviewing, preparing, and consulting on relevant statutory and non-statutory documents.
- Queen Street Administration building and the Rora Street Customer Service Centre.
- Continue to work with Iwi, mana whenua, stakeholders and community groups to form greater relationships for various projects.

VARIANCE TO YEAR 3 OF THE 10YP

1. The overall rates requirement is forecast to increase due mostly to an increase in rates penalties.
2. Internal and overheads applied and recovered are forecast to increase due to increases in operational costs detailed below.
3. Operating expenditure is forecast to increase for cloud migration costs, risk management costs, audit fees, staff costs and additional organisational capacity. Elected members' remuneration for the Proposed District Plan hearings are rescheduled to the 2023/24 year. These cost increases are partly offset by a decrease in external support costs for developing the LTP, this will be carried out to a greater extent by staff.
4. Finance costs are forecast to increase in response to increasing interest rates expected. The interest rate assumption has been updated to 5.38% to reflect these changes, against a forecast assumption of 2.75% adopted in the 10YP. Partly offsetting this is opening debt at 1 July 2023 which is forecast to be less than the 10YP.
5. Loan funding is forecast for the cloud migration operational expenditure, which moves all computing services from local servers to a large externally hosted environment.
6. Capital expenditure is planned to bring the Queen Street administration building, which also serves as an emergency response co-ordination centre, up to the required earthquake standard.
7. Additional reserve funding is forecast to part fund the additional cost for the Proposed District Plan hearings, risk management initiatives, and the administration building earthquake strengthening.

VARIANCE TO 2022/23 ANNUAL PLAN

Rates revenue is forecast to increase for rates penalties and to fund increases in finance costs. Increased expenditure is also forecast for the cloud migration of council's information services, audit fees, software licencing and increases in staff costs and additional staff capacity. Capital expenditure is forecast for the strengthening of the administration building to meet earthquake standards. Loan funding is forecast for the cloud migration costs and reserve funding will be utilised for the administration building project.

PROSPECTIVE FUNDING IMPACT STATEMENT

Leadership (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	3,675	3,712	3,786	111	74	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	20	20	20	0	0	
Fees and charges	77	80	104	27	24	
Internal charges and overheads recovered	19,906	20,642	21,262	1,356	620	2
Local authorities fuel tax, fines, infringement fees and other receipts	12	9	15	3	6	
Total operating funding (A)	23,690	24,463	25,187	1,497	724	
Applications of operating funding						
Payments to staff and suppliers	10,728	10,759	11,632	904	873	3
Finance costs	117	89	249	132	160	4
Internal charges and overheads applied	12,373	12,922	13,353	980	431	2
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	23,218	23,770	25,234	2,016	1,464	
Surplus (deficit) of operating funding (A-B)	472	693	(47)	(519)	(740)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	0	0	532	532	532	5
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	41	42	41	0	(1)	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	41	42	573	532	531	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	113	5	61	(52)	56	
Capital expenditure - to replace existing assets	652	847	1,075	423	228	6
Increase (decrease) in reserves	(252)	(117)	(610)	(358)	(493)	7
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	513	735	526	(13)	(209)	
Surplus (deficit) of capital funding (C-D)	(472)	(693)	47	519	740	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

COMMUNITY AND PARTNERSHIPS

This group represents a range of collaborative and partnership approaches and initiatives involving many agencies and organisations. The activities involve a common theme of promoting a better quality of life within the District.

ACTIVITY

Community Development supports the wellbeing of our communities by enabling local organisations and private providers to deliver a variety of community-based services and activities to meet the needs of our community.

District Promotion is delivered through a partnership between central government, local government, and the tourism industry.

Economic Development involves the facilitation and support of initiatives that will enhance the District's economic sustainability.

Te Kuiti i-SITE Visitor Information Centre provides a free, friendly and objective information service to visitors and the local community.

MAIN FOCUS AREAS FOR 2023/24

- Delivery of the Vibrant Waitomo Strategy and Action Plan.
- Delivery of the Waitomo Housing Strategy and Action Plan.
- Involvement in the Hamilton and Waikato Regional Tourism Organisation.
- Administration of grant funding as per the Community and Partnership Fund Policy.
- Support of youth initiatives.
- Promote and support an active and healthy community in collaboration with Sport Waikato.
- Provision and support of district events.

VARIANCE TO YEAR 3 OF THE 10YP

1. Rates revenue is less than forecast due to the use of operational reserves to part fund some initiatives delayed from the previous year and the reduction in rates remissions expenditure forecast.

2. Subsidy revenue is forecast for Mayors' Taskforce for Jobs programme and central government's Better Off projects including the methamphetamine reduction and Rangatahi pathways programmes.
3. Operational expenditure is forecast for the Mayors' Taskforce for Jobs programme and central government's Better Off projects.

VARIANCE TO 2022/23 ANNUAL PLAN

Better Off projects including the methamphetamine reduction and Rangatahi pathways programmes are planned, these programmes are fully funded by subsidy revenue.



PROSPECTIVE FUNDING IMPACT STATEMENT

Community and Partnerships (\$000's)	Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	1,315	1,455	1,335	20	(120)	1
Targeted rates	321	326	355	34	29	
Subsidies and grants for operating purposes	0	0	910	910	910	2
Fees and charges	4	4	4	0	0	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	1,640	1,785	2,604	964	819	
Applications of operating funding						
Payments to staff and suppliers	954	976	1,747	793	771	3
Finance costs	0	24	0	0	(24)	
Internal charges and overheads applied	813	735	848	35	113	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	1,767	1,735	2,595	828	860	
Surplus (deficit) of operating funding (A-B)	(127)	50	9	136	(41)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	0	(50)	0	0	50	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	0	(50)	0	0	50	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	0	0	0	0	0	
Increase (decrease) in reserves	(127)	0	9	136	9	
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	(127)	0	9	(136)	9	
Surplus (deficit) of capital funding (C-D)	127	(50)	(9)	(136)	41	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

RECREATION AND PROPERTY

This group comprises parks and reserves, housing and other properties, recreation and culture, public amenities and safety.

ACTIVITY

Parks and Reserves involves the provision of parks and reserves for recreation, green places that are restful and enhance the visual amenity of our communities.

Housing and Property involves provision of housing and community facilities such as halls.

Community Facilities involves the provision of recreation and cultural opportunities to support the health and well-being of the community.

Public Facilities involves the provision of cemeteries, public car parks, public toilets, street furniture and our CCTV system.

MAIN FOCUS AREAS FOR 2023/24

- Finalise the district-wide Walking and Cycling Strategy.
- Completion of heating and ventilation upgrade of Les Munro Centre.
- Commencement of Te Kuiti Aerodrome development and business plan.
- Renewal of Rora Street public furniture.
- Te Kuiti Old Cemetery and Piopio Cemetery sealed access ways.
- Te Kuiti Aquatic Centre pool resurfacing and repainting.

VARIANCE TO YEAR 3 OF THE 10YP

1. Rates revenue is forecast to increase for rate funded asset replacement, operational cost increases and rising finance costs.
2. Subsidy revenue is forecast from central government's Better Off programme to fund development of a parking area along State Highway 30 in Maniaiti/Benneydale.
3. Fees and charges are forecast to increase for revenues associated with the Gallagher Recreation Centre and cemetery fees, partly offset by reduced revenue for the Aquatic Centre, Les Munro Centre and Aerodrome.

4. Forecast expenditure is for Better Off projects for Maniaiti/Benneydale parking improvements and for grants to local schools for development of their playgrounds for community use. Additional costs are forecast for cleaning public toilets, insurance costs, Aquatic Centre operator costs and operational expenditure for the campgrounds.
5. Funding is expected from central government's Better Off programme for development of walkways in Te Kuiti and town entranceways and Benneydale Hall parking area.
6. Internal loans are forecast to fund development of a surfers track at Mokau, park fencing and bollards, Te Maika jetty repairs and the grant for schools playground development for community use.
7. Capital expenditure for Better Off projects includes the Te Kuiti walkways development, town entranceways and for the Benneydale Hall parking area. Park improvements and subdivision costs for land considered for potential sale are also forecast.
8. Expenditure is planned for resurfacing and repainting of the pool, completing the installation of a new air conditioning unit in the Les Munro Centre and forestry replanting at the Te Kuiti Landfill.

VARIANCE TO 2022/23 ANNUAL PLAN

Rates revenue is forecast to increase due to increases in rate funded asset replacement, operational cost increases and increases in finance costs. Better Off funding projects including walkways, parking improvements and town entranceways are forecast, these projects are fully funded by subsidy revenue. Additional capital expenditure is also forecast for the resurfacing of the pool, installation of heating and ventilation system at Les Munro Centre and forestry replanting around Te Kuiti landfill. The 2022-23 Annual Plan included grant funding and capital expenditure for the construction of the Gallagher Recreation Centre which is now complete.

PROSPECTIVE FUNDING IMPACT STATEMENT

Recreation and Property (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	3,276	3,187	3,551	275	364	1
Targeted rates	269	273	312	43	39	
Subsidies and grants for operating purposes	11	1	351	340	350	2
Fees and charges	508	566	635	127	69	3
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	1	3	0	(1)	(3)	
Total operating funding (A)	4,065	4,030	4,849	784	819	
Applications of operating funding						
Payments to staff and suppliers	1,309	1,269	1,881	572	612	4
Finance costs	135	85	172	37	87	
Internal charges and overheads applied	1,737	1,808	1,862	125	54	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	3,181	3,162	3,915	734	753	
Surplus (deficit) of operating funding (A-B)	884	868	934	50	66	
Sources of capital funding						
Subsidies and grants for capital expenditure	3,600	0	396	(3,204)	396	5
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(129)	(123)	169	298	292	6
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	3,471	(123)	565	(2,906)	688	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	3,845	115	557	(3,288)	442	7
Capital expenditure - to replace existing assets	227	276	650	423	374	8
Increase (decrease) in reserves	283	354	292	9	(62)	
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	4,355	745	1,499	2,856	754	
Surplus (deficit) of capital funding (C-D)	(884)	(868)	(934)	(50)	(66)	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

REGULATORY SERVICES

Our regulatory activities are governed and directed by legislation, national, regional and local policies and bylaws. We undertake many activities that contribute to keeping our community and district a safe place to be.

ACTIVITY

Building control responsible for processing and monitoring building consents and issuing Code of Compliance Certificates pursuant to the Building Act 2004. This activity also covers the monitoring and enforcement of earthquake-prone building requirements, and swimming pools.

Alcohol licensing responsible for administering the Sale and Supply of Alcohol Act 2012 at a local level by way of the Waitomo District Licensing Committee on behalf of the Alcohol Regulatory and Licensing Authority.

Environmental health provides a range of services to ensure food outlets maintain high food safety standards, and that noise and nuisance complaints, hazardous substances and contaminated sites are all managed.

Bylaw administration involves managing a range of bylaws to allow Council to manage issues associated with community nuisance, protect public health, and manage Council's assets.

Animal and dog control delivers animal control services in the areas of dog registration, complaint response, wandering stock, and general animal control, as required by the Dog Control Act 1996, Impounding Act 1955 and Council's Dog Control Policy and Bylaw.

MAIN FOCUS AREAS FOR 2023/24

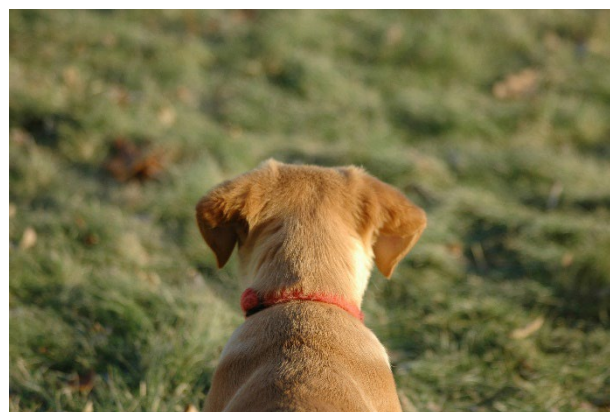
- Continue with implementation of Earthquake Prone Buildings Policy pursuant to the Building Act 2004.
- Continue with implementation of legislation relating to pool barriers and pool fencing pursuant to the Building Act 2004.

VARIANCE TO YEAR 3 OF THE 10YP

1. Rates revenue is forecast to decrease due to a forecast increase in fees and charges for building control services. This is partly offset by more rates revenue forecast to part fund the additional expenditure for environmental health.
2. Fees and charges for building control and environmental health services are forecast to increase.
3. Additional legal expenditure is forecast for enforcement of council's bylaws which is to be funded by reserves. Increased expenditure is forecast for environmental health staff costs, previously this resource was provided through a shared services arrangement.
4. Reserve funding is forecast to fund the additional legal expenses.

VARIANCE TO 2022/23 ANNUAL PLAN

There is a forecast decrease in rates revenue for building control as fees and charges revenue are forecast to increase. More expenditure is forecast for legal services across the regulatory activity and for additional staff resources for building control services. Increased reserve funding is forecast to fund the additional legal expenses.



PROSPECTIVE FUNDING IMPACT STATEMENT

Regulatory Services (\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	948	966	876	(72)	(90)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	441	457	549	108	92	2
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	17	24	24	7	0	
Total operating funding (A)	1,406	1,447	1,449	43	2	
Applications of operating funding						
Payments to staff and suppliers	342	370	422	80	52	3
Finance costs	0	0	0	0	0	
Internal charges and overheads applied	1,058	1,112	1,121	63	9	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	1,400	1,482	1,543	143	61	
Surplus (deficit) of operating funding (A-B)	6	(35)	(94)	(100)	(59)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(1)	(1)	(1)	0	0	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	(1)	(1)	(1)	0	0	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	10	10	20	10	10	
Increase (decrease) in reserves	(5)	(46)	(115)	(110)	(69)	4
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	5	(36)	(95)	100	(59)	
Surplus (deficit) of capital funding (C-D)	(6)	35	94	100	59	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

RESOURCE MANAGEMENT

The resource management group involves the administration, application and enforcement of the Operative Waitomo District Plan and District Planning.

ACTIVITY

District Plan Administration covers the planning functions under the Resource Management Act 1991, including the processing, issuing, and monitoring of resource consents, designations and other application types. It also includes monitoring compliance with the Operative Waitomo District Plan.

District Planning involves setting the direction, form, and shape of our urban and rural communities to ensure development is sustainably managed, while protecting our cultural and historic heritage, outstanding landscapes, and significant natural features. District Plan reviews and structure planning are included in this activity.

MAIN FOCUS AREAS FOR 2023/24

- Continue to progress the Proposed Waitomo District Plan through the Schedule 1 process of the Resource Management Act 1991.

VARIANCE TO YEAR 3 OF THE 10YP

1. Due to the resequencing of the review of the district plan, there is a forecast decrease in rates revenue required to fund the internal loan repayment for the district plan development loan and reduced rates revenue required for administration of the current district plan.
2. Costs for completing the review of the district plan have been recast with no

forecast increase in the overall project cost.

3. The 10YP assumed the district plan project would be completed in early 2023-24. Due to the resequencing of this project, more internal resources are forecast. The final submissions and public hearings are expected in 2023/24.
4. The operational costs for reviewing the district plan are loan funded to spread the cost over the expected life of the plan. Due to the resequencing of the project, more loan funding is forecast.

VARIANCE TO 2022/23 ANNUAL PLAN

Less expenditure is forecast for the district plan review due to the re-sequencing of the project, the overall project costs have remained unchanged. These costs are funded by loan, so loans raised are forecast to be less. Reserve funding is also forecast to fund the legal costs for expected prosecutions.



PROSPECTIVE FUNDING IMPACT STATEMENT

Resource Management (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	437	615	417	(20)	(198)	1
Targeted rates	0	0	0	0	0	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	180	189	215	35	26	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	617	804	632	15	(172)	
Applications of operating funding						
Payments to staff and suppliers	775	217	505	(270)	288	2
Finance costs	43	61	65	22	4	
Internal charges and overheads applied	652	376	693	41	317	3
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	1,470	654	1,263	(207)	609	
Surplus (deficit) of operating funding (A-B)	(853)	150	(631)	222	(781)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	853	(150)	585	(268)	735	4
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	853	(150)	585	(268)	735	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	0	0	0	0	0	
Capital expenditure - to replace existing assets	0	0	0	0	0	
Increase (decrease) in reserves	0	0	(46)	(46)	(46)	
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	0	0	(46)	46	(46)	
Surplus (deficit) of capital funding (C-D)	853	(150)	631	(222)	781	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

SOLID WASTE

This group provides for the environmentally safe reduction, diversion, collection, and disposal of the district's solid waste.

ACTIVITY

Waste minimisation focuses on the reduction and diversion (reduce, reuse, recycling and recovery) of solid waste.

Kerbside recyclables and refuse collection is provided for the residents of Te Kuiti, Piopio, Awakino, Mokau, Waitomo Village and some surrounding rural roads.

Waste transfer stations are provided for the communities of Maniaiti/Benneydale, Piopio, Marokopa, Kinohaku and Awakino and a fully consented landfill is located at Te Kuiti.

MAIN FOCUS AREAS FOR 2023/24

- Te Kuiti Landfill viability study.
- Completion of Te Kuiti Landfill leachate monitoring system installation.
- Continuation of rural transfer station safety improvements.
- Completion of the Waste Minimisation Plan 2024.
- Delivery of the waste minimisation promotion programmes and educational initiatives.
- Feasibility study for food and green waste kerbside collection.

VARIANCE TO YEAR 3 OF THE 10YP

1. Rates revenue requirement is more than forecast due to forecast decreases in landfill tonnages and associated revenue, increases in landfill running costs, and to make good the overdrawn reserve.
2. Landfill revenue is expected to decrease as tonnages of refuse received is less than the 10YP which assumed significantly more refuse tonnage from outside the district would be received.
3. Landfill operational costs, costs for the removal of recycling and operating rural transfer stations are forecast to increase.

4. Internal loans are forecast for the cell development, highwall stabilisation and installation of gas flaring equipment.
5. Forecast expenditure for the cell development and lining to provide further refuse capacity, and the progressive stabilisation of the highwall for safety has been resequenced. Investment in the installation of gas flaring equipment is also forecast to reduce the environmental impact of the landfill which is also expected to result in savings in the amount of carbon credits to be purchased. This project will be reviewed as part of the 2024-34 Long Term Plan.
6. Forecast reserve funding has decreased as no purchase of carbon credits is forecast and rates funding will be transferred to the reserve to make good the overdrawn reserve balance.

VARIANCE TO 2022/23 ANNUAL PLAN

More rates revenue is forecast as landfill user charges revenue is forecast to reduce due to reduced tonnages being received at the landfill. Additional rates funding is also needed to fund the increased costs of operating the landfill and rural transfer stations and to begin to make good the overdrawn reserve due to less than expected revenue in the 2021-22 year. Expenditure for the cell development, highwall stabilisation and gas flaring equipment and the associated loan funding has been re-sequenced. Rates funding is forecast to be transferred to reserve to make good the overdrawn reserve balance and to fund purchase of carbon credits.



PROSPECTIVE FUNDING IMPACT STATEMENT

Solid Waste (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	32	32	32	0	0	
Targeted rates	1,075	898	1,407	332	509	1
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	1,923	2,297	2,057	134	(240)	2
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	35	37	85	50	48	
Total operating funding (A)	3,065	3,264	3,581	516	317	
Applications of operating funding						
Payments to staff and suppliers	2,347	2,563	2,688	341	125	3
Finance costs	120	114	126	6	12	
Internal charges and overheads applied	529	536	511	(18)	(25)	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	2,996	3,213	3,325	329	112	
Surplus (deficit) of operating funding (A-B)	69	51	256	187	205	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	1,572	175	3,516	1,944	3,341	4
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	1,572	175	3,516	1,944	3,341	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	0	0	27	27	27	
Capital expenditure - to replace existing assets	2,708	1,146	3,850	1,142	2,704	5
Increase (decrease) in reserves	(1,067)	(920)	(105)	962	815	6
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	1,641	226	3,772	(2,131)	3,546	
Surplus (deficit) of capital funding (C-D)	(69)	(51)	(256)	(187)	(205)	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

STORMWATER

This group provides for the collection, diversion, and disposal of urban surface water runoff following rainfall. Surface water flooding can occur in the absence of an effective stormwater drainage system.

ACTIVITY

Providing, maintaining and upgrading council's stormwater network comprising of open drains, pipes and manholes.

MAIN FOCUS AREAS FOR 2023/24

- Completion of stormwater catchment plans.
- Consent renewal for comprehensive stormwater discharge consent.
- Completion of the annual renewals programme based on condition assessment.
- Additional cleaning of stormwater pipes and clearing of open channels in Te Kuiti.
- Ongoing monitoring and flood maintenance of stormwater exit and entry points.

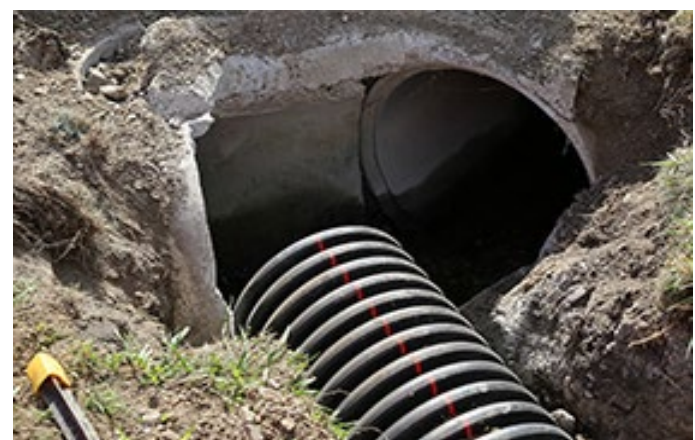
VARIANCE TO YEAR 3 OF THE 10YP

1. Rates revenue is forecast to increase due to an enhanced spend on stormwater maintenance.
2. Expenditure is forecast to increase for stormwater maintenance including cleaning pipes and clearing open drains. This is partially offset by reduced expenditure for catchment assessments, inspection programme and sampling costs.
3. Loan funding is forecast for stormwater network improvements.
4. Additional stormwater improvements to the network are planned to improve the resilience of the network during severe weather events.
5. Expenditure is forecast for stormwater rehabilitation renewals.

6. More reserve funding is forecast to fund stormwater renewals and part fund the increased maintenance programme.

VARIANCE TO 2022/23 ANNUAL PLAN

More rates revenue is forecast to part fund the increased maintenance programme. New stormwater improvements are forecast which will be funded by loan. Increased reserve funding is planned to part fund the enhanced maintenance programme and increased cost of stormwater renewals and renewal of the resource consent.



PROSPECTIVE FUNDING IMPACT STATEMENT

Stormwater (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	474	483	508	34	25	1
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	0	0	0	0	0	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	474	483	508	34	25	
Applications of operating funding						
Payments to staff and suppliers	154	144	216	62	72	2
Finance costs	7	6	15	8	9	
Internal charges and overheads applied	94	93	93	(1)	0	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	255	243	324	69	81	
Surplus (deficit) of operating funding (A-B)	219	240	184	(35)	(56)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(24)	(16)	216	240	232	3
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	(24)	(16)	216	240	232	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	0	0	240	240	240	4
Capital expenditure - to replace existing assets	128	170	235	107	65	5
Increase (decrease) in reserves	67	54	(75)	(142)	(129)	6
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	195	224	400	(205)	176	
Surplus (deficit) of capital funding (C-D)	(219)	(240)	(184)	35	56	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

WASTEWATER

The wastewater group provides for the environmentally safe collection, treatment and disposal of the District's sewage waste in Te Kuiti, Te Waitere, Maniaiti/Benneydale and Piopio.

ACTIVITY

Providing, maintaining and upgrading council's wastewater network comprising treatment plants and disposal systems, pump stations and sewer pipe network.

MAIN FOCUS AREAS FOR 2023/24

- Inflow and infiltration investigation will be undertaken in Te Kuiti.
- Treatment plant renewals for Maniaiti/Benneydale and Piopio.
- Sludge removal at Te Kuiti wastewater treatment ponds.
- Continue work improving Te Waitere soakage field.

VARIANCE TO YEAR 3 OF THE 10YP

1. Trade waste revenue is forecast to decrease as the major users improve their treatment processes before discharge into the wastewater network.
2. Expenditure is forecast to increase for electricity, insurance and for sludge disposal costs with 1,000 tonnes of sludge to be removed from the Te Kuiti treatment ponds.
3. Increased loan funding is forecast to improve the drying capacity for sludge disposal and for Te Kuiti reticulation renewals.
4. Expenditure is planned to increase the drying capacity for the sludge disposal process.
5. Additional expenditure is planned for SCADA and Telemetry and reticulation replacements for Te Kuiti including

Seddon Street and treatment plant renewals for Maniaiti/Benneydale.

6. A decrease in reserves is forecast as reserve funding is planned for the sludge removal costs. Less rate funding for asset replacement is forecast. The increase in depreciation that resulted from the June 2022 asset revaluation has not been funded from rates due to the uncertainties of the water reforms and affordability considerations.



VARIANCE TO 2022/23 ANNUAL PLAN

More rates revenue is forecast to fund increased operational costs including an increase in electricity charges and finance costs, consultants fees and the reduction in trade waste revenue. Expenditure is forecast for removal of 1,000 tonnes of sludge from the treatment ponds in Te Kuiti and an investigation into rehabilitation of the pond embankments and reactor improvements is also planned. New improvement expenditure is forecast to increase the drying capacity for the sludge disposal process. Renewal of the resource consent for Maniaiti/Benneydale is also forecast. Reserve funding is planned for the removal of sludge and treatment plant improvements.

PROSPECTIVE FUNDING IMPACT STATEMENT

Wastewater (\$'000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	1,982	2,378	2,368	386	(10)	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	855	872	776	(79)	(96)	1
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	2,837	3,250	3,144	307	(106)	
Applications of operating funding						
Payments to staff and suppliers	1,308	1,368	2,020	712	652	2
Finance costs	215	185	250	35	65	
Internal charges and overheads applied	768	813	812	44	(1)	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	2,291	2,366	3,082	791	716	
Surplus (deficit) of operating funding (A-B)	546	884	62	(484)	(822)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(98)	(217)	(57)	41	160	3
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	(98)	(217)	(57)	41	160	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	35	0	116	81	116	4
Capital expenditure - to replace existing assets	544	417	527	(17)	110	5
Increase (decrease) in reserves	(131)	250	(638)	(507)	(888)	6
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	448	667	5	443	(662)	
Surplus (deficit) of capital funding (C-D)	(546)	(884)	(62)	484	822	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

WATER SUPPLY

The water supply activity provides for the environmentally safe collection, treatment and reticulation of council's public water supplies to New Zealand Drinking Water Standards. Water supply schemes are provided by council at Te Kuiti, Maniaiti/Benneydale, Piopio and Mokau.

ACTIVITY

Providing, maintaining and upgrading council's water supply schemes comprising of water treatment plants and intake systems, reservoirs, pump stations and pipe reticulation network.

MAIN FOCUS AREAS FOR 2023/24

- Finalising the Water Safety Plan and other associated plans.
- Te Kuiti network resilience project including a new reservoir and dedicated rising main.
- Delivery of the reticulation renewal programme including replacing pipework.
- Replacing property service connection devices in Te Kuiti.

VARIANCE TO YEAR 3 OF THE 10YP

1. Loan funding is forecast for the Te Kuiti network resilience project and investigation of an alternative water supply source.
2. New capital expenditure is planned for the Te Kuiti network resilience project and investigation of an alternative water supply source.
3. As rate funded asset replacement is forecast to be less, the increase in reserves has reduced compared to 10YP. The increase in depreciation that resulted from the June 2022 asset revaluation has not been funded from rates due to uncertainties with the water reforms and affordability considerations.



VARIANCE TO 2022/23 ANNUAL PLAN

Rates revenue is forecast to increase to fund an increase in electricity charges, finance costs and the preparation of a range of storage, demand and management plans required by Taumata Arowai. New improvement expenditure is forecast for the Te Kuiti network resilience project and alternative water supply investigations, which will be loan funded.

PROSPECTIVE FUNDING IMPACT STATEMENT

Water Supply (\$000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	2,969	3,101	3,092	123	(9)	
Subsidies and grants for operating purposes	0	0	0	0	0	
Fees and charges	3	0	2	(1)	2	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	
Total operating funding (A)	2,972	3,101	3,094	122	(7)	
Applications of operating funding						
Payments to staff and suppliers	1,223	1,210	1,269	46	59	
Finance costs	275	250	333	58	83	
Internal charges and overheads applied	880	899	925	45	26	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	2,378	2,359	2,527	149	168	
Surplus (deficit) of operating funding (A-B)	594	742	567	(27)	(175)	
Sources of capital funding						
Subsidies and grants for capital expenditure	0	0	0	0	0	
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(177)	464	4,682	4,859	4,218	1
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	(177)	464	4,682	4,859	4,218	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	5	536	4,699	4,694	4,163	2
Capital expenditure - to replace existing assets	348	484	540	192	56	
Increase (decrease) in reserves	64	186	10	(54)	(176)	3
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	417	1,206	5,249	(4,832)	4,043	
Surplus (deficit) of capital funding (C-D)	(594)	(742)	(567)	27	175	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	

ROADS AND FOOTPATHS

The roads and footpaths group provides a safe and reliable transport infrastructure network to facilitate the movement of people and goods, which includes the provision of roads (excluding state highways), footpaths, bridges, traffic services, streetlights, carparks and traffic safety programmes.

ACTIVITY

Road Network: We manage and maintain a network of 459km of sealed roads and 555km of unsealed roads. This includes identifying the need for and undertaking maintenance and renewals of the road network, footpaths and ancillary systems such as streetlights, signs and road markings.

Subsidised roading: Waka Kotahi provides a subsidy for works that meet their criteria via Waikato Regional Council's Land Transport Programme.

Unsubsidised roading: These activities are carried out to ensure safe and efficient travel within and through the District as necessary for road or pedestrian safety and convenience, but are not subsidised by Waka Kotahi.

Other unsubsidised services include maintaining amenity lights, street cleaning and maintenance of on-street carparks.

MAIN FOCUS AREAS FOR 2023/24

- Delivery of the road rehabilitation and the footpaths improvement programme.
- Speed limits review will involve community consultation on the Speed Management Plan to then be approved by Waka Kotahi.
- Flood damage repair works from Cyclone Dovi, winter 2022 and January 2023 storm events.
- Road maintenance contract tender and award.



VARIANCE TO YEAR 3 OF THE 10YP

1. The overall roads budget has been reallocated to allow for increased spend on the operational programme which has resulted in more operational subsidy revenue forecast.
2. Forecast expenditure has increased for network and asset management, emergency first response costs and sealed and unsealed road maintenance.
3. Finance costs are forecast to increase due to rising interest rates however there is some offset as opening debt is less than forecast in the 10YP.
4. Additional Waka Kotahi subsidy revenue to part fund the repair damage caused by Cyclone Dovi and other storm damage events. Due to the significance of the damage some of the reinstatement work will be subsidised at 95%.
5. Extensive storm damage renewals are planned for affected roads damaged by Cyclone Dovi and other severe weather events. Expenditure in other work categories have been reduced in part to compensate, these include sealed surface, drainage and footpaths renewals.
6. Reserves are forecast to decrease as reserves will fund the local share of the storm damage renewal program and less rates funding for asset replacement is forecast.

VARIANCE TO 2022/23 ANNUAL PLAN

Overall less subsidy revenue is forecast as the 2022-23 Annual Plan included a greater amount of expenditure for the Cyclone Dovi repair work as it was the first year of the repair programme. The forecast in this plan is a continuation of the storm repair programme with a lesser spend required. There is an increased spend forecast on the operational programme for network and asset management, first response emergency repairs and sealed maintenance.

PROSPECTIVE FUNDING IMPACT STATEMENT

Roads and Footpaths (\$'000's)	Adjusted Annual Plan 2022/23	Adjusted 2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24	Ref
Sources of operating funding						
General rates, uniform annual general charges, rates penalties	0	0	0	0	0	
Targeted rates	4,474	4,517	4,481	7	(36)	
Subsidies and grants for operating purposes	5,529	5,454	6,394	865	940	1
Fees and charges	135	132	165	30	33	
Internal charges and overheads recovered	0	0	0	0	0	
Local authorities fuel tax, fines, infringement fees and other receipts	145	106	140	(5)	34	
Total operating funding (A)	10,283	10,209	11,180	897	971	
Applications of operating funding						
Payments to staff and suppliers	6,527	6,288	7,662	1,135	1,374	2
Finance costs	346	289	418	72	129	3
Internal charges and overheads applied	995	1,347	1,056	61	(291)	
Other operating funding applications	0	0	0	0	0	
Total applications of operating funding (B)	7,868	7,924	9,136	1,268	1,212	
Surplus (deficit) of operating funding (A-B)	2,415	2,285	2,044	(371)	(241)	
Sources of capital funding						
Subsidies and grants for capital expenditure	12,551	4,115	8,065	(4,486)	3,950	4
Development and financial contributions	0	0	0	0	0	
Increase (decrease) in debt	(573)	(769)	(675)	(102)	94	
Gross proceeds from sale of assets	0	0	0	0	0	
Lump sum contributions	0	0	0	0	0	
Other dedicated capital funding	0	0	0	0	0	
Total sources of capital funding (C)	11,978	3,346	7,390	(4,588)	4,044	
Applications of capital funding						
Capital expenditure - to meet additional demand	0	0	0	0	0	
Capital expenditure - to improve the level of service	302	318	398	96	80	
Capital expenditure - to replace existing assets	14,697	5,350	9,521	(5,176)	4,171	5
Increase (decrease) in reserves	(606)	(37)	(485)	121	(448)	6
Increase (decrease) in investments	0	0	0	0	0	
Total applications of capital funding (D)	14,393	5,631	9,434	4,959	3,803	
Surplus (deficit) of capital funding (C-D)	(2,415)	(2,285)	(2,044)	371	241	
Funding Balance ((A-B)+(C-D))	0	0	0	0	0	



FINANCES
PŪTEA

FINANCIAL SUMMARY

Prospective All of Council Cost of Service Statement for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24
Total Operating Income	26,388	14,661	21,298	(5,090)	6,637
Total Operating Expenditure	34,505	33,919	41,150	6,645	7,231
Net Operating Cost/(Surplus)	8,117	19,258	19,852	11,735	594
Total Capital Expenditure	23,614	9,674	22,516	(1,098)	12,842
Total Net Expenditure	31,731	28,932	42,368	10,637	13,436
Funded by					
Internal Loans Raised	4,521	2,487	11,990	7,469	9,503
Other Funding Adjustments	6,263	4,755	8,208	1,945	3,453
General Rates, UAGC and Service Charges	20,947	21,690	22,170	1,223	480
Total Funding	31,731	28,932	42,368	10,637	13,436

VARIANCE TO YEAR 3 OF THE 10YP

Operating Income is forecast at \$21.3 million, which is \$6.6 million more than 10YP, mainly due to subsidy revenue for damage to Council's roads from Cyclone Dovi and other weather events, Better Off funding and Mayors' Task Force for Jobs programme.

Operating Expenditure is forecast to be \$7.2 million more than year 3 of the 10YP.

The increase is mainly due to increases in finance costs, increases in costs to deliver services and maintain Council assets, more sludge removal costs for Te Kuiti treatment ponds and reallocation of roads budgets to allow for an increased spend for network and asset management, emergency first response and sealed and unsealed maintenance. Depreciation expense has also increased due to recent asset valuations and expenditure for Better Off projects and Mayors' Task Force for Jobs is forecast.

Capital Expenditure is forecast to be significantly higher at \$22.5 million which is \$12.8 million more than year 3 of the 10YP.

The increase is due to road renewal works and permanent repairs to damage caused by Cyclone Dovi and other weather events. Also forecast is expenditure for the Te Kuiti resilience project, and cell development and installation of gas flaring equipment to increase capacity and reduce the environmental impact of the landfill.

Internal Loans are forecast to be \$11.9 million; \$9.5 million more than year 3 of the 10YP. This includes funding for the Te Kuiti resilience project and the development at the landfill.

Other Funding Adjustments increased by \$3.5 million, to \$8.2 million compared with year 3 of the 10YP. This includes reserve funding of operational expenditure of \$1.2 million and \$4.1 million of depreciation expense that is not funded.

Rates requirement, excluding penalties, is \$480,000 more than the 10YP. The increase is to fund increases in finance costs and the cost to deliver services and maintain council's assets and additional rate-funded depreciation particularly for building assets. The rate requirement for solid waste has also increased due to rising costs to operate the landfill and rural transfer stations and there is a forecast reduction in landfill user charges as waste tonnages have decreased.

VARIANCE TO 2022-23 ANNUAL PLAN

Operating income is forecast to be \$5.1 million less than the 2022-23 Annual Plan. The decrease is due to no subsidy and grant revenue forecast for the construction of the Gallagher Recreation Centre in 2023-24 as the construction of the facility was completed in February 2023. Subsidy revenue for repairs to the road network from storm damage was also less as the 2022-23 Annual Plan included a greater amount for the repair programme.

Operating expenditure is forecast to be \$6.6 million more than the Annual Plan. The main reasons are similar to the variance to 10YP and are provided on the previous page.

Capital expenditure is forecast to be \$1.1 million less than the 2022-23 Annual Plan. Expenditure planned for road renewals is less and no capital expenditure is included for the Gallagher Recreation Centre. The Te Kuiti water network resilience project, landfill development and administration building works are also forecast in 2023/24.

BETTER OFF FUNDED PROJECTS

WDC applied for \$3.55 million of Central Government's 'Better-Off' funding through the Water Reform programme. Funding was approved for \$2.35 million towards physical projects and \$1.2 million for social good and design projects. In 2023/24 the delivery of these projects will continue.

TOWN GATEWAYS: Creation of town entrance gateways that enhance the entry points to each township including artwork, recognition of mana whenua, landscaping and traffic calming. We will be consulting with the community on what our town entry statements will look like and design aspects for traffic calming and road safety.

WALKWAYS: Linkage of Motakiora, the awa and Te Araroa Trail through Te Kūiti following the Mangaokewa Stream, upgrading and improving the trails and pathways to provide a safe and attractive walk along the awa and out to the Mangaokewa Reserve. The project will also include storyboards which will tell the rich history on this area. We will continue with the repair and maintenance work on some sections of the track while looking at routes to provide a continuous trail through Te Kuiti. Community input on the storyboards and history will be sought later in the year.

SOCIAL GOOD PARTNERSHIPS:

Rangatahi Pathways – we will continue with this programme working with the schools to help rangatahi from year 5 – 13 to plan, make choices and be more ready for employment and further education.

Housing Strategy – this strategy is being developed in collaboration with our community to ensure the right investment is made to meet housing needs for more and better quality homes. In 2023/24 the short term actions from the strategy will be completed.

Methamphetamine use and impact reduction programme will be developed in association with NZ Police.

Centennial Park is a great community asset, this year we are creating a development plan to make the best use of this area for sport and recreation activities while considering the development of the wider surrounding community.

TOWN AMENITY IMPROVEMENTS: Upgrades and improvements to town amenities throughout the district including community spaces, improvements to Piopio and Maniaiti/Benneydale parking, pedestrian areas and amenities. These works will be completed this year which will complement the gateway projects by improving the look and feel of our towns.

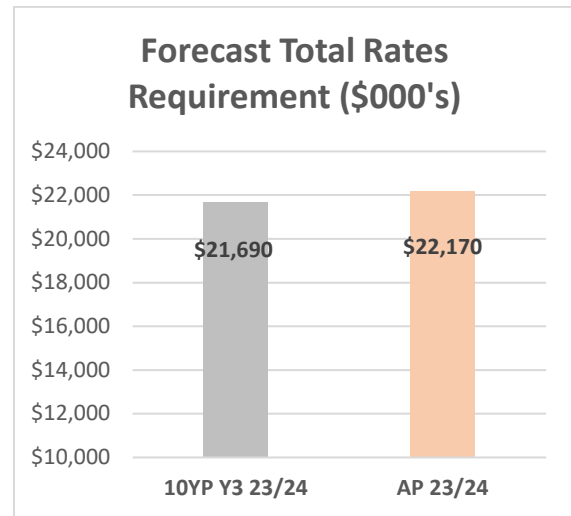
CULTURAL AND COMMUNITY HUB: We have funding to complete a concept design for a community space that could provide for a range of community services, a space for art, cultural, and historical displays, a place to collaborate and bring the community together. This feasibility work is on hold while long term funding for the project is assessed.

FORECAST TOTAL RATES REQUIREMENT

The total rates requirement for the 2023/24 financial year is \$22.17 million (excluding GST) whereas the 10YP forecast for the same year was for \$21.69 million; an increase of \$480,000.

This is an overall increase of 5.84% in rates from current year, which is more than the 4.37% forecast increase in the 10YP for 2023/24.

To balance rates affordability alongside the rising costs to deliver services and maintain assets, Council has prioritised needs and re-sequenced works where appropriate to keep the rate increase below the annual inflation rate. Council has also elected to not fully fund depreciation on waters assets due to the uncertainties around the water reforms and affordability.



COMPARISON TO CURRENT YEAR RATES REQUIREMENT

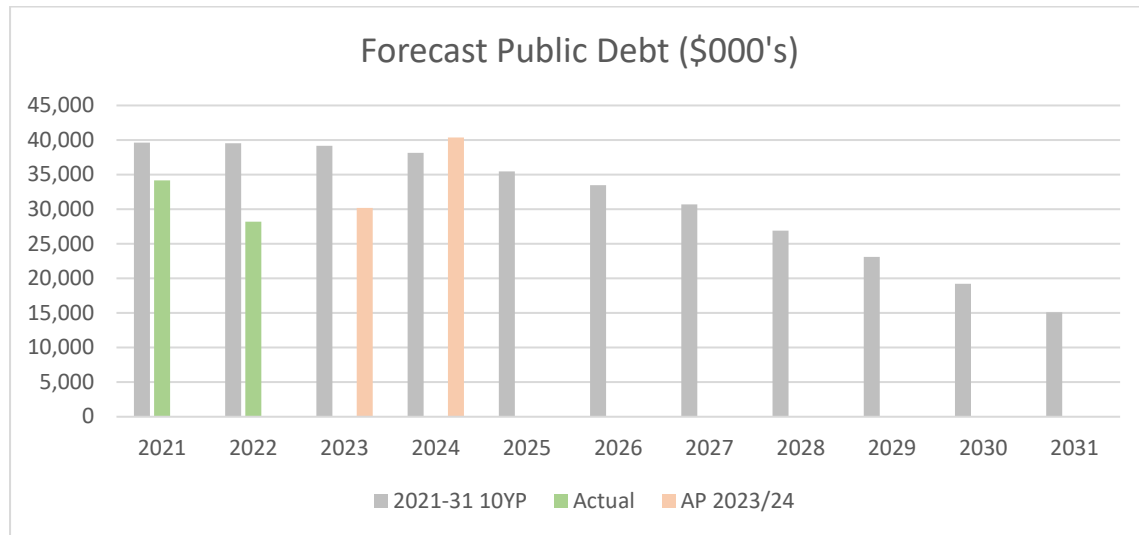
The total rates requirement is \$22.17 million for the 2023/24 year, an increase of \$1.2 million compared with current year. The main contributors are:

- Finance costs are forecast to increase due to rising interest rates.
- Increased costs to deliver services and maintain assets across all council activities including increases in energy costs, staff costs, audit fees and cleaning costs.
- Reduced trade waste revenue for Te Kuiti wastewater as the major users improve their treatment processes before discharge in the network
- Increase in rate-funded asset replacement due to increased asset values for building assets.
- Forecast increases in costs to operate the landfill and rural transfer stations and additional rate revenue is forecast to start to make good the overdrawn landfill reserve as landfill user charges were less in 2021/22 due to reduced waste volumes.

OVERALL PUBLIC DEBT

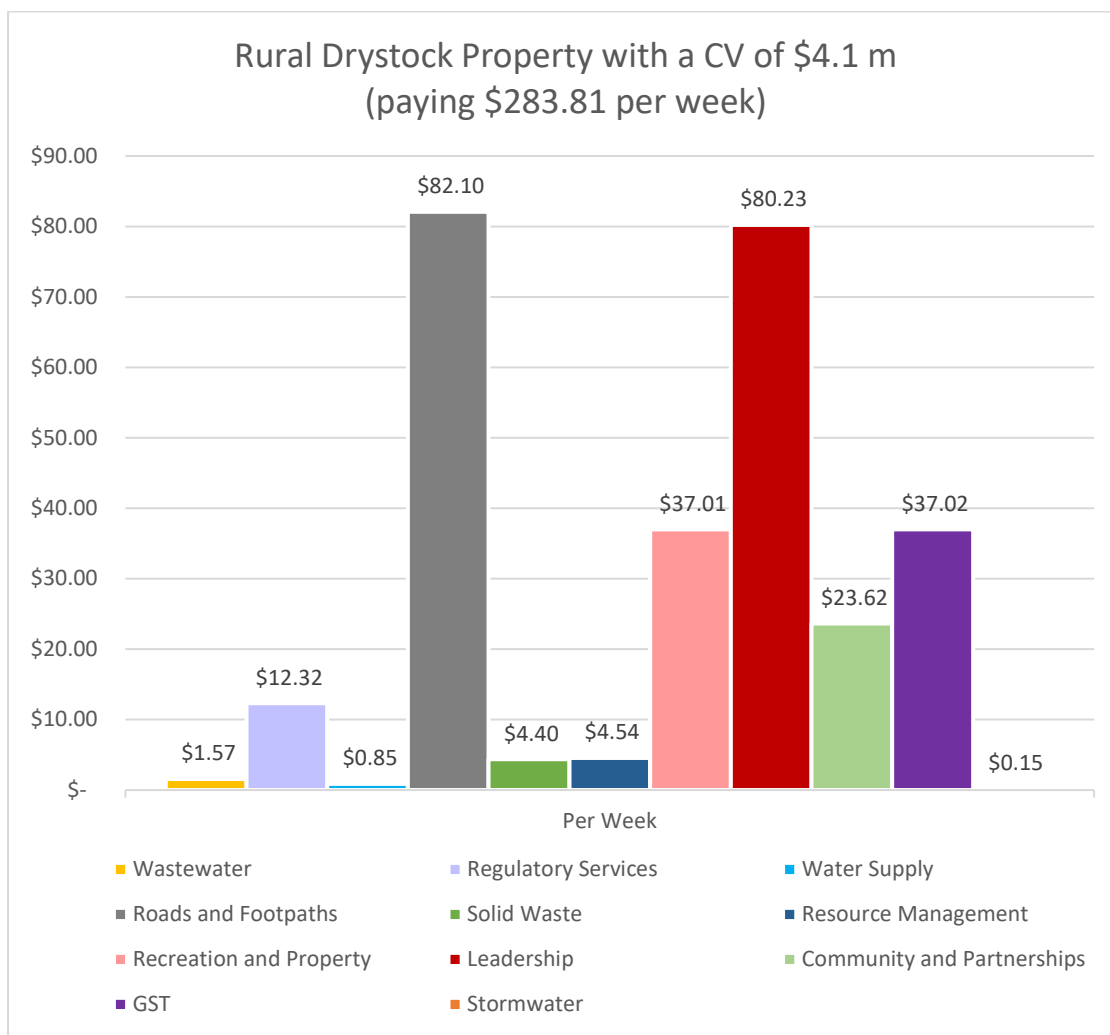
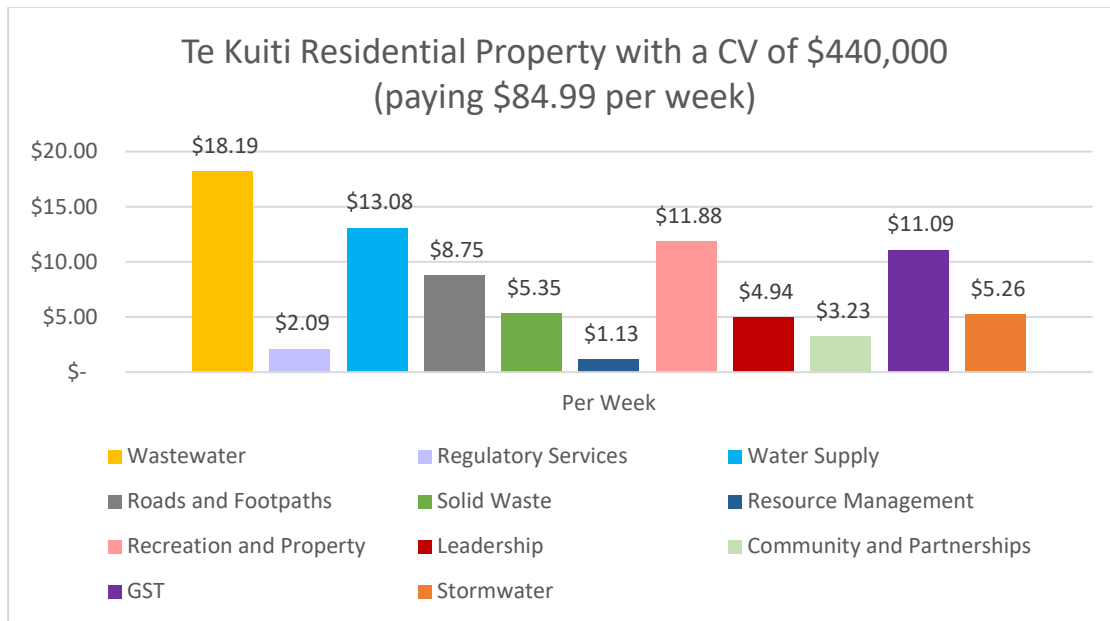
Public debt is forecast to be **\$40.35 million** at 30 June 2024, \$2.2 million more than forecast in the 10YP. This is due in part to the new Te Kuiti network resilience project that is forecast to commence construction during 2023/24. Of the total \$9 million project, \$4 million is forecast for 2023/24 and will be loan funded.

The opening debt position at 30 June 2023 is forecast to be \$9 million less than the 10YP due to unspent capital expenditure in previous years, a reduced spend to date on the loan funded district plan review project, and cash surpluses bought about in part by reduced operating costs.



WHERE YOUR RATES ARE SPENT

The following provides a summary of where rates are spent on a weekly basis using indicative residential and rural properties as examples.



INTRODUCTION

This section outlines Council's prospective financial performance and position for the 2023/24 financial year in prospect. The information that follows shows the financial impact of the measures and decisions Council has taken as detailed in this plan.

Whole of Council Prospective Funding Impact Statement

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24
Sources of operating funding					
General rates, uniform annual general charges, rates penalties	9,683	9,967	9,997	314	30
Targeted rates	11,564	11,976	12,523	959	547
Subsidies and grants for operating purposes	5,560	5,475	7,675	2,115	2,200
Fees and charges	4,126	4,597	4,507	381	(90)
Interest and dividends from investments	12	9	15	3	6
Local authorities fuel tax, fines, infringement fees and other receipts	198	170	249	51	79
Total operating funding (A)	31,143	32,194	34,966	3,823	2,772
Applications of operating funding					
Payments to staff and suppliers	25,667	25,164	30,052	4,385	4,888
Finance costs	1,258	1,103	1,628	370	525
Other operating funding applications	0	0	0	0	0
Total applications of operating funding (B)	26,925	26,267	31,680	4,755	5,413
Surplus (deficit) of operating funding (A-B)	4,218	5,927	3,286	(932)	(2,641)
Sources of capital funding					
Subsidies and grants for capital expenditure	16,151	4,115	8,461	(7,690)	4,346
Development and financial contributions	0	0	0	0	0
Increase (decrease) in debt	1,423	(687)	8,967	7,544	9,654
Gross proceeds from sale of assets	0	0	0	0	0
Lump sum contributions	41	42	41	0	(1)
Other dedicated capital funding	0	0	0	0	0
Total sources of capital funding (C)	17,615	3,470	17,469	(146)	13,999
Applications of capital funding					
Capital expenditure - to meet additional demand	0	0	0	0	0
Capital expenditure - to improve the level of service	4,300	974	6,098	1,798	5,124
Capital expenditure - to replace existing assets	19,314	8,700	16,418	(2,896)	7,718
Increase (decrease) in reserves	(1,781)	(277)	(1,761)	20	(1,484)
Increase (decrease) in investments	0	0	0	0	0
Total applications of capital funding (D)	21,833	9,397	20,755	1,078	11,358
Surplus (deficit) of capital funding (C-D)	(4,218)	(5,927)	(3,286)	932	2,641
Funding Balance ((A-B)+(C-D))	0	0	0	0	0

Prospective Statement of Comprehensive Revenue and Expense for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Revenue			
Rates revenue including rates penalties	20,270	20,934	21,461
Metered water rates	977	1,009	1,059
Subsidies and grants	21,711	9,590	16,177
Interest revenue	12	9	15
Fees and charges	4,175	4,647	4,514
Other revenue including gains/(losses)	190	162	241
Total Revenue and Gains/(Losses)	47,335	36,351	43,467
Expenditure			
Employee benefit expenses	6,520	6,556	6,859
Depreciation and amortisation expense	7,580	7,653	9,470
Finance costs	1,258	1,103	1,628
Other expenses	19,147	18,607	23,193
Total Expenditure	34,505	33,919	41,150
Surplus/(Deficit)	12,830	2,432	2,317
Other Comprehensive Revenue and Expense			
Gains/(Losses) on revaluation of property, plant and equipment	19,311	9,836	9,836
Total Other Comprehensive Revenue and Expense	19,311	9,836	9,836
Total Comprehensive Revenue and Expense for the year	32,141	12,268	12,153

Prospective Statement of Changes in Equity for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Opening balance at 1 July	368,125	364,065	485,037
Revaluation of property, plant and equipment	19,311	9,836	9,836
Net Income recognised directly in equity	19,311	9,836	9,836
Net Surplus/(Deficit) for the year	12,830	2,432	2,317
Total Recognised Income for the years ended 30 June	12,830	2,432	2,317
Total Comprehensive Revenue and Expense for the year	32,141	12,268	12,153
Balance at 30 June	400,266	376,333	497,190

Prospective Statement of Financial Position as at 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Equity			
Accumulated funds	245,020	229,996	246,940
Council created reserves	20,985	20,381	21,477
Investment reserves	8,829	8,829	6,416
Hedging reserves	(1,360)	(2,763)	346
Revaluation reserve	126,792	119,890	222,011
Total Equity	400,266	376,333	497,190
Current Assets			
Cash and cash equivalents	3,203	4,243	2,352
Other financial assets	185	87	169
Inventory	51	79	120
Receivables under exchange transactions	282	295	274
Receivables under non exchange transactions	4,466	4,203	4,539
Total Current Assets	8,187	8,907	7,454
Current Liabilities			
Payables and deferred revenue under exchange transactions	3,589	3,068	4,197
Payables and deferred revenue under non exchange transactions	2,141	701	2,032
Current portion of borrowings	12,979	16,137	26,326
Provisions	3	3	4
Employee entitlements	815	861	817
Derivative financial instruments	572	895	31
Total Current Liabilities	20,099	21,665	33,407
Net Working Capital	(11,912)	(12,758)	(25,953)
Non Current Assets			
Property, plant and equipment	417,777	402,622	521,396
Intangible assets	6,910	818	7,175
Investment property	1,836	1,014	2,167
Other financial assets	362	415	323
Investment in CCO and Civic Financial Services Ltd	8,845	8,845	6,432
Derivative financial instruments	0	0	198
Total Non Current Assets	435,730	413,714	537,691
Non Current Liabilities			
Borrowings	22,038	22,000	14,023
Provisions	547	577	525
Derivative financial instruments	967	2,046	0
Total Non Current Liabilities	23,552	24,623	14,548
Net Assets	400,266	376,333	497,190

Prospective Statement of Cash Flows for Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Cashflows from Operating Activities			
Cash forecast to be provided from:			
Rates revenue (including penalties)	21,247	21,831	22,520
Subsidies and grants	21,711	9,590	16,136
Property rentals	541	599	541
Petroleum tax	145	106	140
Interest revenue	12	9	15
Receipts from other revenue	3,679	4,104	4,116
	47,335	36,239	43,468
Cash forecast to be applied to:			
Payments to suppliers and employees	24,440	24,035	28,884
Elected members	572	411	580
Interest paid on borrowings	1,258	1,103	1,627
	26,270	25,549	31,091
Net Cash Inflows from Operating Activities	21,065	10,690	12,377
Cashflows from Investing Activities			
Cash forecast to be applied to:			
Purchase and development of property, plant and equipment	20,080	8,867	22,332
Purchase of intangible assets	3,533	807	184
	23,613	9,674	22,516
Net Cash Outflow from Investing Activities	(23,613)	(9,674)	(22,516)
Cashflows from Financing Activities			
Cash forecast to be provided from:			
Cash was provided from borrowings	21,548	21,984	30,139
	21,548	21,984	30,139
Cash forecast to be applied to:			
Repayment of borrowings	19,000	23,000	20,000
	19,000	23,000	20,000
Net Cash Inflows /(Outflows) from Financing Activities	2,548	(1,016)	10,139
Net increase/(decrease) in cash and cash equivalents	0	0	0
Cash and cash equivalents at the beginning of the year	3,203	4,243	2,352
Cash and cash equivalents at the end of the year	3,203	4,243	2,352
Cash at the end of the year represented by:			
Cash at bank and in hand	3,203	4,243	2,352

Prospective Statement of Public Debt for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Opening Balance	32,469	39,153	30,210
Loans raised	21,548	21,984	30,139
Loans repaid	(19,000)	(23,000)	(20,000)
Closing Balance	35,017	38,137	40,349

Note: Loans raised or repaid shown in the Public Debt, Cash Flow and Statement of Financial Position prospective statements are based on budgeted cash flow requirements, which includes working capital movements and do not equate to either the internal loans drawn or the external loan repayments shown in the Prospective Statement of Funding Sources or the Prospective Funding Impact Statement.

Prospective Statement of Reserve Fund Movements for Council Created Reserves for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Opening Balance	22,110	20,067	22,571
Transfer to/(from) Reserves	(1,125)	314	(1,094)
Closing Balance	20,985	20,381	21,477

Note: Reserves form part of Council's total equity which is matched by net assets (i.e assets less liabilities, both current and non-current). Reserves are not matched by available cash.

The use of reserves as a funding tool will therefore result in either a decrease in available cash, or when cash is not available, an increase in borrowings.

Prospective Depreciation and Amortisation Expense for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Leadership	665	791	738
Recreation and Property	1,195	1,042	1,456
Community and Partnerships	4	1	4
Regulatory Services	8	9	12
Solid Waste	92	70	113
Stormwater	219	210	257
Wastewater	946	934	1,038
Water Supply	891	791	969
Roads and Footpaths	3,560	3,805	4,883
Total Forecast Depreciation and Amortisation	7,580	7,653	9,470

Forecast Capital Expenditure for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24
Leadership			
Investments	41	42	41
Overhead	724	810	1,095
	765	852	1,136
Recreation and Property			
Park and Recreation	98	153	351
Housing and Other Property	87	32	86
Community Facilities	3,846	164	458
Public Facilities	41	42	313
	4,072	391	1,208
Regulatory Services	10	10	20
Solid Waste	2,708	1,146	3,877
Stormwater	128	170	475
Wastewater	579	417	643
Water Supply	353	1,020	5,238
Roads and Footpaths			
Subsidised roading	14,823	5,487	9,730
Unsubsidised roading	176	181	189
	14,999	5,668	9,919
Total Forecast Capital Expenditure	23,614	9,674	22,516

Forecast Capital Expenditure Projects for 2023/24

(\$000's)	Annual Plan 2023/24	Funding Source	Classification
Leadership			
Information Systems Improvements	61	ARR	LOS
Administration Building Renewals	38	ARR	Renewals
Administration Building Renovations	358	ARR	Renewals
Aerial Photography	50	ARR	Renewals
Furniture Minor Renewals	5	ARR	Renewals
Information Systems Renewals	342	ARR	Renewals
Motor Vehicle and Equipment Replacements	240	ARR	Renewals
Quarry Safety Improvements	41	Capital Contribution	Renewals/LOS
	1,136		
Recreation and Property			
BoF Benneydale Hall Parking Area	53	Subsidy	LOS
BoF Town Entranceways	213	Subsidy	LOS
BoF Walkways	119	Subsidy	LOS
Motakiora / Brook Park Renewals	53	Loan	LOS
Parks and Reserves Improvements	119	Loan	LOS
Aerodrome Minor Renewals	55	ARR	Renewals
Aquatic Centre Pool Resurfacing and Painting	140	Loan	Renewals
Landfill Forestry Planting	30	ARR	Renewals
Les Munro Air Conditioning Unit Replacement	175	ARR	Renewals
Library Book Renewals	48	ARR	Renewals
Minor Renewals	142	ARR	Renewals

(\$000's)	Annual Plan 2023/24	Funding Source	Classification
Parks and Reserves Renewals	60	Loan	Renewals
	1,208		
Regulatory Services			
Dog Pound Renewals	20	ARR	Renewals
	20		
Solid Waste			
Te Kuiti Transfer Station Improvements	27	Loan and ARR	LOS
New Cell Development and Gas Flaring Equipment	3,730	Loan	Renewals/LOS
Resource Consent Renewal	85	Loan	Renewals
Transfer Station Renewals	35	Loan	Renewals
	3,877		
Stormwater			
Stormwater Improvements	240	Loan	LOS
Stormwater Discharge Resource Consent Renewals	40	ARR	Renewals
Stormwater Renewals	195	ARR	Renewals
	475		
Wastewater			
Minor Improvements	16	Loan	LOS
Sludge Removal Improvements	100	Loan	LOS
Resource Consent Renewals	43	ARR	Renewals
Resource Consent Vegetation Planting	17	Loan	Renewals
Reticulation Renewals	362	Loan and ARR	Renewals
Treatment Plant Renewals	105	Loan and ARR	Renewals
	643		
Water Supply			
Other Improvements	5	Loan	LOS
Te Kuiti Resilience of Supply Improvements	4,693	Loan	LOS
Minor Renewals	78	Loan and ARR	Renewals
Reticulation Renewals	363	Loan and ARR	Renewals
Treatment Plant Renewals	99	Loan and ARR	Renewals
	5,238		
Roads and Footpaths			
Footpaths and Road to Zero Improvements	291	Subsidy and Loan	LOS
Unsubsidised Road Improvements	106	Subsidy and Loan	LOS
Bridge and Bridge Structures Replacement	656	Subsidy and ARR	Renewals
Cyclone and Emergency Reinstatements	5,066	Subsidy and ARR	Renewals
Other Road Renewals	750	Subsidy, Loan and ARR	Renewals
Pavement Rehabilitation Renewals	1,201	Subsidy and ARR	Renewals
Sealed Surfacing Renewals	1,128	Subsidy and ARR	Renewals
Unsealed Road Metalling Renewals	638	Subsidy and ARR	Renewals
Unsubsidised Road Renewals	83	Loan	Renewals
	9,919		
Total Forecast Capital Expenditure	22,516		
Note: ARR is Asset Replacement Reserve			

FUNDING IMPACT STATEMENT AND RATING INFORMATION

Introduction

Council is required under clause 20 of Schedule 10 of the Local Government Act 2002 (LGA) to adopt a Funding Impact Statement.

The Funding Impact Statement provides a summary of Council's funding sources and how the funds are to be applied, as well as the detailed rate requirement for the 2023/24 financial year.

The Funding Impact Statement represents the fiscal outcome from the Revenue and Financing Policy. The Revenue and Financing Policy is available on Council's website www.waitomo.govt.nz

Rates Remissions and Postponements

Remissions

Council has developed a Rates Remissions Policy as per LGA (section 102 (3)(a), 108 and 109) and Local Government (Rating) Act 2002 (LGRA) (Section 85). Remission categories include Properties Used Jointly as a Single Unit, Community Organisations and Clubs and Societies, Penalties, Financial Hardship, Organisations Providing Care for the Elderly, New Residential Subdivisions, Maori Freehold Land, Cases of Land Affected by Natural Calamity, New Businesses and Rates and/or Penalties following a rating sale or abandoned land sale. The estimated value of these rates remissions is \$198,000 for the 2023/24 year.

Postponements

Under the Rates Remission Policy, Council will not offer any permanent postponements of rates.

Separately Used or Inhabited Part of a Rating Unit (SUIP)

Council has resolved that the basis of calculating liability for the UAGC and for certain targeted fixed rates (TFRs), will be the number of 'separately used or inhabited parts' (SUIPs) of rating units.

Council sets TFRs in all rating areas of the District on a SUIP basis for provision of:

- Water Supplies
- Wastewater Systems
- Solid Waste
- Solid Waste Collection
- Aquatic Centre
- Rural Stormwater

Definition of SUIP

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part

or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

This definition includes separately used parts, whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner.

For the avoidance of doubt, a rating unit that has only one use (i.e. does not have separate parts or is vacant land) is treated as being one SUIP.

1. STATEMENT OF FUNDING SOURCES

The table on the following page provides a summary of the funding sources for the 2023/24 year. Council's Revenue and Financing Policy and work programmes form the basis for the funding forecasts. The table is produced on a GST exclusive basis.

Explanation of Rates adjustment between General Rate and UAGC

The Statement of Funding Sources and the associated Funding Impact Statement provide for an overall funding adjustment. That adjustment is made after consideration of the overall impact on the community (as provided for by section 101 (3) (b) of the LGA) and applies to the 2023/24 financial year. This adjustment results in the transfer of \$ 2,881,000 * from the UAGC to the General Rate in an effort to maintain a funding equity between urban and rural ratepayers within the District and their respective contribution to those services with a high element of public good. The above adjustment is reflected in the Funding Impact Statements.

	Year 2023/24	
	General Rate \$000's	UAGC \$000's
Rate requirement before application of Section 101 (3)(b) adjustment	5,128	4,519
*Section 101(3)(b) Adjustment	2,881	(2,881)
Subtotal	8,009	1,638
Add - GST @ 15%	1,201	246
Total Requirement (inc GST) (as per Sections 3 and 4 - Funding Impact Statement)	9,210	1,884

2. FUNDING CAP FOR UNIFORM CHARGES

Section 21 of the LGRA requires that revenue from certain rates must not exceed 30% of total rates revenue. Those rates include Uniform Annual General Charges and Targeted Rates that are set on a uniform basis.

Council is not in breach of the Funding Cap for this Annual Plan. The uniform charges for 2023/24 are 13.70% of the total rates revenue (26.7% before Section 101 (3) (b) adjustment).

Prospective Statement of Funding Sources for the Year Ending 30 June 2024

(\$000's)	Annual Plan 2022/23	2021-31 10YP 2023/24	Annual Plan 2023/24	Variance to Annual Plan 2022/23	Variance to 10YP 2023/24
Targeted Rates and Services Charges					
Wastewater	1,982	2,378	2,368	386	(10)
Water Supply	1,992	2,092	2,033	41	(59)
Metered Water Supply Rates	977	1,009	1,059	82	50
Aquatic Centre	269	273	312	43	39
District Development	308	309	342	34	33
Plopio Retirement Village Contribution	13	17	13	(0)	(4)
District Rooding Rate	4,474	4,517	4,481	7	(36)
Solid Waste Rate	847	661	1,162	315	501
Solid Waste Collection	228	237	245	17	8
Stormwater	474	483	508	34	25
Forecast Total Targeted Rates and Service Charges	11,564	11,976	12,523	959	547
General Rate	7,348	6,049	8,009	661	1,960
UAGC	2,035	3,665	1,638	(397)	(2,027)
Total General Rate and UAGC	9,383	9,714	9,647	264	(67)
Forecast Total Rates Requirement	20,947	21,690	22,170	1,223	480
Change in Rates Requirement	586	909	1,223		
<i>Percentage Change</i>	<i>2.88%</i>	<i>4.37%</i>	<i>5.84%</i>		
Other Revenue Sources					
Subsidises and Grants	21,711	9,590	16,177	(5,534)	6,587
Interest Revenue	12	9	15	3	6
Rates Penalties Revenue	300	253	350	50	97
Fees and Charges	4,365	4,809	4,756	391	(53)
Total Other Revenue	26,388	14,661	21,298	(5,090)	6,637
Other Funding Sources					
Internal Loan Raised	4,521	2,487	11,990	7,469	9,503
Total Funding Sources	51,856	38,838	55,458	3,602	16,620
Funding applied to					
Operating Expenditure	34,505	33,919	41,150	6,645	7,231
Capital Expenditure	23,614	9,674	22,516	(1,098)	12,842
Internal Loan Repayments	3,098	3,174	3,023	(75)	(151)
Reserve transfers and non-funding of depreciation	(9,361)	(7,929)	(11,231)	(1,870)	(3,302)
Total Funding Applied	51,856	38,838	55,458	3,602	16,620

3. GENERAL RATE

Description and Use

The General Rate set on every rating unit across the District is assessed as a rate per \$100 of capital value. The General Rate is not set differentially. The rationale for assessing the General Rate using Capital Value is contained in the Revenue and Financing Policy.

The General Rate will contribute to the funding of:

- Leadership
- Other Land and Buildings
- District Libraries
- Aquatic Centre
- Les Munro Centre
- Aerodrome
- Public Facilities
- Parks and Reserves
- Community Halls
- Cemeteries
- Community Development
- Economic Development
- District Promotion
- Emergency Management
- Regulatory Services
- Waste Minimisation
- Resource Management

Requirement in 2023/24 (incl. GST)

General Rate	Rate per \$100 capital value	Total Revenue Requirement (\$000)
All rating units in the district	0.21249	9,210

4. UNIFORM ANNUAL GENERAL CHARGE

Description and Use

Council will set a Uniform Annual General Charge (UAGC) per separately used or inhabited part of a rating unit across the District under Section 15(1) (b) of the LGRA. The rationale for use of the UAGC is contained in the Revenue and Financing Policy.

The UAGC will contribute to the funding of:

- Leadership
- Parks and Reserves
- District Libraries
- Aquatic Centre
- Les Munro Centre
- Other Land and Buildings
- Public Facilities
- Community Halls
- Cemeteries
- Aerodrome
- Community Development
- Emergency Management
- Regulatory Services
- Resource Management
- Waste Minimisation

Requirement in 2023/24 (incl. GST)

UAGC	Charge per SUIP	Total Revenue Requirement (\$000)
All rating units in the district	\$340	1,884

5. TARGETED RATES

Description and Use

Targeted Rates are set on categories of land defined by some factor, such as geographic location or provision of service.

The titles of 'Targeted Rate' ('TR') and Targeted Fixed Rate (TFR) are used by this Council. Targeted Fixed Rates are based on a uniform amount set per separately used or inhabited part of a rating unit (SUIP) or set per rating unit. Targeted Rates are assessed based on capital value or water consumption.

5.1. Targeted rates differentiated on Location

Council will use location (Schedule 2(6) LGRA) to define the land liable for the Aquatic Centre TFR, Piopio Retirement Village Contribution TFR, Rural Stormwater TFR, Te Kuiti Urban Stormwater TFR and targeted rate.

The following location definitions for the respective rating areas will apply:

Te Kuiti Urban Rating Area	<i>All rating units situated within the Te Kuiti Urban Rating Area (Refer to Revenue and Financing Policy (RFP) for further details)</i>
Te Kuiti Urban and Periphery Rating Area	<i>All rating units situated within a 5km radius, all around, from the Information Centre (deemed to be the centre of town), in Te Kuiti. (Refer to RFP for further details)</i>
Rural Rating Area	<i>All rating units situated within the Rural Rating Area (Refer to RFP for further details)</i>
Piopio Township	<i>All rating units connected or with the ability to connect to the Piopio Wastewater System (Refer to RFP for further details)</i>
Piopio Wider Benefit Rating Area	<i>All rating units situated in the rural areas around Piopio Township (excluding Rating units/SUIP's connected or with the ability to connect to the Piopio Wastewater System) that are deemed to indirectly benefit from the Piopio Wastewater reticulation network. (Refer to RFP for further details)</i>

(a) Aquatic Centre TFR

Description and use

Council will set an Aquatic Centre TFR per separately used or inhabited part of a rating unit in the District, differentiated by rating areas, to part fund the Aquatic Centre Activity. The rating areas for the purpose of assessing the Aquatic Centre TFR will be the Te Kuiti Urban and Periphery Rating Area and Rating Units in the District not in the Te Kuiti Urban and Periphery Rating area.

Requirement in 2023/24 (incl. GST)

Aquatic Centre (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti Urban and Periphery Rating Area	\$122	287
Rating Units in the District not in the Te Kuiti Urban and Periphery Rating Area	\$22	72

(b) Piopio Retirement Village Contribution TFR

Description and Use

Council will set a TFR per rating unit situated within the Piopio Township and the Piopio Wider Benefit Rating Area to fund the support of the continued delivery of elderly housing accommodation services provided by the Piopio Retirement Trust Board through the remission of service charges. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2023/24 (incl. GST)

Piopio Retirement Village Contribution (TFR)	Charge per Rating Unit	Total Revenue Requirement (\$000)
Piopio Wider Benefit Rating Area and Piopio Township	\$20	15

(c) Rural Stormwater TFR

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit in the Rural Rating Area of the District to fund the Rural Stormwater Activity.

Requirement in 2023/24 (incl. GST)

Rural Stormwater (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Rural Rating Area	\$9	31

(d) Te Kuiti Urban Stormwater TFR and Targeted Rate

Description and Use

- (i) Council will set a TFR per rating unit in the Te Kuiti Urban Rating Area to partly fund the Te Kuiti Urban Stormwater Activity.
- (ii) Council will set a Targeted Rate to partly fund the Te Kuiti Urban Stormwater Activity, to be assessed as a rate per \$100 of Capital value on every rating unit in the Te Kuiti Urban Rating Area excluding those in respect of which there is a current resource consent to discharge stormwater

into the Mangaokewa Stream, and so are not using any part of the urban reticulated stormwater or drainage network.

Requirement in 2023/24 (incl. GST)

Te Kuiti Urban Stormwater (TFR)	Charge Per Rating Unit	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area	\$181	328

Requirement in 2023/24 (incl. GST)

Te Kuiti Urban Stormwater Targeted Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Te Kuiti Urban Rating Area (excluding rating units not using network)	0.03038	226

5.2. Water Rates

Description and Use

Council will set a TFR for Water Supply differentiated on the basis of supply area.

The TFR is set per separately used or inhabited part of a rating unit within Te Kuiti and Rural Communities (Piopio, Maniaiti /Benneydale and Mokau), with liability calculated based on whether the SUIP is connected, or merely serviceable (Serviceable means the rating unit is within 100m of water main and practicably serviceable in the opinion of Council).

Requirement in 2023/24 (incl. GST)

Water Supply (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Te Kuiti	\$731	\$365	1,515
Piopio	\$1010	\$505	246
Maniaiti / Benneydale	\$1010	\$505	122
Mokau	\$1010	\$505	221

Council will set a TR per cubic metre of water consumed over and above an annual consumption of 292m³ per SUIP, differentiated by supply area that has been fitted with a water meter and/or is defined as having an extraordinary supply (in accordance with Council's Water Services Bylaw).

Requirement in 2023/24 (incl. GST)

Water Supply Rate (TR)	2023/24 Charge per cubic metre (including GST) above 292m ³
Te Kuiti	\$3.31
Piopio	\$3.61
Maniaiti / Benneydale	\$3.98
Mokau	\$5.29
Total Revenue Requirement (\$000)	1,218

Metered Water Supply Due Dates

	Reading Period	Due Date
Te Kuiti Meat Companies	Monthly	15 th of the month following invoice
Te Kuiti, Piopio, Mokau and Maniaiti / Benneydale	Jul-Dec 2023 Jan-Jun 2024	15 th of the month following invoice

5.3. District Wide Benefit Rate for Water Supply

Description and Use

Council will set a TFR on every rating unit within the District to part fund the water supply activities. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2023/24 (incl. GST)

District Wide Benefit Rate Water Supply (TFR)	Charge per Rating Unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$51	234

5.4. Wastewater Rates

Description and Use

Council will set a TFR to provide for the collection and disposal of sewage. The TFR is set per separately used or inhabited part of a rating unit within the District, with liability calculated based on whether the SUIP is connected to the wastewater network, or merely serviceable (Serviceable means the rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council).

Requirement in 2023/24 (incl. GST)

Wastewater (TFR)	Charge		Total Revenue Requirement (\$000)
	Per connected SUIP	Per serviceable SUIP	
Maniaiti / Benneydale	\$994	\$497	112
Te Waitere	\$994	\$497	19
Te Kuiti	\$994	\$497	1,693
Piopio	\$994	\$497	210

(a) Wastewater rates for non-residential properties in Te Kuiti

Description and Use

For all non-residential properties in Te Kuiti, Council will assess a Targeted Fixed Rate per SUIP set on a differential basis based on the following categories:

- **Category 1** - All Businesses
- **Category 2** - Education & Community Childcare, Places of Worship, Marae, Clubs and Societies and Emergency Services. This category consists of organisations that are generally deemed 'not for profit'. For avoidance of doubt, Category 2 only covers properties with uses listed within this category and no others.
- **Category 3** - Government Department use, Rest Homes and Hospitals.

All non-residential SUIPs will be charged one base charge for up to four pans and per pan (Pan Charge) for every pan over and above this threshold on the following basis:

Requirement in 2023/24 (incl. GST)

Base Charge:

Non – residential Targeted Rate (TFR)	Base Charge Per SUIP (up to 4 pans)	Per serviceable SUIP	Total Revenue Requirement (\$000)
Category 1	\$497	\$497	100
Category 2	\$497	\$497	17
Category 3	\$994	\$497	7

Pan Charge:

Non – residential Targeted Rate (TFR)	Number of Pans	Charge per pan (pan charge)	Total Revenue Requirement (\$000)
Category 1	5 th pan and over	\$696	71
Category 2	5-10 Pans	\$298	2
	Over 10 Pans	\$199	24
Category 3	5 th Pan and over	\$696	31

The rationale for the use of this rate is contained in the Revenue and Financing Policy.

5.5. Trade Waste Contribution TFR

Description and Use

A Trade Waste Contribution TFR will be set per rating unit in the District in recognition of the contribution made to the social and economic well-being of the District by the large industrial users of the Te Kuiti Wastewater Network. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2023/24 (incl. GST)

Trade Waste Contribution (TFR)	Charge per Rating Unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$39	182

5.6. District Wide Benefit Rate for Wastewater

Description and Use

Council will set a TFR on every rating unit within the District to part fund the wastewater activities. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2023/24 (incl. GST)

District Wide Benefit Rate Wastewater (TFR)	Charge per Rating Unit	Total Revenue Requirement (\$000)
All Rating Units in the District	\$55	254

5.7. District Rooding Rate

Description and Use

Council will set a District Rooding targeted rate as a rate per \$100 of capital value on every rating unit across the District to part fund the Roads and Footpaths Activity. The rationale for use of this rate is contained in the Revenue and Financing Policy.

Requirement in 2023/24 (incl. GST)

District Rooding Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
All Rating Units in the District	0.11887	5,153

5.8. Solid Waste Collection Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit to which Council provides a kerbside collection and recycling service differentiated by service areas where Council operates kerbside collection and kerbside recycling services (Te Kuiti, Piopio, Mokau (including Awakino) communities and Waitomo Village and some surrounding parts).

Requirement in 2023/24 (incl. GST)

Solid Waste Collection (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
Te Kuiti	\$73	146
Waitomo	\$74	51
Piopio	\$158	37
Mokau	\$154	48

5.9. Solid Waste Rate

Description and Use

Council will set a TFR per separately used or inhabited part of a rating unit District wide to part fund the solid waste activity.

Requirement in 2023/24 (incl. GST)

Solid Waste (TFR)	Charge per SUIP	Total Revenue Requirement (\$000)
All Rating Units in the District	\$242	1,336

5.10. District Development Rate

Description and Use

Council will set a District Development Targeted Rate as a rate per \$100 of capital value differentiated between Commercial and Industrial Businesses, and Rural Businesses, to part fund Economic Development

and District Promotion. Refer to the Revenue and Financing Policy for details.

Requirement in 2023/24 (incl. GST)

District Development Rate (TR)	Rate per \$100 Capital Value	Total Revenue Requirement (\$000)
Commercial and Industrial Businesses	0.04712	197
Rural Businesses	0.00762	197

6. RATES PAYMENTS

Pursuant to Section 24 of the Local Government (Rating) Act 2002, rates for the financial year commencing **1 July 2023** will be payable in four equal instalments with the due dates for payment being:

- 1st Instalment 31 August 2023 (Thursday)
- 2nd Instalment 30 November 2023 (Thursday)
- 3rd Instalment 29 February 2024 (Thursday)
- 4th Instalment 31 May 2024 (Friday)

Note

The due date for payment of each instalment is the last working day in each of the months specified above.

Rates payments will be allocated to the oldest debt first.

Penalties

Pursuant to sections 57 and 58 of the Local Government (Rating) Act 2002, Council may apply penalties as follows:

- (a) A penalty charge of 10 percent (10%) on any part of an instalment that has been assessed for the financial year commencing 1 July 2023 and which remains unpaid after 5pm on the due date for payment of that instalment, to be added on the penalty dates below:
 - Instalment 1 5 September 2023
 - Instalment 2 5 December 2023
 - Instalment 3 5 March 2024
 - Instalment 4 5 June 2024
- (b) A further penalty charge of 10 percent (10%) on any part of any rates assessed before 1 July 2023 that remains unpaid on 1 July 2023, to be added on 7 July 2023.
- (c) No penalties will be charged where a ratepayer is paying rates by direct debit or where there is an approved payment arrangement in place.



RATES EXAMPLES

Rates Examples 2023/24

(Including GST) Capital Value \$ as at September 2021	Te Kuiti Residential \$440,000 2023/24	Te Kuiti Commercial \$450,000 2023/24 3 pans	Te Kuiti Wider Rating Area \$1,005,000 2023/24	Waitomo Commercial \$1,350,000 2023/24 (2 parts)	Maniaiti/Benneydale Residential \$125,000 2023/24	Piopio Residential \$340,000 2023/24	Piopio Wider Rating Area \$615,000 2023/24	Mokau Residential \$485,000 2023/24	Drystock Rural \$4,130,000 2023/24	Dairy Farm Rural \$5,970,000 2023/24 (4 parts)	Te Waitere Residential \$420,000 2023/24
Uniform Annual General Charge (UAGC)	340	340	340	680	340	340	340	340	340	1,360	340
General Rate	935	956	2,136	2,869	266	722	1,307	1,031	8,776	12,686	892
District Roding Rate	523	535	1,195	1,605	149	404	731	577	4,909	7,097	499
Aquatic Centre (Te Kuiti)	122	122	122	0	0	0	0	0	0	0	0
Aquatic Centre (Rural)	0	0	0	44	22	22	22	22	22	88	22
District Development Rate – Commercial / Industrial	0	212	0	636	0	0	0	0	0	0	0
District Development Rate - Rural Business	0	0	0	0	0	0	0	0	315	455	0
District Benefit Water	51	51	51	51	51	51	51	51	51	51	51
District Benefit Wastewater	55	55	55	55	55	55	55	55	55	55	55
Te Kuiti Stormwater Urban Fixed Charge	181	181	0	0	0	0	0	0	0	0	0
Te Kuiti Stormwater Urban Capital Value	134	137	0	0	0	0	0	0	0	0	0
Rural Stormwater	0	0	9	18	9	9	9	9	9	36	9
Water Supply (Te Kuiti and Rural Communities)	731	731	0	0	1,010	1,010	0	1,010	0	0	0
Wastewater (Uniform)	994	497	0	0	994	994	0	0	0	0	994
Piopio Retirement Village Contribution	0	0	0	0	0	20	20	0	0	0	0
Te Kuiti Trade Waste Contribution	39	39	39	39	39	39	39	39	39	39	39
Solid Waste (District)	242	242	242	484	242	242	242	242	242	968	242
Solid Waste Collection & Recycling	73	73	74	148	0	158	0	154	0	296	0
Proposed Total Rates 2023/24	4,420	4,171	4,263	6,629	3,177	4,066	2,816	3,530	14,758	23,130	3,143
Total Rates (Actual) 2022/23	4,130	3,940	4,073	6,336	2,968	3,811	2,713	3,421	14,005	22,071	2,905
Change (%)	7.0%	5.8%	4.6%	4.6%	7.0%	6.7%	3.8%	3.2%	5.4%	4.8%	8.2%
Change (\$)	290	231	190	293	209	255	103	109	753	1,060	238

Rates Examples 2022/23

(Including GST) Capital Value \$ as at September 2021	Te Kuiti Residential \$440,000 2022/23	Te Kuiti Commercial \$450,000 2022/23 3 pans	Te Kuiti Wider Rating Area \$1,005,000 2022/23	Waitomo Commercial \$1,350,000 2022/23 (2 parts)	Maniaiti/Benneydale Residential \$125,000 2022/23	Piopio Residential \$340,000 2022/23	Piopio Wider Rating Area \$615,000 2022/23	Mokau Residential \$485,000 2022/23	Drystock Rural \$4,130,000 2022/23	Dairy Farm Rural \$5,970,000 2022/23 (4 parts)	Te Waitere Residential \$420,000 2022/23
Uniform Annual General Charge (UAGC)	423	423	423	846	423	423	423	423	423	1,692	423
General Rate	858	878	1,960	2,633	244	663	1,200	946	8,055	11,644	819
District Roding Rate	523	534	1,193	1,603	148	404	730	576	4,904	7,089	499
Aquatic Centre (Te Kuiti)	105	105	105	0	0	0	0	0	0	0	0
Aquatic Centre (Rural)	0	0	0	38	19	19	19	19	19	76	19
District Development Rate – Commercial / Industrial	0	189	0	568	0	0	0	0	0	0	0
District Development Rate - Rural Business	0	0	0	0	0	0	0	0	283	410	0
District Benefit Water	50	50	50	50	50	50	50	50	50	50	50
District Benefit Wastewater	46	46	46	46	46	46	46	46	46	46	46
Te Kuiti Stormwater Urban Fixed Charge	173	173	0	0	0	0	0	0	0	0	0
Te Kuiti Stormwater Urban Capital Value	125	127	0	0	0	0	0	0	0	0	0
Rural Stormwater	0	0	8	16	8	8	8	8	8	32	8
Water Supply (Te Kuiti and Rural Communities)	719	719	0	0	989	989	0	989	0	0	0
Wastewater (Uniform)	824	412	0	0	824	824	0	0	0	0	824
Piopio Retirement Village Contribution	0	0	0	0	0	20	20	0	0	0	0
Te Kuiti Trade Waste Contribution	40	40	40	40	40	40	40	40	40	40	40
Solid Waste (District)	177	177	177	354	177	177	177	177	177	708	177
Solid Waste Collection & Recycling	67	67	71	142	0	148	0	147	0	284	0
Total Rates (Actual) 2022/23	4,130	3,940	4,073	6,336	2,968	3,811	2,713	3,421	14,005	22,071	2,905

Rates Examples 2023/24 – Residential and Lifestyle

(Including GST) Capital Value \$ as at Sep 2021	Te Kuiti Average Residential	Piopio Average Residential	Maniaiti / Benneydale Average Residential	Mokau Average Residential	Te Waitere Average Residential	Low Value Residential	High Value Residential	Low Value Lifestyle	Average Value Lifestyle	High Value Lifestyle
	\$385,000	\$280,000	\$155,000	\$385,000	\$420,000	\$125,000	\$630,000	\$210,000	\$475,000	\$1,100,000
	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24	2023/24
Uniform Annual General Charge (UAGC)	340	340	340	340	340	340	340	340	340	340
General Rate	818	595	329	818	892	266	1,339	446	1,009	2,337
District Roding Rate	458	333	184	458	499	149	749	250	565	1,308
Aquatic Centre (Te Kuiti)	122	0	0	0	0	0	122	0	122	122
Aquatic Centre (Rural)	0	22	22	22	22	22	0	22	0	0
Te Kuiti Stormwater Urban Fixed Charge	181	0	0	0	0	0	181	0	0	0
Te Kuiti Stormwater Urban Capital Value	117	0	0	0	0	0	191	0	0	0
Rural Stormwater	0	9	9	9	9	9	0	9	9	9
Water Supply (Te Kuiti and Rural Communities)	731	1,010	1,010	1,010	0	1,010	731	0	0	0
Wastewater (Uniform)	994	994	994	0	994	994	994	0	0	0
Solid Waste (District)	242	242	242	242	242	242	242	242	242	242
Solid Waste Collection & Recycling	73	158	0	154	0	0	73	74	74	0
Piopio Retirement Village Contribution	0	20	0	0	0	0	0	0	0	0
Te Kuiti Trade Waste Contribution	39	39	39	39	39	39	39	39	39	39
District Wide Benefit Water	51	51	51	51	51	51	51	51	51	51
District Wide Benefit Wastewater	55	55	55	55	55	55	55	55	55	55
Proposed Total Rates 2023/24	4,221	3,868	3,275	3,198	3,143	3,177	5,107	1,528	2,506	4,503
Total Rates (Actual) 2022/23	3,941	3,623	3,062	3,107	2,905	2,968	4,779	1,493	2,410	4,300
Change (%)	7.1%	6.8%	7.0%	2.9%	8.2%	7.0%	6.9%	2.3%	4.0%	4.7%
Change (\$)	280	245	213	91	238	209	328	35	96	203

Rates Examples 2022/23 – Residential and Lifestyle

(Including GST) Capital Value \$ as at Sep 2021	Te Kuiti Average Residential \$385,000 2022/23	Piopio Average Residential \$280,000 2022/23	Maniaiti / Benneydale Average Residential \$155,000 2022/23	Mokau Average Residential \$385,000 2022/23	Te Waitere Average Residential \$420,000 2022/23	Low Value Residential \$125,000 2022/23	High Value Residential \$630,000 2022/23	Low Value Lifestyle \$210,000 2022/23	Average Value Lifestyle \$475,000 2022/23	High Value Lifestyle \$1,100,000 2022/23
Uniform Annual General Charge (UAGC)	423	423	423	423	423	423	423	423	423	423
General Rate	751	546	302	751	819	244	1,229	410	926	2,145
District Roading Rate	457	333	184	457	499	148	748	249	564	1,306
Aquatic Centre (Te Kuiti)	105	0	0	0	0	0	105	0	105	105
Aquatic Centre (Rural)	0	19	19	19	19	19	0	19	0	0
Te Kuiti Stormwater Urban Fixed Charge	173	0	0	0	0	0	173	0	0	0
Te Kuiti Stormwater Urban Capital Value	109	0	0	0	0	0	178	0	0	0
Rural Stormwater	0	8	8	8	8	8	0	8	8	8
Water Supply (Te Kuiti and Rural Communities)	719	989	989	989	0	989	719	0	0	0
Wastewater (Uniform)	824	824	824	0	824	824	824	0	0	0
Solid Waste (District)	177	177	177	177	177	177	177	177	177	177
Solid Waste Collection & Recycling	67	148	0	147	0	0	67	71	71	0
Piopio Retirement Village Contribution	0	20	0	0	0	0	0	0	0	0
Te Kuiti Trade Waste Contribution	40	40	40	40	40	40	40	40	40	40
District Wide Benefit Water	50	50	50	50	50	50	50	50	50	50
District Wide Benefit Wastewater	46	46	46	46	46	46	46	46	46	46
Total Rates (Actual) 2022/23	3,941	3,623	3,062	3,107	2,905	2,968	4,779	1,493	2,410	4,300

Rates Examples 2023/24 – Pastoral, Dairy and Commercial

(Including GST) Capital Value \$ as at Sep 2021	Low Value Pastoral	Average Value Pastoral	High Value Pastoral	Low Value Dairy	Average Value Dairy	High Value Dairy	Low Value Commercial	Average Value Commercial	High Value Commercial	Average Value Forestry
	\$855,000 2023/24	\$3,190,000 2023/24	\$10,800,000 2023/24 (4 parts)	\$1,090,000 2023/24	\$3,610,000 2023/24	\$14,650,000 2023/24 (7 parts)	\$430,000 2023/24	\$750,000 2023/24 (3 parts & 13 pans)	\$14,000,000 2023/24 (2 parts & 11 pans)	\$600,000 2023/24
Uniform Annual General Charge (UAGC)	340	340	1,360	340	340	2,380	340	1,020	680	340
General Rate	1,817	6,778	22,949	2,316	7,671	31,130	914	1,594	29,749	1,275
District Roading Rate	1,016	3,792	12,838	1,296	4,291	17,414	511	892	16,642	713
Aquatic Centre (Te Kuiti)	0	0	0	0	0	0	122	366	244	0
Aquatic Centre (Rural)	22	22	88	22	22	154	0	0	0	22
District Development Rate – Commercial / Industrial	0	0	0	0	0	0	203	353	6,597	0
District Development Rate - Rural Business	65	243	823	83	275	1,116	0	0	0	46
Te Kuiti Stormwater Urban Fixed Charge	0	0	0	0	0	0	181	181	181	0
Te Kuiti Stormwater Urban Capital Value	0	0	0	0	0	0	131	228	4,253	0
Rural Stormwater	9	9	36	9	9	63	0	0	0	9
Water Supply (Te Kuiti and Rural Communities)	0	0	0	0	0	0	731	2,193	1,462	0
Wastewater (Uniform)	0	0	0	0	0	0	497	2,187	3,082	0
Piopio Retirement Village Contribution	20	0	0	0	20	0	0	0	0	0
Solid Waste (District)	242	242	968	242	242	1,694	242	726	484	242
Solid Waste Collection & Recycling	0	0	0	74	74	518	73	219	146	0
Te Kuiti Trade Waste Contribution	39	39	39	39	39	39	39	39	39	39
District Wide Benefit Water	51	51	51	51	51	51	51	51	51	51
District Wide Benefit Wastewater	55	55	55	55	55	55	55	55	55	55
Proposed Total Rates 2023/24	3,676	11,571	39,207	4,527	13,089	54,614	4,090	10,104	63,665	2,792
Total Rates (Actual) 2022/23	3,525	10,992	37,274	4,329	12,430	51,997	3,865	9,476	59,625	2,687
Change (%)	4.3%	5.3%	5.2%	4.6%	5.3%	5.0%	5.8%	6.6%	6.8%	3.9%
Change (\$)	151	579	1,933	198	659	2,617	225	628	4,040	105

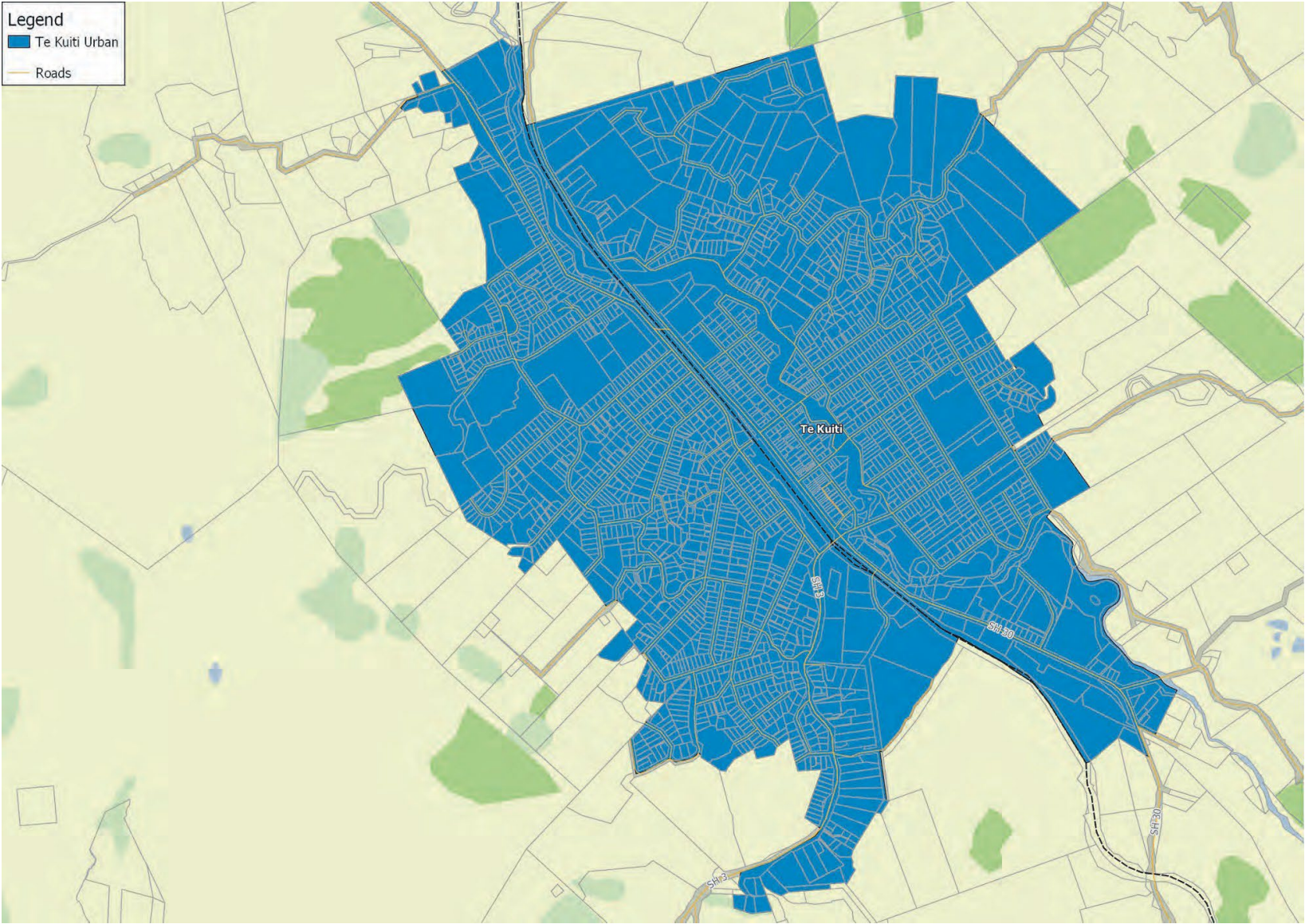
Rates Examples 2022/23 – Pastoral, Dairy and Commercial

(Including GST) Capital Value \$ as at Sep 2021	Low Value Pastoral \$855,000 2022/23	Average Value Pastoral \$3,190,000 2022/23	High Value Pastoral \$10,800,000 2022/23 (4 parts)	Low Value Dairy \$1,090,000 2022/23	Average Value Dairy \$3,610,000 2022/23	High Value Dairy \$14,650,000 2022/23 (7 parts)	Low Value Commercial \$430,000 2022/23	Average Value Commercial \$750,000 2022/23 (3 parts & 13 pans)	High Value Commercial \$14,000,000 2022/23 (2 parts & 11 pans)	Average Value Forestry \$600,000 2022/23
Uniform Annual General Charge (UAGC)	423	423	1,692	423	423	2,961	423	1,269	846	423
General Rate	1,668	6,222	21,064	2,126	7,041	28,573	839	1,463	27,306	1,170
District Roading Rate	1,015	3,788	12,825	1,294	4,287	17,397	511	891	16,625	713
Aquatic Centre (Te Kuiti)	0	0	0	0	0	0	105	315	210	0
Aquatic Centre (Rural)	19	19	76	19	19	133	0	0	0	19
District Development Rate – Commercial / Industrial	0	0	0	0	0	0	181	315	5,886	0
District Development Rate - Rural Business	59	219	741	75	248	1,005	0	0	0	41
Te Kuiti Stormwater Urban Fixed Charge	0	0	0	0	0	0	173	173	173	0
Te Kuiti Stormwater Urban Capital Value	0	0	0	0	0	0	122	212	3,962	0
Rural Stormwater	8	8	32	8	8	56	0	0	0	8
Water Supply (Te Kuiti and Rural Communities)	0	0	0	0	0	0	719	2,157	1,438	0
Wastewater (Uniform)	0	0	0	0	0	0	412	1,813	2,555	0
Piopio Retirement Village Contribution	20	0	0	0	20	0	0	0	0	0
Solid Waste (District)	177	177	708	177	177	1,239	177	531	354	177
Solid Waste Collection & Recycling	0	0	0	71	71	497	67	201	134	0
Te Kuiti Trade Waste Contribution	40	40	40	40	40	40	40	40	40	40
District Wide Benefit Water	50	50	50	50	50	50	50	50	50	50
District Wide Benefit Wastewater	46	46	46	46	46	46	46	46	46	46
Total Rates (Actual) 2022/23	3,525	10,992	37,274	4,329	12,430	51,997	3,865	9,476	59,625	2,687

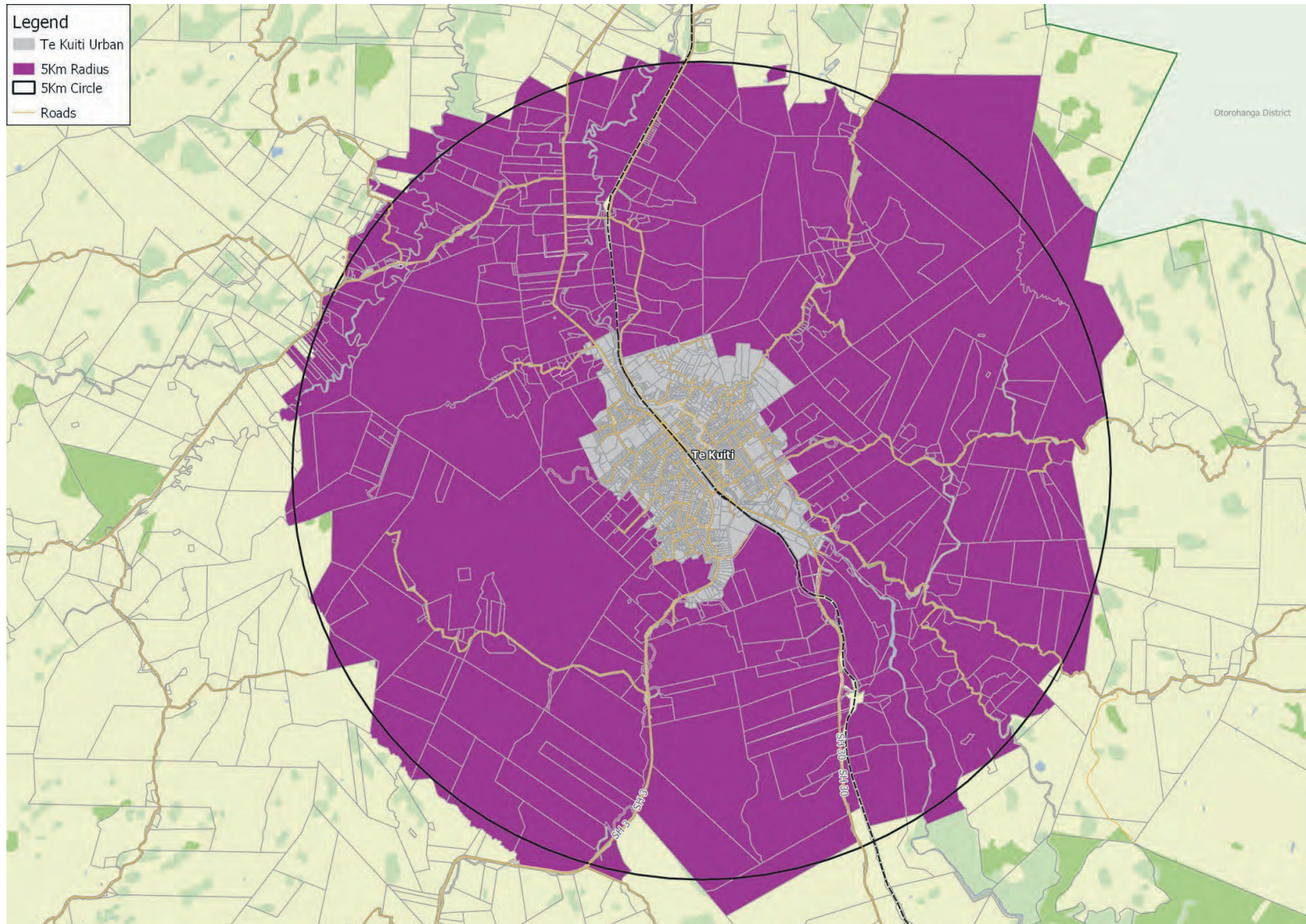


RATING MAPS

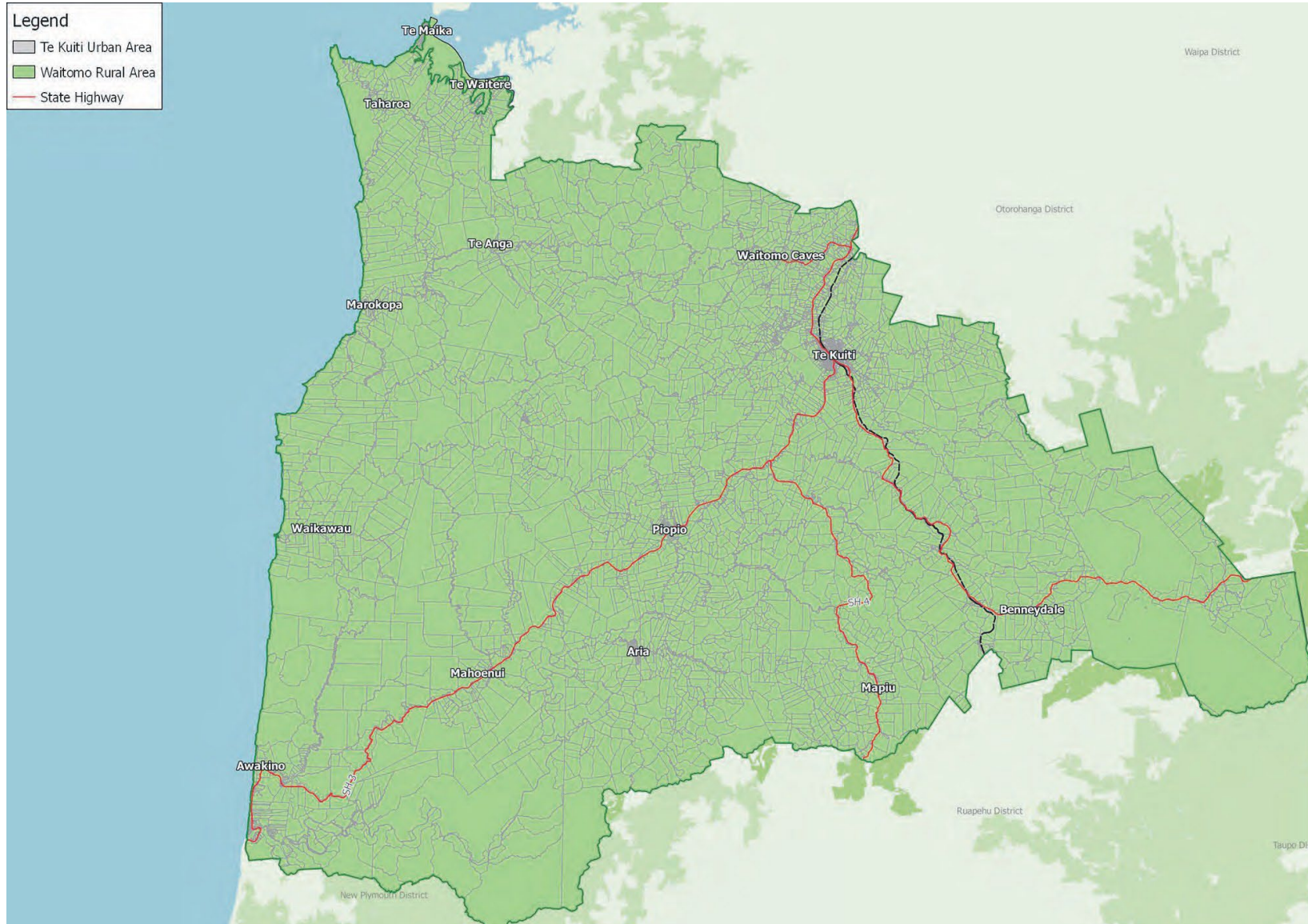
Te Kuiti Urban Rating Area



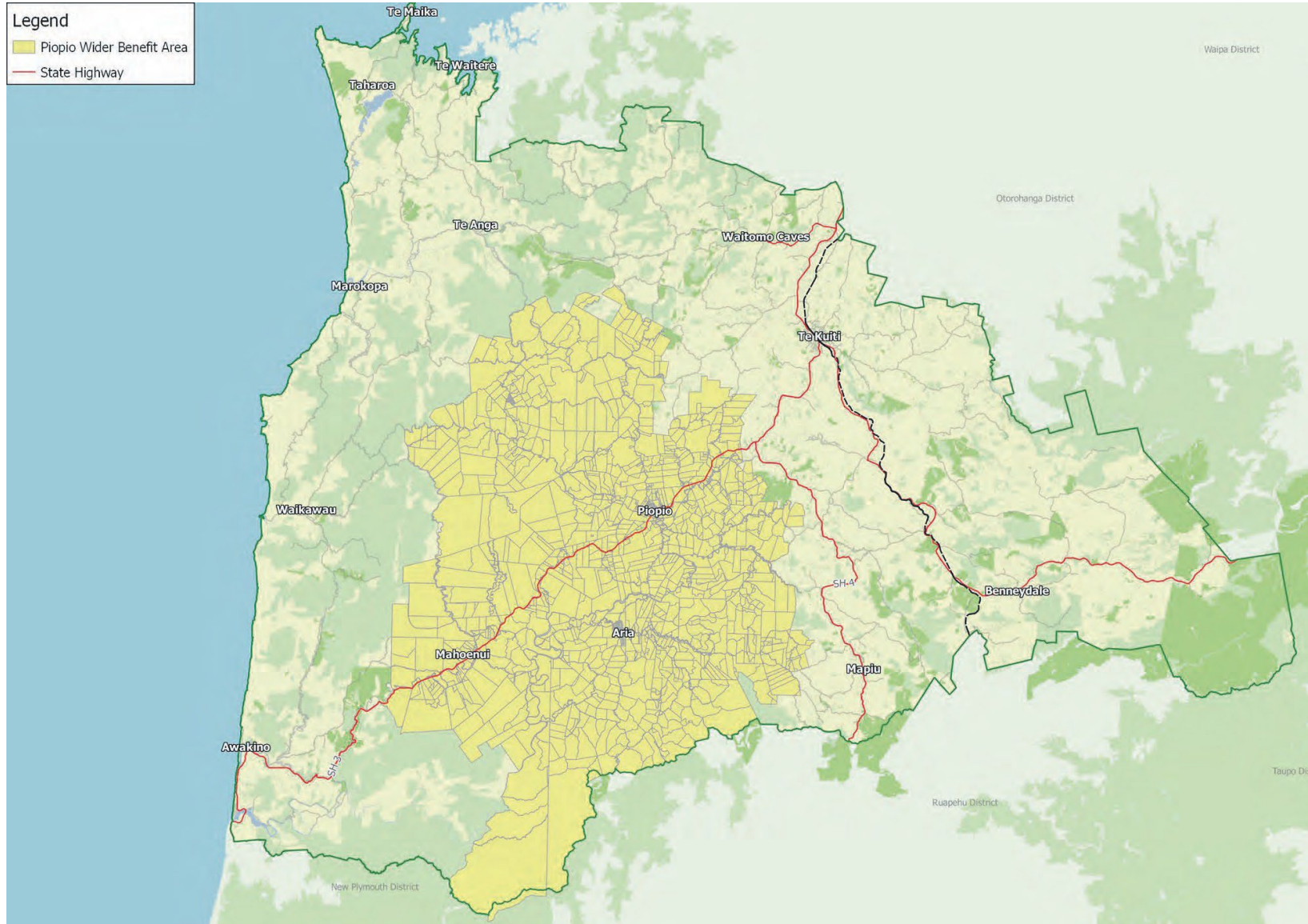
Te Kuiti Urban and Periphery Rating Area



Rural Rating Area



Piopio Wider Benefit Rating Area



PROSPECTIVE STATEMENT OF RESERVE FUNDS

The Council maintains reserves as a sub-part of its equity. Schedule 10(16) LGA requires certain information on Reserve Funds to be included in the Council's Annual Plan. The following represents a summary of Reserve Funds over the period of the plan and provides information on:

- The purpose of the Reserve Fund;
- The activity to which the fund relates;
- The amount expected to be in the fund at:
 - the commencement of the year;
 - the end of the year;
- The amount expected to be deposited in the fund during the year; and
- The amount expected to be withdrawn from the fund during the year.

Council created reserves consist of :

1. OPERATIONAL RESERVES

Operational Reserves are created to hold short-term funding surpluses (or deficits) arising from the various activities of Council.

This occurs when:

- Operating expenditure exceeds or is less than the budget;
- Operating income exceeds or is less than budget; or
- A combination of both.

A balance held in an operational reserve forms part of the Council's funding considerations for a particular activity in each subsequent year's budget.

For example, the balance in an operational reserve will determine whether more or less income is required in the subsequent year's budget to clear that balance.

Council ensures that rates collected for a particular activity from an identified group of ratepayers are used only for that activity and for the benefit of that identified ratepayer group.

2. DEPRECIATION RESERVES

The Council sets aside accumulated funds from rates in specific Depreciation Reserves to fund repayments on loans raised for capital expenditure and to maintain the service capacity and integrity of assets throughout their useful lives.

Each major activity e.g. water, roading, wastewater, stormwater, solid waste, etc. has its own Depreciation Reserve so that the funds from each can be applied to the appropriate activity.

Council ensures that funds accumulated for a particular activity from an identified group of ratepayers can only be used for that activity and for the benefit of that identified ratepayer group. The purpose of accumulating specific Depreciation Reserves is to ensure that Council's ability to provide services to the District's communities is maintained.

3. SPECIAL PURPOSE RESERVES

There are five special purpose reserves;

- District Development Special Purpose Reserve: Funds were received from the Development King Country Trust in April 2012 with the intention of setting up a Waitomo District Economic Development Board (or similar entity) to assist with a more integrated strategic focus on sustainable delivery of economic development initiatives within the District.
- Carbon credits reserve is used to record the funding and expenditures in relation to Council responsibilities for the Emissions Trading Scheme.
- Waste Minimisation Special Purpose Reserve: Funds received from the Ministry for the Environment under Section 31 of the Waste Minimisation Act 2008 can only be spent on activities that promote or achieve waste minimisation and in accordance with Council's Waste Management and Minimisation plan. This special purpose reserve is a net accumulation of levy monies received and expenditure on waste minimisation activities that meet the aforementioned purpose.
- Gallagher Recreation Centre (Restricted) is for setting funds aside for use on significant maintenance to the stadium the future. Contributions to the reserve will be made by the Te Kuiti High School Board of Trustees.
- Gallagher Recreation Centre is to hold funds specifically for the operation of the stadium as detailed in the Property Sharing Agreement. This includes funding received from naming rights, sponsorship or permitted sublicensing, less expenditure attributable to the stadium.

4. INVESTMENT RESERVES

Investment reserves consists of valuation gains associated with Council's investments that are classified as available for sale financial assets.

5. HEDGING RESERVE

Hedging reserves comprise the effective portion of the cumulative net change in fair value of derivatives designated as cash flow hedges.

6. PROPERTY REVALUATION RESERVES

Property revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

Prospective Statement of Council Created Reserve Funds for the Year Ending 30 June 2024

(\$000'S)	Projected Reserve Balance 30 June 2023	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2024
Operational Reserves (1)				
Representation, Strategy and Engagement	1,007	0	(253)	754
Investments	1,150	0	0	1,150
Emergency Management	501	0	0	501
Natural Disaster	426	0	0	426
	3,084	0	(253)	2,831
Recreation and Property				
Parks and Recreation	1,158	0	(65)	1,093
Housing and Property	871	0	0	871
Community Facilities				
- Library	78	0	0	78
- Aquatic Centre	(31)	0	0	(31)
- Les Munro Centre	271	0	0	271
- Aerodrome	143	0	0	143
- Gallagher Recreation Centre	71	0	0	71
Public Facilities	757	0	0	757
	3,318	0	(65)	3,253
Community and Partnerships	1,468	80	(155)	1,393
	1,468	80	(155)	1,393
Regulatory Services	826	0	(106)	720
	826	0	(106)	720
Solid Waste				
Kerbside Collection	256	0	0	256
Waste Disposal	(216)	110	0	(106)
Waste Minimisation	9	0	0	9
	49	110	0	159
Stormwater				
Te Kuiti	41	0	(40)	1
Rural	195	0	0	195
	236	0	(40)	196
Resource Management	367	0	(45)	322
	367	0	(45)	322
Wastewater				
Wastewater Post Rates Harmonisation 2018	1,553	296	(956)	893
Pre Rates Harmonisation 2018				
- Te Kuiti	2,789	0	0	2,789
- Te Waitere	34	0	0	34
- Maniaiti/Benneydale	(316)	0	0	(316)
- Piopio	210	0	0	210
	4,270	296	(956)	3,610
Water Supply				
Water Supply Post Rates Harmonisation 2018	358	455	(455)	358
Pre Rates Harmonisation 2018				
- Te Kuiti	(966)	0	0	(966)
- Mokau	(826)	0	0	(826)
- Piopio	(758)	0	0	(758)
- Maniaiti/Benneydale	(115)	0	0	(115)
	(2,307)	455	(455)	(2,307)

(\$000'S)	Projected Reserve Balance 30 June 2023	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2024
Roads and Footpaths				
Subsidised Roads	(449)	0	0	(449)
Unsubsidised Roads	(763)	0	0	(763)
	(1,212)	0	0	(1,212)
Total Operational Reserves	10,099	941	(2,075)	8,965
Depreciation Reserves (2)				
Investments	2	2	0	4
	2	2	0	4
Recreation and Property				
Parks and Recreation	109	105	0	214
Housing and Property				
- Elder Persons	221	0	0	221
- Community Halls	811	0	0	811
- Land and Buildings	199	248	(188)	259
Community Facilities				
- Library	671	99	(68)	702
- Aquatic Centre	31	35	(35)	31
- Les Munro Centre	624	255	(175)	704
- Aerodrome	79	45	(65)	59
Public Facilities	359	167	(113)	413
	3,104	954	(644)	3,414
Community and Partnerships				
Te Kuiti i-SITE	61	4	0	65
	61	4	0	65
Regulatory Services	(26)	12	(21)	(35)
	(26)	12	(21)	(35)
Solid Waste	(586)	113	(361)	(834)
	(586)	113	(361)	(834)
Stormwater				
Te Kuiti	1,052	214	(254)	1,012
Rural	61	11	(6)	66
	1,113	225	(260)	1,078
Wastewater				
Te Kuiti	258	505	(572)	191
Te Waitere	5	5	(4)	6
Maniaiti/Benneydale	381	55	(68)	368
Piopio	163	158	(56)	265
	807	723	(700)	830
Water Supply				
Te Kuiti	427	255	(341)	341
Mokau	(221)	156	(131)	(196)
Piopio	139	102	(44)	197
Maniaiti/Benneydale	189	55	(42)	202
	534	568	(558)	544
Roads and Footpaths				
Subsidised Roads	7,564	2,015	(2,512)	7,067
Unsubsidised Roads	150	27	(15)	162
	7,714	2,042	(2,527)	7,229

(\$000'S)	Projected Reserve Balance 30 June 2023	Forecast Reserve Deposits	Forecast Reserve Withdrawals	Forecast Reserve Balance 30 June 2024
Business Support				
Business Support	512	483	(854)	141
Plant	(252)	252	(240)	(240)
	260	735	(1,094)	(99)
Total Depreciation Reserves	12,983	5,378	(6,165)	12,196
Special Purpose Reserves (3)				
Te Kuiti High School Board of Trustee's Contribution	6	11	0	17
Gallagher Recreation Centre	0	116	0	116
	6	127	0	133
District Development	16	0	0	16
	16	0	0	16
Solid Waste				
Carbon Credits	(663)	667	0	4
Waste Minimisation Reserve	130	33	0	163
	(533)	700	0	167
Total Special Purpose Reserves	(511)	827	0	316
Total Council Created Reserves	22,571	7,146	(8,240)	21,477
Other Reserves				
Investment Reserves (4)	6,416	0	0	6,416
Hedging Reserve (5)	346	0	0	346
Property Revaluation Reserves (6)	212,175	9,836	0	222,011
Total Council and Other Reserves	241,508	16,982	(8,240)	250,250

Note: Credit balances indicate that the reserve is overdrawn.

Reconciliation between the Prospective Statement of Reserve Funds and other Statements

(\$000'S)	Annual Plan 2023/24
Prospective Statement of Reserve Funds	
Forecast Reserve Deposits	7,146
Forecast Reserve Withdrawals	(8,240)
Net Deposit to/(Withdrawal from) Reserves	(1,094)
Prospective Statement of Funding Sources	
Reserve Transfers	11,231
Less Total Depreciation and Amortisation Expense	(9,470)
Less Surrender of Carbon Credits Expense	(667)
Net funding from Reserves	1,094
Variance	0
Increase (decrease) in reserves	1,761
Less Surrender of Carbon Credits Expense	(667)
Net funding from Reserves	1,094
Variance	0

ACCOUNTING POLICIES

STATEMENT OF RESPONSIBILITY

The Annual Plan 2023/24 was adopted by Council on 27 June 2023.

The purpose of the plan is to provide a roadmap to the Council and community on the planned activities and expenditure of Council over the next year. The use of this information for purposes other than for which it is prepared may not be appropriate.

Council is responsible for the prospective financial statements presented, including the appropriateness of the underlying assumptions and related disclosures. The prospective financial statement have been prepared in compliance with the PBE FRS 42 Prospective Financial Statements.

Council, who are authorised to do so, believe the assumptions underlying the Prospective Financial Statements are appropriate and as such, adopted the Annual Plan 2023/24 on 27 June 2023.

No actual financial results have been incorporated within the prospective financial statements.

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Waitomo District Council is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's activities is the LGA and the Local Government (Rating) Act 2002.

The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The financial information contained within the Annual Plan 2023/24 may not be appropriate for purposes other than those described.

Basis of Preparation

The prospective financial statements are for Waitomo District Council as a separate legal entity. Consolidated prospective financial statements comprising the Council and its controlled entities and associates have not been prepared.

STATEMENT OF COMPLIANCE

The prospective financial statements have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

The prospective financial statements have been prepared in accordance with Tier 1 PBE (Public Benefit Entity) accounting standards.

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

PRESENTATION CURRENCY AND ROUNDING

The reporting period for these prospective financial statements is the year ending 30 June 2024. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand (\$000's), unless otherwise stated.

MEASUREMENT BASIS

The measurement basis applied is historical cost, modified by the revaluation of land and buildings, certain infrastructural assets and financial instruments and investment property. 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, 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.

REVENUE

Revenue comprises rates, revenue from operating activities, grant revenue, interest revenue, and other revenue and is measured at the fair value of consideration received or receivable.

Revenue is recognised to the extent that is probable that the economic benefits will flow to the Council and the revenue can be reliably measured.

Revenue may be derived from either exchange or non-exchange transactions. These are defined as:

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.

Non-exchange transactions

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow.

As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

The following specific recognition criteria must also be met before revenue is recognised.

RATES REVENUE

Rates are set annually by resolution from the Council and relate to a particular financial year. All ratepayers are invoiced within the financial year for which the rates have been set. Rates arising from late payment penalties are recognised when rates become overdue. Rates revenue is classified as non-exchange revenue.

WAKA KOTAHĪ ROADING SUBSIDIES

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled. Waka Kotahi subsidies are classified as non-exchange revenue.

OTHER SUBSIDIES AND GRANTS RECEIVED

Other subsidies and grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grants are satisfied. Other subsidies and grants received are classified as non-exchange revenue.

FEES, LEVIES & CHARGES

Other fees, levies and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence. Fees, levies and charges are classified as non-exchange revenue.

INTEREST REVENUE

Revenue is recognised using the effective interest rate method, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial instrument. Interest revenue is classified as exchange revenue.

SALE OF GOODS

The sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer. This revenue is classified as exchange revenue.

PROPERTY RENTAL REVENUE

Rental revenue arising on property owned by the Council is accounted for on a straight-line basis over the lease term. Property rental revenue is generally classified as non-exchange.

DONATED, SUBSIDISED OR VESTED ASSETS

Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised when the control of the asset is transferred to Council. The fair value of this asset is recognised as revenue, unless there is a use or return condition attached to the asset and is classified as non-exchange revenue.

RENDERING OF SERVICES AND CONSTRUCTION CONTRACTS

Revenue from construction contracting services includes revenue from building and civil contracting services. Revenue and profit are recognised on the basis of value of work completed. Percentage of completion is measured by reference to the value of work performed which is independently certified each month by the customer's engineer to the contract. Expected losses are recognised in full as soon as they become apparent.

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

Rendering of services is classified as exchange revenue.

EXPENDITURE

Expenditure is recognised when Council has been supplied with the service or has control of the goods supplied.

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 the 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.

BORROWING COSTS

Borrowing costs are recognised in the period in which they are incurred.

INCOME TAX

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantially enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the Statement of Financial Position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled based on tax rates (and tax laws) that have been enacted or substantially enacted at the balance sheet date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that the taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly into equity.

CASH AND CASH EQUIVALENTS

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

INVENTORY

Inventory held for use in the provision of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the FIFO method.

The amount of any write down from the loss of service potential or from cost to net realisable value is recognised in surplus or deficit in the period of the write down.

FINANCIAL ASSETS

Financial assets and liabilities are initially measured 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 the surplus or deficit.

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

Financial assets are classified into the following categories for the purpose of measurement:

- Financial assets at fair value through surplus or deficit,
- Loans and receivables, and
- Available for sale.

The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

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. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

The three categories of financial assets are:

1. Financial Assets at Fair Value Through Surplus or deficit

This category has two sub-categories: financial assets held for trading, and those designated at fair value through surplus or deficit at inception. A 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. Derivatives are also categorised as held for trading unless they are designated as hedges.

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

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

Derivative financial instrument assets are included in this class.

2. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Loans and receivables are classified as Receivables in the Prospective Statement of Financial Position.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset. The difference between the face value and present value of expected future cash flows of the loan is recognised in the surplus or deficit. The loans are subsequently measured at amortised cost using the effective interest method.

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

3. Available for Sale

Available for sale financial assets are those that are designated into the category at initial inception and are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of or realise the investment within 12 months of balance date. The Council includes the following in this category:

- Investments that the Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that Council holds for strategic purposes. Council's investment in Inframax Construction Limited is included in this category.

After initial recognition these investments are measured at their fair value.

Gains and losses arising from changes in fair value are recognised in other comprehensive revenue and expense and accumulated as a separate component of equity in the available-for-sale revaluation reserve with the exception of impairment losses, which are recognised directly in surplus or deficit.

Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is reclassified from equity to the surplus or deficit (as a reclassification adjustment).

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets are assessed for any evidence of impairment at each balance date. Any impairment losses are recognised in the surplus or deficit.

Loans and receivables

Impairment is established when there is evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are indicators that the asset is impaired. The amount of the impairment is the difference between the assets' carrying value and the present value of estimated future cash flows, discounted using the original effective interest rate.

Available for sale

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

If impairment evidence exists for available for sale assets, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment losses on that financial asset already recognised in the surplus or

deficit) recognised in other comprehensive revenue and expense is reclassified from equity to surplus or deficit.

DERIVATIVE FINANCIAL INSTRUMENTS

Derivative financial instruments are used to manage exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured at their fair value at each balance date. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

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

The Council designates certain derivatives as either:

- Hedges of highly probable forecast transactions (cash flow hedge); or
- Derivatives that do not qualify for hedge accounting.

The Council documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Council also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedge transactions are highly effective in offsetting changes in fair values or cash flows of hedges items.

The full fair value of a hedge accounted derivative is classified as non-current if the remaining maturity of the hedged item is more than 12 months, and as current, if the remaining maturity of the hedged items is less than 12 months.

CASH FLOW HEDGE

The portion of the gain or loss on a hedging instrument that is determined to be an effective hedge is recognised in other comprehensive revenue and expense, and the ineffective portion of the gain or loss on the hedging instrument is recognised in the surplus or deficit as part of finance costs.

If a hedge of a forecast transaction subsequently results in the recognition of a financial asset or a financial liability, the associated gains or losses that were recognised in other comprehensive revenue and expenses are classified into surplus or deficit in the same period or periods during which the asset acquired or liability assumed affects the surplus or deficit. However, if it is expected that all or a portion of a loss recognised in other comprehensive revenue and expense will not be recovered in one or more future periods, the amount that is not expected to be recovered is reclassified to surplus or deficit.

If a hedging instrument expires or is sold, terminated, exercised, or revoked, or it no longer meets the criteria for hedge accounting, the cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective will remain separately recognised in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, any related cumulative gain or loss on the hedging instrument that has been recognised in other comprehensive revenue and expense from the period when the hedge was effective is reclassified from equity to surplus or deficit.

DERIVATIVES THAT DO NOT QUALIFY FOR HEDGE ACCOUNTING

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instruments that do not qualify for hedge accounting are recognised immediately in surplus or deficit.

PAYABLES

Payables are recognised at their face value when the Council becomes obligated to make future payments resulting from the purchase of goods or services.

Payables may be derived from either exchange or non-exchange transactions. These are defined as:

Exchange transactions

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

Payables from exchange transactions include payables to suppliers, retention monies and payables for elected members and director's fees.

Non-exchange transactions

A non-exchange transaction is a transaction where Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange.

An inflow of resources from a non-exchange transaction recognised as an asset is recognised as revenue, except to the extent that a liability is also recognised in respect of the same inflow. As the Council satisfies a present obligation recognised as a liability in respect of an inflow of resources from a non-exchange transaction recognised as an asset, it reduces the carrying amount of the liability recognised and recognises an amount of revenue equal to that reduction.

Non exchange payables include payables for GST, deposits and bonds held and deferred grant revenue.

BORROWINGS

Borrowings are initially recognised at their fair value net of transaction costs.

After initial recognition, all borrowings are subsequently measured at amortised cost using the

effective interest method. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

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

GOOD AND SERVICES TAX (GST)

All items in the prospective 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.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Prospective Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

PROVISIONS

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 an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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

LANDFILL POST CLOSURE COSTS

Council has a legal obligation under its resource consents held for both open and closed landfills to provide for ongoing maintenance and monitoring at the landfill sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure expenditure arises.

The provision is a measure based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure. Amounts provided for landfill post closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill post closure asset is depreciated over its useful life.

EMPLOYEE ENTITLEMENTS

Short-Term Employee Entitlements

Employee benefits expected to be settled within 12 months after the end of the period which the employee renders the related service are measured based on accrued entitlements at current rates of pay.

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

A liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Council anticipates it will be used by staff to cover those future absences.

LEASES

Finance Leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, finance leases recognised as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

A finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

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

PROPERTY, PLANT AND EQUIPMENT

Property, Plant and Equipment consists of operational assets, restricted assets, and infrastructural assets.

OPERATIONAL ASSETS

Operational assets are tangible assets, able to be dealt with as part of the operating strategy and include land, buildings, furniture and fittings, computer hardware, plant and equipment, library books, and motor vehicles.

INFRASTRUCTURAL ASSETS

Infrastructural assets are the fixed utility systems providing an ongoing service to the community, but are not generally regarded as tradable. They include infrastructural land, roads, water reticulation systems, solid waste assets, sewerage reticulation systems, stormwater systems, and land under roads.

RESTRICTED ASSETS

Restricted assets cannot be disposed of because of legal and other restrictions but provide a benefit or

service to the community. These are mainly assets associated with reserves vested under the Reserves Act, endowments and other property held in Trust for specific purposes.

ADDITIONS

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

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 surplus or deficit. When revalued assets are sold, the amounts included in the property revaluation reserves in respect of those assets are transferred to accumulated funds.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to the Council and the cost of the item can be measured reliably.

The costs of day to day servicing and maintenance of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, land under roads, work in progress and those assets in the tables below that are not depreciated, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Operational Assets

Operational assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Operational buildings	15-100 years
Plant and equipment	4-13 years
Motor vehicles	5-7 years
Furniture and fittings	5-30 years
Computers	4-5 years
Library books	7 years
Archive books	No depreciated

Infrastructural Assets

Infrastructural assets are depreciated on a straight line basis. The estimated useful lives are as follows:

Roads and Footpaths

Pavement formation	Not depreciated
Pavement subbase	120 - 160 years or not depreciated
Pavement base	60 -120 years or not depreciated
Sealed surface	12 - 22 years

Metal surface	Not depreciated
Bridges and major culverts	60-100 years
Retaining walls and other structures	20-100 years
Footpaths and footpath crossings	19-80 years
Drainage and culverts	70-80 years
Kerbs and channels	80 years
Stormwater channels	Not depreciated
Guard rails	50 years
Streetlights and Poles	Lanterns 20-25 years, poles and brackets 15-60 years
Road signs	Signs 15-20 years, Signposts 30 years
Resource consents	3-24 years

Water Supply Assets

Pipes	50-120 years
Fire hydrant valves	75 years
Meters	30 years
Tobies	60 years
Pump stations	20-100 years
Dam structures	100 years
Reservoir structures	80 years
Treatment plants	5-100 years
Resource consents	11-35 years or not depreciated
Valves	75-100 years

Waste Water Assets

Pipes	50-120 years
Manholes	100 years
Separator tanks	50 years
Pump stations	15-100 years
Treatment Plants	10-100 years
Resource consents	5-100 years

Stormwater Assets

Pipes	60-120 years
Manholes and Cesspits	100-120 years
Resource consents	20 years

Solid Waste Assets

Landfill cells and earthworks	Not depreciated
Building and shelters	20-60 years
Oxidation ponds	80 years
Roading & driveways	12-80 years
Weighbridges & automatic gates	15-50 years
Bins and containers	15-80 years
Retaining walls	25-100 years
Fencing and other assets	15-35 years
Resource consents	30-34 years

The depreciation rates are applied at a component level and are dependent on the remaining useful life for each component. The residual value and useful life on an asset is reviewed and adjusted where applicable at each balance date.

Restricted Assets

Restricted assets are depreciated on a straight line basis as follows:

Restricted Buildings	15 – 100 years
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REVALUATIONS

Revaluations of property, plant and equipment are on a class of asset basis.

Land and buildings (operational and restricted) and infrastructural assets (except for land under roads) are revalued with sufficient regularity to ensure that their carrying value does not materially differ from fair value and at least every three years. The carrying values of revalued items are assessed annually to ensure that they do not differ materially from fair value. If there is a material difference, then that asset class is revalued earlier than the three yearly planned revaluation.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to a property revaluation reserve in equity for that class of asset. Where this should result in a debit balance in the revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then in other comprehensive revenue and expense.

REVALUATION OF RESTRICTED ASSETS

Land and buildings in the restricted asset class are assets subject to either restrictions on use, or disposal, or both. This includes restrictions from legislation (such as land declared as a reserve under the Reserves Act 1977), or other restrictions (such as land or buildings under a bequest or donation that restricts the purpose for which the assets can be used).

INTANGIBLE ASSETS

Computer Software

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. The costs associated with maintaining computer software are recognised as an expense as incurred. The costs associated with the development and maintenance of the Council's website are recognised as an expense as incurred. Staff training costs are recognised in the surplus or deficit when incurred.

Carbon Credits

Purchased carbon credits are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Service Concession Asset

A Service Concession Asset is an intangible asset that confers a right on Council access and the right to use an asset to provide services to the community for community benefit. The right has been gained through entering a Service Concession Arrangement with the Ministry of Education and the Te Kuiti High School Board of Trustees to construct a two-basketball court stadium, gymnasium and other facilities on the school

grounds. Under the arrangement and following construction the right to use has been granted at specified times to provide stadium and gymnasium services to the community for community wellbeing.

The stadium building and equipment is not included as a physical asset as part of Council's property, plant and equipment, due to Council's limited control over the stadium complex. A Service Concession Asset is an intangible asset that confers a right on Council access and the right to use an asset to provide services to the community for community benefit. The right has been gained through entering a Service Concession Arrangement with the Ministry of Education and the Te Kuiti High School of Trustees to construct a two-basketball court stadium, gymnasium and other facilities on the school grounds.

Under the arrangement and following construction the right to use has been granted at specified times to provide stadium and gymnasium services to the community for community wellbeing. The stadium building and equipment is not included as a physical asset as part of Council's property, plant and equipment, due to Council's limited control over the stadium complex.

Amortisation

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

The useful lives and associated amortisation rates for software have been estimated as follows:

Computer software	2 - 5 years
Service Concession Asset	35 years

NON-CURRENT ASSETS HELD FOR SALE

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. This condition is regarded as met only when the sale is highly probable and the assets (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within 12 months from the date of classification. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

Any increases in fair value less costs to sell are recognised up to the level of any impairment losses that have been previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as assets held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

INVESTMENT IN UNLISTED SHARES

Council has an interest (1.6%) in a Council Controlled Organisation (CCO); Waikato Local Authority Shared Services Limited. Council has no significant influences over operational or financial policies of the company.

As this investment is not traded on an active market, and quoted market prices of similar financial assets are not available, the fair value cannot be measured reliably. The investment is therefore measured at cost.

INVESTMENT PROPERTY

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

Investment property consists of miscellaneous housing properties and land.

Investment property is measured initially at its cost, including transaction costs. After initial recognition, it is measured at fair value, determined annually by an independent valuer. Gains or losses arising from a change in fair value are recognised within surplus or deficit.

CAPITALISED QUARRY DEVELOPMENT COSTS

The costs of stripping activity which provides a benefit in the form of improved access to rock is recognised as a 'stripping activity asset' where it is probable that the future economic benefit associated with the stripping activity will flow to the Group, the Group can identify the component of the rock for which access has been improved and the costs relating to the stripping activity associated with that component can be measured reliably. A stripping activity asset is depreciated or amortised on a systematic basis, over the expected useful life of the identified component of the rock that becomes more accessible as a result of the stripping activity using the units of production method.

COST ALLOCATION

The Council has derived the cost of service for each significant activity. Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These costs are allocated to Council activities using appropriate cost drivers such as resource use, staff numbers and floor area. All overhead costs have been allocated to significant activities.

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Property, plant and equipment and intangible assets that have a finite useful life are reviewed annually for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use cash generating assets

Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

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

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 the following components:

- Accumulated funds;
- Other reserves; and
- Property revaluation reserves.

Other Reserves

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

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without

reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Also included in restricted reserves are reserves restricted by Council decision. Transfers to and from these reserves are at the discretion of the Council.

Council created reserves are a combination of depreciation reserves and transfers of surplus or deficit from operations. The purpose of the reserves is to maintain balances of funded depreciation for future renewal of assets and to hold revenue streams in separate balances as required by Council.

Available for sale reserves consists of valuation gains associated with Council's investments, classified as available for sale financial assets.

Hedging reserves comprise the effective portion of the cumulative net change in the fair value of derivatives designated as cash flow hedges.

PROPERTY REVALUATION RESERVES

Property revaluation reserves relates to the revaluation of property, plant and equipment to fair value.

EMISSIONS TRADING SCHEME (ETS)

The regulations for landfill methane emissions under the New Zealand Emissions Trading Scheme (NZ ETS) require waste disposal facility operators to surrender New Zealand Units (NZU's) by 31 May of each year to match their emissions of the preceding calendar year. The cost of meeting ETS obligations is mandatory and Council is required to surrender NZU's for the landfill methane emissions associated with the Waitomo District Landfill. NZU's that are purchased to meet these liabilities are recognised at cost and subsequently recognised at cost subject to impairment. Where there is an obligation to return units the expense and liability are recognised and are measured at the carrying value of units on hand plus the fair value of any additional units required.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of prospective financial statements using PBE 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. Further information around assumptions used in this Annual Plan can be found in the 2021-2031 10YP.

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

Interest Rate Assumption

The interest rate assumption has been revised to a weighted average interest rate of 5.38% for this AP 23/24 (10YP 23/24: 2.75%) to reflect the expected

interest rate for 2023/24 based on anticipated market conditions.

Estimates that affect Balance Sheet carrying values

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:

Landfill Aftercare Provision

The Council has a legal obligation under resource consents for open and closed landfills to provide ongoing maintenance and monitoring service at the sites after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises.

The long term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred.

Infrastructural Assets

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

- 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 situated underground. This risk is minimised by the Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates 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 the Council could be over or underestimating the annual depreciation charge recognised as an expense in the surplus or deficit.

To minimise this risk the 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 and condition modelling are also carried out regularly as part of the Council's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Infrastructural assets are revalued on a 3 yearly basis by an independent valuer.

Property, plant and equipment useful lives and residual values

At each balance date the Council reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Council to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by the Council, and expected disposal proceeds from the future sale of the asset.

An incorrect estimate of the useful life or residual value will impact on the depreciable amount of an asset, therefore impacting on the depreciation expense recognised in the surplus or deficit, and carrying amount of the asset in the Prospective Statement of Financial Position. The Council minimises the risk of this estimation uncertainty with:

- Physical inspection of assets;
- Asset replacement programs;
- Review of second hand market prices for similar assets; and
- Analysis of prior asset sales.

Council has not made significant changes to past assumptions concerning useful lives and residual values.

Three Waters Service Delivery Reforms

The Local Government Minister announced changes to the three waters reforms on 13 April 2023 where 10 entities (previously 4 entities) will now manage the service delivery of three waters. There has been no adjustment in these prospective financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop and finalise the mechanism for the transfer of the water assets and this will be completed prior to the new transition date 1 July 2026. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

Valuation of Investment in Inframax Construction Limited

The investment in Inframax Construction Limited was revalued as at 30 June 2022 and resulted in a valuation range of \$5,062,000 to \$7,762,000 with a mid-point of \$6,412,000 for the investment. After consideration of the subsidiary's financial statements and forecasts, Council adopted the mid-point valuation of \$6,412,000 to be fair value at 30 June 2022.

Experienced independent valuers performed the valuation of the investment in Inframax Construction Limited at 30 June 2022. The valuers used the capitalisation of earnings approach, consistent with the previous valuation, using a number of estimates and assumptions to establish a suitable level of earnings and a market derived multiple, all based on historical and forecast financial performance information.

In deriving the valuation, a number of developments were noted by the valuers. These included the

subsidiary not achieving budgeted gross margin and earnings before interest, taxation and depreciation and amortisation, with several older contracts, being fixed price, but with underlying costs increasing. There was a flooding event in February 2022, which caused damage to some quarry equipment, to which insurance claims were unsuccessful and there is reliance on aging plant and equipment which impacts productivity, utilisation, and the reliance on hired vehicles. However, a significant capital expenditure program is planned for 2023 to replace aging plant and to service the newly acquired Ruapehu District Council contract. In addition to this investment has been made to ensure compliance with Waka Kotahi's code of practice and establishment of a traffic management unit.

It has been assumed that there has been no change in the value of the investment in Inframax Construction Ltd over the life of this plan.

COMPARATIVES

To ensure consistency with the current year, certain comparative information is reclassified where appropriate. This could occur where:

- Classifications have changed between periods;
- The Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required; and
- There has been a change of accounting policy.

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 prospective financial statements. In accordance with PBE FRS 42, the following information is provided:

- (i) 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 Annual Plan.

- (ii) Purpose for which the prospective financial statements are prepared;

It is a requirement of the Local Government Act 2002 to present prospective financial statements that span one year and include them within the Annual Plan.

This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

- (iii) Bases 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 prospective 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 Annual Plan.

- (iv) Cautionary Note;

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

- (v) Other Disclosures;

The prospective financial statements were authorised for issue on 27 June 2023 by Waitomo District Council.

The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures.

The Information for this Annual Plan is prospective and as such contains no actual operating results.

RATING BASE INFORMATION

The projected number of rating units within our district at 30 June 2023 is 5,904.

The projected total capital value of rating units within our district at 30 June 2023 is \$4,626,009,230.

The projected total land value of rating units within our district at 30 June 2023 is \$3,002,401,380.

ANNUAL PLAN DISCLOSURE STATEMENT

FOR THE YEAR ENDING 30 JUNE 2024

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

Financial Reporting and Prudence Benchmarks	Description	Annual Plan 2023/24	Met [Yes/No]
Rates (Income) Affordability Benchmark	The quantified limit is total rates revenue will be limited to an average of 75% of total operating expenditure	54%	Yes
Rates (Increases) Affordability Benchmark	The quantified limit is total rates increases will be limited to a cap of the forecast Local Government Cost Index plus 2% (2023/24: 6.30%)	5.84%	Yes
Debt Affordability Benchmark	The quantified limit is total net debt will not exceed 165% of total revenue	91%	Yes
Debt Affordability Benchmark	The quantified limit is the ratio of net interest will not exceed 20% of annual rates	7%	Yes
Balanced Budget Benchmark	The benchmark is met if planned revenue equals or is greater than planned operating expenditure	106%	Yes
Essential Services Benchmark	The benchmark is met if planned capital expenditure on network services equals or is greater than expected depreciation on network services	228%	Yes
Debt Servicing Benchmark	The benchmark is met if its planned borrowing costs is equal or is less than 10% of planned revenue	4%	Yes

NOTES

1. Rates Affordability Benchmark

- i For this benchmark
 - (a) Council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the Council's Long Term Plan; and
 - (b) Council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the Council's Long Term Plan.
- ii Council meets the rates affordability benchmark if:
 - (a) Its planned rates income for the year equals or is less than each quantified limit on rates; and
 - (b) Its planned rates increases for the year equal or are less than each quantified limit on rates increases.

2. Debt Affordability Benchmark

- i For this benchmark, Council's planned borrowing is compared with quantified limits on borrowing contained in the financial strategy included in Council's Long Term Plan.
- ii The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

3. Balanced Budget Benchmark

- i For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
- ii The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

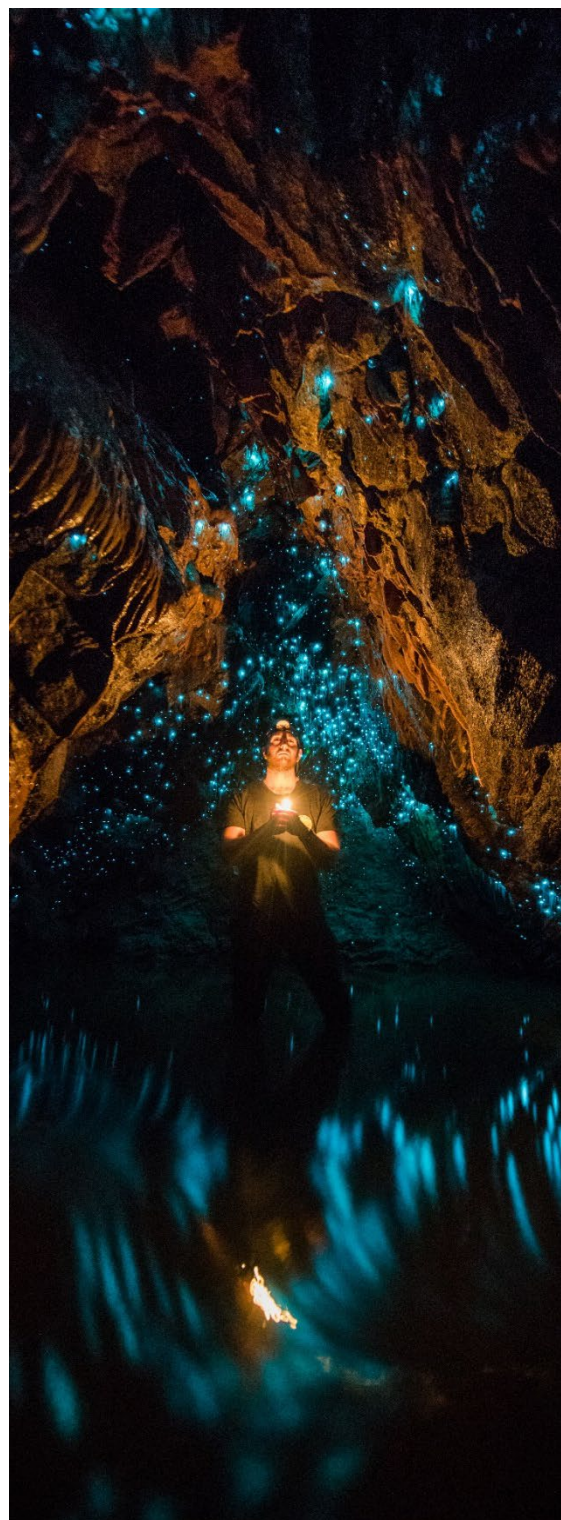
4. Essential Services Benchmark

- i For this benchmark, Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
- ii The council meets essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

5. Debt Servicing Benchmark

- i For this benchmark, the Council's planned borrowing costs are presented as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment).
- ii Because Statistics New Zealand projects that the council's population will grow slower than

the national population growth rate, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.





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