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CHAPTER FIVE

# 05

## Policies, summaries & statements





# CHAPTER FIVE

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# OVERALL REVENUE AND FINANCING POLICY

## INTRODUCTION

Our Revenue and Financing Policy for each group of activities can be found from 394.

This policy deals with the revenue and financing decisions taken at a “whole of Council” level. It documents our high level rating philosophy and summarises the rationale for the rating decisions taken. We have considered the distribution and timing of benefits, rating efficiency and transparency, community preferences and the overall impact on the economic, cultural, social and environmental well-being of our District. In particular, we have considered the impacts of our rating proposals on a range of representative properties; these are shown in Chapter Four on pages 322-327 of this Plan.

When read in conjunction with the Funding Impact Statement, from Chapter Four pages 302-320, this policy links the funding decisions taken at the activity level, with the eventual rates assessment that each ratepayer will receive.

## COUNCIL'S FUNDING PHILOSOPHY

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

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

## FEES

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

## TARGETED RATES

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

Targeted rates can be used to recover capital costs as well as operating costs.

## FINANCIAL CONTRIBUTIONS

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

The detail of the policy is published as part of the District Plan and is available on our website [www.westernbay.govt.nz](http://www.westernbay.govt.nz) and at our offices and libraries.

After April 2022, financial contributions will not be available as a funding source. Within the next three years, Council intends to establish a Development Contributions Policy to replace financial contributions as a funding source, to the extent permitted by legislation. The Development Contributions Policy is expected to be operative by the time the final 2021-2031 Long Term Plan is adopted.

Our District Plan provides that waivers and reductions to financial contributions levied under the Resource Management Act 1991 are agreed through our Annual Plan process. The Long Term Plan 2018-2028 is also our Annual Plan for 2018/2019.

## DEBT FINANCING

As we have no significant reserves, we rely on loans to finance infrastructure development, for example wastewater schemes. The portion of interest and loan repayments relating to growth is generally funded through financial contributions, however in periods of low growth they may be funded from rates. This is detailed in our Financial Strategy in Chapter Two on page 54. The remaining interest and loan repayments are funded by annual rates or charges. We acknowledge that the interest on loans increases the overall cost of services but we believe that this disadvantage is offset by the advantages a more equitable allocation of cost between existing and future ratepayers. As our rating base increases with new development there are more ratepayers to meet the cost of interest and loan repayments.

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

The overall use of debt financing is limited by the extent of our indebtedness and the principles of prudent financial management. Our Financial Strategy in Chapter Two, page 39 proposes a limit on debt and our Treasury Policy, page 447 contains limits on debt and interest payments in relation to our assets and revenue. The term of our debt is related to the useful life of the asset financed but does not generally exceed 30 years. This ensures that the people benefiting from the asset repay the loan before the asset's life is over.

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

## DEPRECIATION FUNDING AND CURRENT ACCOUNT DEFICIT FUNDING

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

### 1. Pay as you go

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

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

### 2. Saving for asset replacement

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

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

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

### 3. Borrowing to fund asset replacement

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

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

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

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

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

## RATING POLICY

### 1. Rating unit

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

### 2. Rating basis

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

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

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

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

### 3. General rates

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

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

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

### 4. Differential general rate

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

Our current differential rates policy is:

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

These differentials apply only to the General Rate.

### 5. Multiple dwelling differentials

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

### 6. Environmental protection rate

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

### 7. Roothing rates

There are three rooding rates:

- Roothing rate on land value
- Roothing Uniform Targeted Rate (UTR) (fixed amount on every property in our district)
- Rural works charge (fixed amount on every rural zoned property).

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

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

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

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

### 8. Targeted rates

We use targeted rates (as defined in the Local Government (Rating) Act 2002) to collect funds over areas of benefit. This rating tool is chosen where the services provided are specific to a particular community or area within our District and it is not considered fair to charge all ratepayers, e.g. charges for town centre promotion and community halls. Details of these rates are shown in the Funding Impact Statement, Chapter Four from page 302. These rates may be collected on a uniform (fixed) basis per property or on the capital value of each property.

## 9. Water

Water rates are charged using a metered or unmetered Uniform Targeted Rate (UTR)

Our policy on water meters is that all properties connected to Council's water supply should be metered. We are in the final stage of a ten-year plan to install meters to all connected properties in the district, which is due for completion in June 2018.

In establishing the criteria for water metering we have recognised the environmental benefits that would result from water conservation if all users were metered and balanced that against the cost of installing meters on all properties and the affordability of such a strategy.

Where meters are in use charges are as follows:

- Each property will be charged the metered Uniform Targeted Water Rate for the first meter; and
- An additional Uniform Targeted Rate will be charged for every additional meter on the property. This covers the costs of reading, billing, maintenance and future meter replacement
- Connections larger than 20mm will be charged additional UTRs in proportion to the capacity of the connection
- A charge based on water consumption per m<sup>3</sup> is also levied

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

## 10. Wastewater

Our policy on wastewater charges is:

### 10.1 Uniform Targeted Rate

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

### 10.2 Multiple connection charges

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

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

- For non-residential properties with more than one toilet in Maketu, each property will pay the standard connection charge for the first toilet. For each additional toilet, the charge will be:
  - 100% of the variable cost component of the standard connection charge, plus
  - 100% the full fixed cost component of the standard connection charge.

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

We reviewed our multiple pan remission policy in 2015 to address instances where organisations would be charged unduly high amounts by the application of this policy. See page 430.

## 11. Schools

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

# REVENUE AND FINANCING POLICIES FOR EACH ACTIVITY

## LEADERSHIP

### REPRESENTATION

#### COMMUNITY OUTCOME

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

#### GOALS

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

#### DISCUSSION / RATIONALE

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

#### Resource consent hearings

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

#### FUNDING APPROACH

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

#### Resource consent hearings

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



## PLANNING FOR THE FUTURE

### COMMUNITY OUTCOME

We plan for the future in consultation with our communities and guided by our sustainable development approach.

### GOAL

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

### DISCUSSION / RATIONALE

#### Policy and planning

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

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

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

#### Strategic planning of infrastructure

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

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

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

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

No exacerbator for this activity was identified.

### FUNDING APPROACH

#### Policy and planning

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

Environmental monitoring is funded through ecological financial contributions.

#### Strategic planning of infrastructure

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

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

#### Wastewater investigations:

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

#### Water and stormwater investigations:

Funded from General Rates and Uniform Annual General Charge.

#### All other infrastructure planning costs:

Funding will be assessed on a project by project basis.

## BUILDING COMMUNITIES

### COMMUNITY BUILDING

#### COMMUNITY OUTCOME

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

#### GOALS

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

#### DISCUSSION / RATIONALE

##### **Building communities - grants and contracts**

This policy covers:

- Creative Bay of Plenty
- Sport Bay of Plenty
- Bay of Plenty Surf Lifesaving
- Te Puke Sports fields
- Fee abatement scheme (when funded)
- Community Matching Fund
- Western Bay Museum.

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

#### FUNDING APPROACH

General Rates and Uniform Annual General Charge fund this activity.

## LIBRARIES AND SERVICE CENTRES

### COMMUNITY OUTCOME

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

### GOAL

- Communities are vibrant and diverse.

### DISCUSSION / RATIONALE

#### Libraries

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

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

#### Te Puna library contract

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

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

#### Service centres

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

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

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

#### Katikati resource centre

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

### FUNDING APPROACH

#### Libraries

##### Operational expenditure

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

##### Capital expenditure

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

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

#### Te Puna library contract

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

#### Service centres

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

Contributions to the Tauranga Citizens' Advice Bureau is funded from general rates.

Internal recoveries and overheads where applicable for internal services provided.

The balance of both operational and capital expenditure is funded from general rates.

#### Katikati resource centre

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

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

### COMMUNITY OUTCOME

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

### GOALS

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

### DISCUSSION / RATIONALE

#### Community meeting places

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

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

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

#### Housing for older people

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

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

#### Cemeteries

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

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

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

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

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

Vandalism can result in additional costs of providing this service.

### FUNDING APPROACH

#### Community meeting places

##### Operational expenditure (Council's operational costs only)

Funded from General Rates.

##### Capital expenditure and significant maintenance projects (hall committee costs)

Funded from a Uniform Targeted Rates over a defined hall areas of benefit.

#### Housing for older people

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

#### Cemeteries

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

General Rates are used to fund the remaining 30%.

Any shortfall will be funded from the General Rate.

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

### DISCUSSION / RATIONALE

#### Gibraltar water scheme

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

### FUNDING APPROACH

Targeted rate to support Gibraltar Water Supply Company.

## CIVIL DEFENCE AND EMERGENCY MANAGEMENT

### COMMUNITY OUTCOME

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

### GOAL

- Communities are healthy and safe.

### DISCUSSION / RATIONALE

#### Civil defence

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

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

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

### FUNDING APPROACH

#### Civil defence

Civil defence levy funded from the General Rate.

External funding sources can include:

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

#### Rural fire

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

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

#### Rural fire

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

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

## RECREATION AND LEISURE

### COMMUNITY OUTCOME

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

### GOALS

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

### DISCUSSION / RATIONALE

#### District reserves, harbour structures, recreational service delivery contracts

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

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

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

Sports and recreational clubs whose clubhouses occupy parts of our reserves can be identified and are charged rentals. Graziers who occupy reserves for grazing can also be identified and charged.

While users of jetties and boat ramps are not charged there could be some commercial use of these structures that could be identified and charged for. Users of swimming pools can be identified and charged by the pool administrators. Income from users contributes to cost of running pools.

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

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

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

### FUNDING APPROACH

#### District reserves, harbour structures, recreational service delivery contracts

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

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

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

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

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

After April 2022, financial contributions will not be available as a funding source. Before that date, Council intends to establish a development contributions policy to replace financial contributions as a funding source (to the extent permitted by legislation).

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

## RECREATION AND LEISURE

### DISCUSSION / RATIONALE

#### Camping grounds

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

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

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

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

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

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

### FUNDING APPROACH

#### Camping grounds

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

## REGULATORY SERVICES - ANIMAL CONTROL SERVICES

### COMMUNITY OUTCOME

Regulatory services are delivered through a balanced compliance approach, promoting the safety and well-being of our communities and enhanced sustainability of our built and natural environments

### GOAL

- Provide a safe environment for the public through promoting responsible dog ownership.

### DISCUSSION / RATIONALE

#### Animal control services

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

### FUNDING APPROACH

#### Animal control services

Funding targets for the dog control activity are set at 80% private benefit funded through dog registration fees, impounding fees and fines, and 20% public benefit funded through General Rates. Funding targets for the livestock control activity are set at 5% private benefit funded through user fees, impounding fees and sale of unclaimed stock and 95% public benefit funded through General Rates. Where cost recovery through fees falls short of these targets, the shortfall will be funded through General Rates.

## REGULATORY SERVICES - ANIMAL CONTROL SERVICES

### DISCUSSION / RATIONALE

#### **Animal control services (continued)**

Similarly patrolling public places and enforcement of designated dog on leash/prohibited areas (especially during the holiday season) benefit the wider community, as does impounding nuisance dogs. Many impounded dogs are returned to their owners upon payment of applicable infringement fees and impounding costs. Destruction of unclaimed dogs is avoided where possible through use of our adoption and fostering programmes.

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

There is a more defined private benefit that can be attributed to livestock control services where we respond to complaints about wandering stock. In most cases stray stock is returned to the owner by animal control officers. Offenders can only be prosecuted through the courts, with unrecovered costs of enforcement remaining in cases where prosecution would be cost prohibitive and/or unlikely to be successful. Council is empowered to sell unclaimed stock, which can partially recover the costs incurred by its impoundment.

Education improves overall public safety and increases compliance.

### FUNDING APPROACH



## REGULATORY SERVICES - BUILDING SERVICES

### COMMUNITY OUTCOME

Regulatory services are delivered through a balanced compliance approach, promoting the safety and well-being of our communities and enhanced sustainability of our built and natural environments.

### GOAL

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

### DISCUSSION / RATIONALE

#### Building services

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

Public education and the monitoring and investigation of complaints improve safety and benefits the community. Complaint investigations incur costs that cannot always be attributed to a specific applicant or fee so cannot be recovered.

Individuals have the opportunity to obtain information without being an applicant for a specific process.

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

When applicants are well informed, applications can be processed more smoothly. The public may benefit from this in terms of reduced numbers of complaints.

Monitoring and reporting misconduct in relation to restricted building work improves safety and benefits the wider community.

### FUNDING APPROACH

#### Building services

The overall funding target for Building Services is 90% user fees and infringements, and 10% General Rates.

Within this, the funding targets for maintaining Building Consent accreditation, processing building consents, building warrants of fitness and compliance schedule applications (and undertaking the necessary inspections for these processes) are 95% user fees and 5% General Rates

Public enquiries, including complaints and their investigation, are funded by General Rates except where it is appropriate and practical to recover user or infringement fees. Where enforcement and legal action is taken, cost recovery will be sought, but any shortfall will be funded by General Rates.

## REGULATORY SERVICES - RESOURCE CONSENTS

### COMMUNITY OUTCOME

Regulatory services are delivered through a balanced compliance approach, promoting the safety and well-being of our communities and enhanced sustainability of our built and natural environments.

### GOAL

- The quality of the environment is maintained and enhanced through effective decision-making on resource consents.

### DISCUSSION / RATIONALE

#### Resource consents

The service exists primarily to enable the development aspirations of individuals, in a manner that meets community expectations as set out in the District Plan. Generally, the applicant for services can be identified and charged, although it is acknowledged that there is a wider public benefit from this service.

Control of development and the imposition of consent conditions benefits the public in general. Our District Plan rules are designed to control the negative effects of development and to impose charges on developers to mitigate those negative effects for the benefit of the wider community. Notified consents provide an opportunity for non-applicants to have their say, although recent trends show there is generally a small number of notified consents annually.

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

Individuals have the opportunity to obtain information without necessarily being a consent applicant, such as prior to purchasing a property or understanding the legality of activities being undertaken by neighbours. Whilst individuals may derive a private benefit when making enquiries and could theoretically be charged for this service, this would not be practical.

#### Land Information Memoranda (LIMs) and Property Information Memoranda (PIMs)

Individuals can apply for a LIM or PIM on any property, enabling the applicant to be well informed about their property purchase decisions. They derive a private benefit from the use of this service, and can be identified and charged at the time they apply to use the LIMs/PIMs service. Indirectly, this service can bring illegal or dangerous situations to the attention of Council.

### FUNDING APPROACH

#### Resource consents

For processing land use and subdivisions consent applications, the funding target is 100% user fees with any shortfall funded from General Rates.

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

Public enquiries are 100% funded by General Rates.

#### Land Information Memoranda (LIMs) and Property Information Memoranda (PIMs)

Funding target for the LIMs and PIMs service is 100% user fees, with any shortfall from General Rates.

## REGULATORY SERVICES - COMMUNITY PROTECTION

### COMMUNITY OUTCOME

Regulatory services are delivered through a balanced compliance approach, promoting the safety and well-being of our communities and enhanced sustainability of our built and natural environments.

### GOAL

- Improve, protect and preserve the environment and public health and safety by minimising risks from nuisances and offensive behaviour.

### DISCUSSION / RATIONALE

#### Traffic and parking services

Enforcement of bylaws and Transport Regulations for improving and maintaining traffic safety provides a public benefit. Individuals benefit from the potential opportunity to use convenient parking spaces, but they cannot be identified. Enforcement of parking bylaws enables businesses in the patrolled areas to benefit from accessible parking close to their businesses.

#### Alcohol licensing and the District Licensing Committee

The public benefits from the assurance that premises selling alcohol are appropriately licensed, complying with the conditions of their license and meeting the obligation to reduce alcohol-related harm. Private benefit is also derived for applicants with licenses, as they are legally required before a business can operate. Applicants can be identified and charged for these services.

#### Environmental Health

Public health and safety is protected when food and other premises are appropriately registered and monitored. Private benefit is also derived from applicants for these various licenses as they are legally required before a business can operate. Applicants can be identified and charged for these services. Premises with poor or unsafe food handling practices can be charged for the costs associated with compliance.

Management of hazardous substances in public places benefits the wider community.

Swimming pool fencing inspections ensures public health and safety through compliance with Building Act 2004 requirements. A private benefit can be attributed to an identifiable pool owner, and the administration, processing and inspection costs can be charged accordingly.

#### Resource consent monitoring and District Plan compliance

Monitoring and enforcement of consent conditions ensures that development of our District is consistent with our District Plan, benefiting the whole community rather than individuals. Protection lot monitoring, noise control and bylaw enforcement benefit the community as a whole. Individual consent holders can be identified and charged when they receive monitoring of their consent conditions.

Monitoring expenditure can increase where there is non-compliance with consent conditions and enforcement is required. Cost recovery can include infringement fines and/or prosecution through the court.

### FUNDING APPROACH

#### Traffic and parking services

Funding target is 100% through infringement fines, with any shortfall funded from General Rates.

#### Alcohol licensing and the District Licensing Committee

Funding target is 55% user fees and 45% from General Rates

#### Environmental Health

Funding targets for the following services are:

- Licensed premises - 60% from user fees and 40% from General Rates
- Management of hazardous substances in public places - 100% from General Rates
- Swimming pool fencing services - 80% from user fees and 20% from General Rates.

#### Resource consent monitoring and District Plan compliance

Funding target is 10% from user fees and infringement fines and 90% from General Rates.

## REGULATORY SERVICES - COMMUNITY PROTECTION

### DISCUSSION / RATIONALE

#### **Public enquiries about nuisances, general bylaw compliance and monitoring**

Responses to community concerns and public enquiries on nuisances and bylaw compliance has wider public benefit. Private benefits may be derived where rectification has a positive impact on neighbouring properties. However, it is difficult to identify and charge these people for this service. Some of the cost of investigation can be recovered through fines and penalties from those found in breach. However, because there are no infringement penalties in a number of our bylaws, and the Health Act (as legislation does not empower this), the cost of compliance and monitoring cannot necessarily be recovered through infringement fees. Prosecution through the courts is costly and requires a substantive evidence base in order to gain a favourable outcome.

### FUNDING APPROACH

#### **Public enquiries about nuisances, general bylaw compliance and monitoring**

Funding target is 10% infringement fees and 90% General Rates, with any shortfall funded from General Rates.

## TRANSPORTATION

### COMMUNITY OUTCOME

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

### GOAL

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

### DISCUSSION / RATIONALE

#### Network optimisation and network development

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

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

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

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

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

Private benefits identified include:

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

### FUNDING APPROACH

#### Capital expenditure

- Roading Rates including Roading Uniform Targeted Rate (UTC) and Rural Works charge for capital expenditure to service existing ratepayers
- Financial contributions for capital expenditure to accommodate growth and/or to pay for any excess consumption in the roading network. Includes the related loan servicing costs (interest, administration)
- After April 2022, financial contributions will not be available as a funding source. Before that date, Council intends to establish a development contributions policy to replace financial contributions as a funding source (to the extent permitted by legislation).
- Private contributions, where applicable, in terms of our policy
  - New Zealand Transport Agency (NZTA) subsidies for eligible projects (49 - 51% for this Long Term Plan).

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

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

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

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

Targeted rates over the defined area of benefit.

Roading rates may be used to service interest payments and growth related debt when Council considers that financial contributions and/or development contributions will not provide adequate funding.

## TRANSPORTATION

### DISCUSSION / RATIONALE

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

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

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

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

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

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

Actions that result in increased expenditure on this activity include:

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

### Environmental mitigation

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

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

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

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

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

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

### FUNDING APPROACH

## TRANSPORTATION

### DISCUSSION / RATIONALE

#### Health and safety

The public benefits of transport-related health impacts include:

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

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

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

#### Modal choice and mobility

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

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

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

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

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

### FUNDING APPROACH

## WATER SUPPLY

### COMMUNITY OUTCOME

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

### GOAL

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

### DISCUSSION / RATIONALE

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

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

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

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

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

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

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

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

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

### FUNDING APPROACH

#### Capital expenditure

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

- Financial contributions, for expenditure to accommodate growth and/or to pay for the consumption of excess capacity in the water supply system. Includes the related loan servicing (holding) costs
- User fees and charges for capital expenditure to service existing ratepayers
- Targeted rates can be used to recover capital costs of extensions to networks
- After April 2022, financial contributions will not be available as a funding source. Before that date, Council intends to establish a development contributions policy to replace financial contributions as a funding source (to the extent permitted by legislation).

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

User fees and charges including:

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

General Rates may be used to service interest payments and growth related debt when Council considers that financial contributions and/or development contributions will not provide adequate funding.



## STORMWATER

### COMMUNITY OUTCOME

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

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

### GOAL

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

### DISCUSSION / RATIONALE

#### Stormwater – General

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

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

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

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

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

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

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

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

### FUNDING APPROACH

#### Capital expenditure

Financed initially by loans and serviced from:

- Financial contributions, if expenditure is to accommodate growth and/or to pay for the consumption of excess capacity in the stormwater supply system. Includes the related loan servicing (holding) costs
- After April 2022, financial contributions will not be available as a funding source. Before that date, Council intends to establish a development contributions policy to replace financial contributions as a funding source (to the extent permitted by legislation)
- For capital expenditure to service existing ratepayers. 90% Uniform Targeted Rates over the defined area of benefit which has a reticulated stormwater system. 10% from General Rates.

#### Areas of benefit

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

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

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

## STORMWATER

### DISCUSSION / RATIONALE

#### Stormwater – General (continued)

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

Some actions increase expenditure on this service:

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

Expected useful lives of stormwater assets:

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

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

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

#### Waihi Beach coastal protection project

This policy applies to the project that comprises:

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

The policy does not apply to:

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

### FUNDING APPROACH

#### Areas of benefit

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

General Rates may be used to service interest payments and growth related debt when Council considers that financial contributions and/or development contributions will not provide adequate funding.

#### Waihi Beach coastal protection project

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

These loans will be serviced from the following revenue sources:

#### General rate reserves

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

#### Balance of Waihi Beach Drainage Reserve and Waihi Beach Erosion Reserve

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

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

#### Uniform Annual General Charge (UAGC)

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

## STORMWATER

### DISCUSSION / RATIONALE

#### **Waihi Beach coastal protection project**

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

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

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

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

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

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

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

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

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

### FUNDING APPROACH

#### **Uniform Targeted Rate for the Waihi Beach Ward**

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

#### **Area of benefit targeted rates**

*Uniform Targeted Rate for 83 beachfront properties directly benefiting from the works*

or

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

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

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

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

## STORMWATER

### DISCUSSION / RATIONALE

#### Two Mile Creek

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

### FUNDING APPROACH

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

#### Capital Works

Above Dillon Street bridge

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

Below Dillon Street bridge

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

# PROTECTING THE ENVIRONMENT

## NATURAL ENVIRONMENT

### COMMUNITY OUTCOME

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

### GOALS

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

### DISCUSSION / RATIONALE

#### Natural environment support

(Local environmental officer and service delivery contracts).

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

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

Actions that result in increased expenditure on this activity include:

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

#### Natural environment incentives

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

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

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

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

Intergenerational benefits include:

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

#### Waihi Land Drainage

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

### FUNDING APPROACH

Ecological financial contributions fund (before April 2022 only; thereafter these activities are funded by Environmental Protection Rate):

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

Environmental protection rate funds:

- 20% of the costs of fencing grants (100% after April 2022):
- 100% of the community environmental programme.

Recreation and leisure financial contributions fund (before April 2022 only):

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

General Rates fund:

- 50% (100% after April 2022) of Council's contribution the Coast Care programme
- The Community Participation programme
- Rates remission and other incentives not funded by recreation and leisure financial contributions.

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

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

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

## WASTEWATER

### COMMUNITY OUTCOME

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

### GOALS

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

### DISCUSSION / RATIONALE

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

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

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

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

Actions that result in increased expenditure on this activity include:

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

Wastewater infrastructure typically has a long life:

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

### FUNDING APPROACH

#### Capital expenditure

Initially financed from loans and serviced from:

- Financial contributions, if expenditure is to accommodate growth and/or to pay for the consumption of excess capacity in the wastewater supply system. Includes the related loan servicing (holding) costs
- After April 2022, financial contributions will not be available as a funding source. Before that date, Council intends to establish a development contributions policy to replace financial contributions as a funding source (to the extent permitted by legislation)
- Wastewater targeted rates over the applicable area of benefit to fund capital expenditure (excluding renewals) to extend services to existing properties. This may include the opportunity for lump sum contributions
- External subsidies.

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

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

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

To fund 4% of the revenue requirement:

- Environmental protection rate.

General Rates may be used to service interest payments and growth related debt when Council considers that financial contributions and/or development contributions will not provide adequate funding.

## SOLID WASTE

### COMMUNITY OUTCOME

Effective waste management practices that minimise waste to landfill and encourage efficient use of resources to reduce environmental impact.

### GOALS

- Reduce and recover more waste
- To create benefit for our community
- Apply the latest proven and cost effective waste management and minimisation approaches
- To collect information to enable decision making.

### DISCUSSION / RATIONALE

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

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

The existence of greenwaste and recycling facilities is important for the community.

If convenient facilities are not provided to dispose of greenwaste and recycling, it may be illegally dumped and may result in increased costs to the community.

It is sometimes possible to identify individuals who do not dispose of rubbish correctly. They may be prosecuted.

Individuals using greenwaste and recycling facilities are charged for the service.

Council wishes to ensure that individuals are charged for the service. Council has drop off facilities.

Council also wishes to ensure that individuals are charged for this activity by geographical area of benefit and has chosen to charge for greenwaste and recycling with targeted rates for landfill remediation and monitoring where facilities are available.

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

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

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

### Operational, maintenance and renewals

Operational, maintenance and renewals expenditure is funded from solid waste targeted rates (uniform annual charges).

Operational, maintenance and renewals expenditure is funded from area of benefit (currently Eastern, Western and Omokoroa).

Operational, maintenance and renewals expenditure is funded from the waste minimisation levy received from the Ministry of the Environment to fund waste minimisation activities.

### Operational, maintenance and renewals expenditure

Provided from:

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

Please see page xxxvii from the Long Term Plan Amendment 2018-2028 for the updated information.

## SUPPORTING OUR ECONOMY

### ECONOMIC

#### COMMUNITY OUTCOME

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

#### GOALS

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

#### DISCUSSION / RATIONALE

##### Economic development

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

The promotion of the region as a desirable place to work and do business, and the facilitation of investment and training opportunities in the District, provide benefits to the whole District. The marketing, development and management of the region as a tourism destination benefits the tourism industry and other businesses in our District. The community may receive third party benefits because, if tourism is growing, facilities can be developed to cater for visitors that are also enjoyed by local residents. In considering the practicality of charging businesses a targeted rate for economic development, it would be technically difficult to identify 'businesses' located on land zoned rural or residential. In addition, horticultural and agricultural businesses also benefited from economic development expenditure as they are also businesses.

##### Town centre promotion

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

##### Visitor information

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

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

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

#### FUNDING APPROACH

##### Funding is provided from:

General Rates (Uniform Annual General Charge):

- Economic development
- Tourism support.

General Rates on capital value:

- Visitor information services.

Uniform Targeted Rates on Community Board areas of growth centres:

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

Ward uniform targeted rates (UTRs) for:

- Town centre promotion
- Service delivery contracts.

Uniform targeted rates on commercial and industrial zoned and post harvest zoned properties:

- Town centre promotion
- Service delivery contracts.

Uniform annual general charge (UAGC) for:

- Town centre development projects across our District.



## SUPPORT SERVICES

### SUPPORT SERVICES

#### DISCUSSION / RATIONALE

**Internal services**

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

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

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

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

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

#### FUNDING APPROACH

**Internal services**

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

# SPECIFIC RATES POLICIES

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# SPECIFIC RATES POLICIES

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

## Discount for early payment of rates in current financial year

### 1. POLICY OBJECTIVE

To encourage early payment of rates by offering a discount to ratepayers who pay their total rates early.

### 2. GENERAL APPROACH

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

Council recognises the cash flow advantage and reduced processing cost which result from early payment of rates, and offers a discount to encourage this outcome. This discount is to be set each year in the Annual Plan.

### 3. ELIGIBILITY CRITERIA

To be eligible to receive the discount:

- All prior year rates must have been paid and no arrears are owing; and
- Total current year rates must be paid by the discount date specified in the rates assessment resolution of Council.

### 4. POLICY PROCEDURES

- The discount amount and date by which the payment must be made will be included on the rates assessment.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission for covenanted land

### 1. POLICY OBJECTIVE

To encourage the conservation of natural environments by way of a rates remission on land covenanted for environmental protection.

### 2. ELIGIBILITY CRITERIA

Ratepayers who own rating units may receive remission of rates on that portion of their property covenanted or designated as a protection lot, being either:

- Rating Units with a Queen Elizabeth II Trust Covenant; or
- Rating Units with Protection Lots created through subdivision processes under the Council's District Plan.

### 3. POLICY PROCEDURES

- **Queen Elizabeth II Trust Covenant:** Ratepayers may apply upon establishment of a covenant with the Queen Elizabeth II Trust and thereafter remission will be automatic. The area of the property used for the purposes of the Queen Elizabeth II Trust covenant is defined as that portion of the property set aside and protected. This area excludes any curtilage and any area not used for environmental protection purposes.
- **Rating Units with Protection Lots:** will automatically receive rate remission on the protected lot.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Remission of rates penalties

### 1. POLICY OBJECTIVE

To enable Council to act fairly and reasonably in its consideration of penalties for overdue rates, due to circumstances outside the ratepayer's control or where there is limited financial impact on Council.

### 2. ELIGIBILITY CRITERIA

#### **Where there are circumstances outside the ratepayer's control:**

Remission of one penalty will be considered in any one rating year where payment has been late due to significant disruption to the ratepayer's circumstances. Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Remission will be considered in the case of death, illness or accident of a family member, within 60 days of the due date for payment of rates.

Council shall have regard to:

- Excellent payment history, with no penalties incurred within the previous five years; and/or
- Whether the ratepayer can provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

#### **Where there is limited financial impact:**

At its sole discretion and without application by the ratepayer, Council may suppress penalties:

- Where trivial amounts are owing due to incorrect payment being made; or
- Where demonstrable progress is being made to pay both current rates and arrears (e.g. a fortnightly direct for a regular sum and period of time has been agreed with Council).

### 3. POLICY PROCEDURES

Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission on Māori freehold land

### 1. INTERPRETATION

*Māori Freehold Land* means:

- a) Land whose beneficial ownership has been determined by a freehold order issued by the Māori Land Court (as defined in Local Government (Rating) Act 2002); or
- b) At Council's discretion, former Māori freehold land whose status was changed to general land by the 1967 Status Declaration legislation.

### 2. GENERAL APPROACH

This policy aims to:

- a) Contribute to the fair and equitable collection of rates from all sectors of the community, whilst recognising that certain Māori lands have particular conditions, features, ownership structures or other circumstances that make it appropriate to provide relief from rates;
- b) Identify Māori freehold land that qualifies for longer term remission due to limited productive use or the presence of special features; and
- c) Implement rates remissions on Māori freehold land and write off of rate arrears and penalties, subject to the conditions and criteria set out in this policy.

### 3. OBJECTIVES

- a) To recognise situations where there is no trust, person or owner gaining an economic or financial benefit from the land;
- b) To recognise and take into account the importance of the land for community goals relating to:
  - The preservation of the natural character of the coastal environment
  - The protection of natural features
  - The protection of significant indigenous vegetation and significant habitats of indigenous fauna
- c) To recognise and take account of the presence of waahi tapu that may affect the use of the land for other purposes;
- d) To recognise matters related to the physical accessibility of the land;
- e) To avoid further alienation of Māori freehold land;
- f) To recognise and support the relationship with Māori and their culture and traditions with their ancestral land;

- g) Where part only of a block is occupied, to grant remission for the portion of the land not occupied;
- h) To facilitate and encourage economic development on Māori freehold land in order to increase the productive capacity of underutilised land, thereby generating economic or financial benefit for land owners.

### 4. POSTPONEMENT OF RATES

Council's policy does not provide for the postponement of rates on Māori freehold land, as security cannot be taken against Māori freehold land for postponed rates. Council will remit rates where it considers rates relief is appropriate, as set out in Parts One to Four of this policy.

### 5. PART ONE: REMISSIONS FOR LIMITED PRODUCTIVE USE

Council will consider placing Māori freehold land on the Annual Remissions List where it meets the following conditions and criteria:

#### Idle and unoccupied lots

Council will place unoccupied land on the Annual Remissions List where it considers that the land:

- a) Is idle and is not being used for any productive purpose, or may be too small to be productive;
- b) Does not generate any economic or financial benefit for any person; and
- c) Has no immediate possibility of development.

#### Unique features

Council will place wholly or partially unoccupied Māori freehold land on the Annual Remissions List where it considers that the land:

- a) Contains indigenous forest of high ecological value;
- b) Provides traditional and important food source for tangata whenua;
- c) Provides a traditional and important source for cultural, medicinal and spiritual needs of tangata whenua;
- d) Has demonstrable strong spiritual and symbolic significance to iwi/hapu/whanau, above and beyond that of other Māori land;
- e) Includes important tribal landmarks significant to tangata whenua; and/or
- f) Is an important water catchment system to tangata whenua for sustaining physical and spiritual values.

Council will also have regard to whether the land:

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

## 6. PART TWO: REMISSIONS FOR ECONOMIC DEVELOPMENT

Council will consider remission of rates on Māori freehold land as set out below, for a maximum period of 5 years:

The maximum rates to be written off are:

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

In considering any application for remission under Part Two, Council will need to be satisfied that:

- a) The projected cash flow shows an increase in the annual cash surplus over the period;
- b) The projected cash flow is realistic and can be achieved;
- c) The economic development proposal is likely to generate sufficient cash surplus so as to cover full rates following the period of remission;
- d) The proposal is viable under the District Plan and any other bylaws or regulations that may apply to the proposal; and
- e) There are no outstanding rates arrears due on the land (Note: Council may waive this requirement at its sole discretion).

Where rates have been remitted for economic development, Council will require an Annual Report to be provided by the applicant by no later than 1 June in each year, in order for the remissions to continue in the following rating year. The Annual Report must include to Council's satisfaction:

- a) Annual accounts, prepared by a suitably qualified person;
- b) Project cash flow for the remaining rating years for which the remission applies; and
- c) A brief description on progress and milestones achieved in implementing the economic development proposal for which remission has been granted.

## 7. PART THREE: APPORTIONMENTS FOR MULTIPLE DWELLINGS

Council will consider creating apportionments on land where there is more than one dwelling.

This means the rates payable will be divided pro rata, based on the area occupied by each dwelling on the land. Each apportionment will be no less than 666m<sup>2</sup>.

Where part of the land is unutilised, a separate apportionment shall be created for this residue amount. The residue shall be placed on the Annual Remission List until such a time as the land becomes utilised.

## 8. PART FOUR: ARREARS AND PENALTIES

At Council's sole discretion, it may write off arrears and penalties for land that has limited productive use, having regard to:

- a) Any targeted rates applicable to the land; and
- b) Whether the rates are likely to accumulate to the point where they are not recoverable in a court of law after a period of six years in accordance with the Limitation Act 2010.

Residues created through apportionments may have the portion of arrears and penalties that relate to the residue written off at Council's sole discretion, having regard to (a) and (b) above.

Where Māori freehold land is not otherwise eligible for a remission under any other section of this policy, Council will negotiate with the land owner to write off all arrears and penalties if current rates are met over a period of 5 years.

## 9. APPLICATIONS FOR REMISSION

Applications should be made no later than 1 June prior to the rating year. Applications made after the commencement of the rating year may be accepted at the discretion of Council.

All applications made for remission under Parts One to Four of this policy must be in writing and include to Council's satisfaction:

- a) Confirmation that the land is Māori freehold land, as defined in this policy;
- b) Identification of each title for which the application for remission applies. This is expected to include photographs, valuation data and any relevant legal documentation associated with the land's title or status. Council reserves the right to require a site inspection by Council officers for any new applications for remission.
- c) Confirmation that the applicant:
  - Is identified owner for entering on rating records pursuant to Section 92 Local Government (Rating) Act 2002; and
  - Has agreement from the landowners or Trust for the application to be made.

Remission applications made for economic development (Part Two) must also include to Council's satisfaction:

- a) A description of the economic development proposal that the landowner(s) intend to undertake;
- b) Demonstration that the proposal is viable under the District Plan and any other bylaws or regulations that may apply to the proposal;
- c) Annual accounts and cash flow statements for the previous 3 years prepared by suitably qualified persons; and
- d) A projected cash flow prepared by a suitably qualified person, covering the period of remission the application seeks (to a maximum of 5 years).

## 10. POLICY PROCEDURE

Council staff will support Māori freehold land owners in preparing applications for remission.

Applications for remission that contain all relevant information as set out in this policy will be processed within 20 working days of receipt.

Unsuccessful applicants will be advised of the reason(s) why the application was declined, and will be given the opportunity to resubmit the application.

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

Any Māori freehold land that is granted a remission under Part One, due to containing indigenous forest of high ecological value, will be entered on to Council's Bush Lots Register.

The Bush Lots Register shall be checked every four years to verify the use of land on the register has remained the same. Where the land has been developed, Council will establish status of the land in question, and determine any rates that will apply as a result.

Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates postponement for financial hardship

### 1. OBJECTIVE

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

### 2. GENERAL APPROACH

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

### 3. ELIGIBILITY CRITERIA

When considering whether extreme financial circumstances exist, all of the ratepayer's personal circumstances will be relevant.

Application can only be made by the person entered on Council's rating information database as the "ratepayer" or their authorised agent.

The applicant must provide a complete application, including:

- Information on the ratepayers age, any physical or mental disability, injury, illness and family circumstances;
- Confirmation that the ratepayer is the current owner of the rating unit (which is the subject of the application), and that they have owned it for not less than two years;
- Confirmation that the ratepayer uses the rating unit as their residence;
- Confirmation that the ratepayer does not own any other rating units or investment properties (whether in the Western Bay of Plenty District or in another district); and
- Verification from the ratepayer's bank as to the level of equity the ratepayer holds in the property.

Council may consider further information to support the ratepayer's case for postponement, including:

- The likely period before the ratepayer's position could be expected to improve;
- The potential for the ratepayer's situation to deteriorate further;
- The views of any other party with a registered interest in the rating unit;
- Whether there are previous arrears owing on the property;
- Whether the applicant has sought and/or obtained financial assistance through any other means;
- Whether the ratepayer is unable to meet minimum living expenses;

- Whether the ratepayer is unable to meet mortgage repayments on the property, resulting in their mortgage provider enforcing the mortgage on their property;
- Whether the ratepayer is paying for medical treatment if the applicant or dependent family member:
  - Has an injury;
  - Requires palliative care; or
  - Is suffering from a serious illness.

At its discretion, Council may request a report from a budget advisor, in order to gain independent assessment about the ratepayer's financial situation.

#### Conditions of postponement

The applicant must have sufficient equity in the property to protect Council's projected rating interest in that property. The postponement of rates (when combined with any other money owing on the property) must not exceed 80 percent of the rateable value of the property.

Any postponed rates will be postponed until:

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

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

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

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

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

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

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



## 4 POLICY PROCEDURES

- Applications must be on the required form.
- Council will consider, on a case by case basis, all applications received that meet the eligibility criteria of this policy.
- Before approving an application Council must be satisfied that the ratepayer is unlikely to have sufficient funds left over, after the payment of rates, for normal health care, proper provision for maintenance of his/her home and chattels at an adequate standard as well as making provision for normal day-to-day living expenses.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates postponement for homeowners aged over 65 years

### 1. OBJECTIVE

To give ratepayers over the age of 65 years a choice between paying rates now or later.

### 2. GENERAL APPROACH

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

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

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

Council will add to the postponed rates all financial and administrative costs to ensure neutrality. Therefore, the ratepayer meets the full cost of postponement.

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

### 3. ELIGIBILITY CRITERIA

- Any ratepayer is eligible for postponement provided that the rating unit is used by the ratepayer for personal residential purposes (which includes, in the case of a family trust owned property, use by a named individual or couple).
- Council must be satisfied, on reasonable assumptions, that the risk of any shortfall when postponed rates and accrued charges are ultimately paid is negligible. To determine this, an actuary has been engaged to develop a model that will forecast expected equity when repayment falls due.
- The property must be insured for its full value and evidence of this produced annually.

#### 4. CONDITIONS OF POSTPONEMENT

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

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

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

To protect Council against any suggestion of undue influence, applicants will be required to obtain advice from an appropriately qualified and trained counsellor. A counsellor's certificate will be required before postponement is granted, confirming that the applicant understands how the rates postponement scheme works. Applicants may also wish to obtain independent financial advice as to whether postponement is the right option for their individual circumstances.

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

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

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

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

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

#### 5. REVIEW OR SUSPENSION OF POLICY

The policy is in place indefinitely and can be reviewed subject to the requirements of the Local Government Act 2002 at any time. The policy consciously acknowledges that future changes in policy could include withdrawal of the postponement option.

Any resulting modifications will not change the entitlement of people already in the scheme, or rates already postponed under this policy, until the agreed repayment date set under this policy.

However, there may be a requirement to pay future rates in the event that the policy is revoked in future.

#### 6. POLICY PROCEDURES

- Applications must be on the required form which will be available from any Council office.
- Council notes that recipients may also benefit from other schemes.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission on re-zoned land

### 1. OBJECTIVE

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

### 2. ELIGIBILITY CRITERIA

To qualify for remission under this part of the policy the rating unit must be situated within an area of land that has been rezoned at the instance of Council for a use that would require the owner of the property to pay more rates.

The applicant must:

- Have been the property owner prior to the zone change being initiated;
- Not have actively sought rezoning; and
- Use the property for the same purpose as prior to the zone change being initiated.

Note: For the purpose of this policy, a zone change is considered to be initiated on the date that the plan change is formally notified.

### 3. POLICY PROCEDURES

- The remission will take the form of a special rateable value, based on the actual usage of the property, as opposed to its zoned usage.
- Applications to Council must be made on the required form and prior to the commencement of the rating year. Applications received during a rating year will be applicable for the commencement of the following rating year, and will not be backdated.
- If an application is approved the Council will direct its valuation service provider to inspect the rating unit and prepare a special rating valuation that will treat the rating unit as if it were a comparable rating unit elsewhere in the District. The ratepayer may be asked to contribute to the cost of this valuation. Ratepayers should note that the valuation service provider's decision is final as there are no statutory rights of objection or appeal for valuations done in this way.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission for contiguous land

### 1. OBJECTIVE

To provide remissions for contiguous land in common ownership.

### 2. GENERAL APPROACH

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

### 3. ELIGIBILITY CRITERIA

To qualify for remission under this policy:

- Units must be on land which is contiguous as defined in the Local Government (Rating) Act 2002:
  - Owned by the same person or persons; and
  - Used jointly as a single unit; and
  - Contiguous or separated only by a road, railway, drain, water race, river or stream.
- The rating units must be owned, or leased (a registered lease for a term of not less than 10 years) by the same ratepayer.
- No remission will be granted on targeted rates for water supply, sewage disposal or refuse collection.
- Both lessee and owner of contiguous properties need to confirm that the lessee will be paying the rates for the term of the lease.
- Developers owning subdivided property are specifically excluded from receiving remissions under this policy. At its sole discretion, Council may reject an application on this basis.

### 4. CONDITIONS OF REMISSION

- The ratepayer will remain liable for at least one set of each type of uniform charge.
- The rates database will be amended to reflect the lease situation in the rating year following the application for contiguity.
- Remission may cease (at Council's sole discretion) where it has grounds to suspect that contiguous rating units have been created for development purposes.

### 5. POLICY PROCEDURES

- Applications must be made in writing.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission for land used for sport and games

### 1. OBJECTIVE

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

### 2. GENERAL APPROACH

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

### 3. ELIGIBILITY CRITERIA

The applicant must provide information so that Council is satisfied that:

- The land is owned and used by a society or association of persons (whether incorporated or not):
  - For games or sport; or
  - For the purpose of any branch of the arts;
- The land is not used for galloping races, harness races or greyhound races; and
- The land does not provide any private pecuniary benefit for any members of the society or association of persons that own and use the land.

The applicant will also need to provide information about any club licenses held under the Sale and Supply of Alcohol Act 2012. Where a club license is in force, Council will be entitled to separately value that portion of the property and charge full rates on it.

### 4. POLICY PROCEDURES

The above requested information will be required to be provided on first application.

- Council will confirm in writing whether the applicant qualifies for the remission.
- The ratepayer must notify Council in writing of any changes to its status prior to the commencement of the rating year.
- Council reserves the right to cease the remission in the event that the land no longer meets the eligibility criteria of this policy.
- Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

## Rates remission of wastewater charges (summary)

### 1. POLICY OBJECTIVE

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

### 2. GENERAL APPROACH

- 2.1** Council has resolved to assist customers with a wastewater remission if they believe that their wastewater charges, based on multiple pans, are not a true reflection of their actual use of the Council wastewater treatment capacity.
- 2.2** Council recognises that certain types of activities on properties with multiple pans offer social, community, recreational, economic and health benefits to the community and is therefore prepared to assess their wastewater charges based on the assumption that 85% of their water supply consumption equates to their wastewater discharge. This is to determine if these customers would pay less under this charging regime rather than being assessed on a multiple pan charge basis.
- 2.3** The wastewater discharge from commercial and industrial activities will be assessed against both the new formula and the Trade Waste Bylaw. This is in order to assess which is the most justifiable method of charging based on;
  - a) the composition and / or volume of their wastewater discharge, and
  - b) any additional treatment demands the discharge requires
- 2.4** Council will annually, prior to the initial rates demand being sent, write to all property owners eligible for a multiple pan wastewater remission advising them of the policy and requesting that they advise Council of whether they wish to apply for a remission.

### 3. POLICY CRITERIA AND CONDITIONS

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

**4. POLICY PROCEDURES**

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

**Worked Example**

**District-wide**

Average daily water use per household	= 0.6m <sup>3</sup>
Average daily wastewater discharge (85% or 0.85 of water use)	= 0.5m <sup>3</sup>

**Te Puke**

Wastewater Uniform Targeted Rates	= \$666.00
Multiple pan charge	= \$440.00

**Te Puke property with 30 pans is currently charged on the following basis**

Current wastewater charge	One UTR + 29 multiple pan charges
	(1 x \$666) + (29 x \$440) = (\$666) + (\$12,760)
<b>Total wastewater charge</b>	<b>\$13,426</b>

**Wastewater assessment of the property using wastewater remissions policy**

Actual metered average daily water consumption	= 5.81 m <sup>3</sup> /day
Estimated average daily wastewater discharge	= 5.81 x 0.85
	= 4.94 m <sup>3</sup> /day

**Wastewater assessment of the property using wastewater remissions policy**

Actual metered average daily water consumption	= 5.81 m <sup>3</sup> /day
Estimated average daily wastewater discharge	= 5.81 x 0.85
	= 4.94 m <sup>3</sup> /day

**Wastewater charge under the new policy**

**Proposed charge**

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

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

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

**=\$6,580.08**

**Wastewater rebate available** = \$13,426 - \$6,580.08 = \$6,845.92

**5. ASSOCIATED POLICIES**

- 5.1** Various rates remissions policies.

## Rates remission for natural disasters and emergencies

### 1. POLICY OBJECTIVE

To provide remissions on land that has been subject to a natural disaster or emergency that renders the dwelling uninhabitable for an extended period of time, or has significant long term effect on the productive use of land.

### 2. GENERAL APPROACH

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

### 3. POLICY CRITERIA AND CONDITIONS

The Council may, on written application from the ratepayer of rating units affected by a natural disaster or emergency, remit up to 100% of annual rates levied where:

- A dwelling is rendered uninhabitable by a natural disaster or event; and/or
- There is a significant long term effect on the productive use of Rural, Commercial or Industrial zoned land.

At its sole discretion, Council will determine on a case by case basis whether a specific event constitutes a 'natural disaster or emergency' for the purposes of applying this policy.

Each application will be considered on its merits and remission up to 100% may be granted where it is considered just and equitable to do so.

Applications may be declined if there is evidence to suggest the applicant's actions or inactions contributed to the circumstances under which the application is being made.

At Council's sole discretion, it may consider voiding the need for an application and grant remission for any rating unit or group of rating units collectively affected by a natural disaster or emergency.

#### **Dwellings**

Remissions will generally be granted for a period of 90 days in relation to uninhabitable dwellings. Council may extend the period of remission if the applicant can demonstrate that the dwelling remains uninhabitable, such as classification under section 124 of the Building Act 2004.

#### **Productive land**

Where the applicant perceives that there has been a significant long term effect on the productive use of Rural, Commercial or Industrial zoned land as a direct consequence of a natural disaster or emergency, they may apply to Council for remission. The application will need to include sufficient information to quantify the grounds for remission.

If Council is satisfied that there has been a significant long term effect as a result of a natural disaster or emergency, then a special valuation will be obtained and the property rated on that basis going forward, for time period determined at Council's sole discretion.

### 4. POLICY PROCEDURES

•Applications must be made in writing by 30 June each year to be considered for remission for the following year's rates.

•Where an application for a dwelling is approved by Council, the rating unit concerned will become non-rateable for the specific rating year, or a time period determined at Council's sole discretion.

•Decisions under this policy will be delegated to officers in accordance with Council's delegations register.

# SIGNIFICANT ACCOUNTING POLICIES

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

## **PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE**

The Prospective Statement of Comprehensive Revenue and Expense shows all of Council's prospective revenue earned and expenses incurred for the years ended 30 June 2019 to 30 June 2028. Revenue includes revenue received from rates and other revenue such as investment revenue, rent and fees while expenses paid includes costs such as operating costs, interest payments and depreciation.

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

## **PROSPECTIVE STATEMENT OF CHANGES IN EQUITY**

This Prospective Statement provides information about the nature of changes in Council's equity for the years ended 30 June 2018 to 30 June 2028.

## **PROSPECTIVE STATEMENT OF FINANCIAL POSITION**

The Prospective Statement of Financial Position shows the assets and liabilities of the Council as at 30 June each year from 2019 to 2028.

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

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

## **PROSPECTIVE STATEMENT OF CASH FLOWS**

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

## **PROSPECTIVE STATEMENT OF ACCOUNTING POLICIES**

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

## **PROSPECTIVE FUNDING IMPACT STATEMENTS**

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

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

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

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



# STATEMENT OF ACCOUNTING POLICIES FOR PROSPECTIVE FINANCIAL STATEMENTS

## REPORTING ENTITY

Western Bay of Plenty District Council (Western Bay 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 Western Bay Council's operations includes the LGA and the Local Government (Rating) Act 2002.

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

Western Bay Council has designated itself as public benefit entities (PBEs) for the purposes of complying with generally accepted accounting practice.

The prospective financial statements of Western Bay Council are for the 10 year period ending 30 June 2028. The financial statements of Western Bay Council for each year within the Long Term Plan are to be authorised for issue by Council.

## BASIS OF PREPARATION

These set of prospective financial statements have been prepared in accordance with NZ generally accepted accounting practice (GAAP) and opening balances for the year ended 30 June 2018. Estimates have been restated accordingly if required. No actual financial results have been incorporated within the prospective financial statements.

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

The final prospective financial statements were updated and presented to the Council for adoption on 28 June 2018. The financial information contained within this Long Term Plan may not be appropriated for purposes other than those described.

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout.

## STATEMENT OF COMPLIANCE

The prospective financial statements of Western Bay Council have been prepared in accordance with the requirements of the Local Government Act 2002 (LGA), which include the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). The prospective financial statements of the Council have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP) R), which include 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 accounting standards.

These prospective financial statements comply with PBE Standards.

## MEASUREMENT BASE

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

## PRESENTATION CURRENCY AND ROUNDING

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

## CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements, Council has made estimates and assumptions concerning the future, these are outlined in Chapter Two from [page 28](#). These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

## CAUTIONARY NOTE

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

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

## STANDARDS ISSUED AND NOT YET EFFECTIVE AND NOT YET ADOPTED

Standards, and amendments, issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

### Interests in other entities

In January 2017, the XRB issued new standards for interests in other entities (PBE IPSAS 34-38). These new standards replace the existing standards for interests in other entities (PBE IPSAS 6-8). The new standards are effective for annual periods beginning on or after 1 January 2019, with early application permitted

The Council plans to apply the new standards in preparing the 30 June 2020 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

## Financial instruments

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses
- Revised hedge accounting requirements to better reflect the management of risks.

The Council plans to apply this standard in preparing its 30 June 2022 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

## Employee benefits

In May 2017, the XRB issued PBE IPSAS 39 Employee Benefits. PBE IPSAS 39 replaces PBE IPSAS 25 Employee benefits. PBE IPSAS 39 is effective for annual periods beginning on or after 1 January 2019, with early adoption permitted. The Council plans to apply the new standard in preparing the 30 June 2020 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

## Service Performance Reporting

In November 2017, the XRB issued PBE FRS 48 Service Performance Reporting. PBE IPSAS 48 is effective for annual periods beginning on or after 1 January 2021, with early adoption permitted. The Council plans to apply the new standard in preparing the 30 June 2022 financial statements. The Council do not expect the impact of this standard to have a material effect on the financial forecasts.

## CHANGES IN ACCOUNTING POLICIES

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

There have been no other changes in accounting policy.

## ASSUMPTIONS UNDERLYING PROSPECTIVE FINANCIAL INFORMATION

The financial information contained within these policies and statements is prospective information and has been prepared in compliance with PBE FRS 42: Prospective Financial Information. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by Western Bay of Plenty District Council over the financial years from 2018/19 to 2027/28 and to provide a broad accountability mechanism of the Council to the community.

## SIGNIFICANT ACCOUNTING POLICIES

### ASSOCIATE ENTITIES

Western Bay Council's entities associate investment is accounted for in the financial statements using the equity method. An associate is an entity over which Western Bay Council has significant influence and that is neither a subsidiary nor an interest in a joint venture. Western Bay Council has a 9.7% share in Bay of Plenty Local Authority Shared Services Limited (BOPLASS). The Council also has a 50% ownership in Western Bay of Plenty Tourism and Visitors' Trust.

The investment in an associate is initially recognised at cost and the carrying amount in the group financial statements is increased or decreased to recognise the group's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment in the group financial statements.

If the share of deficits of an associate equals or exceeds its interest in the associate, the group discontinues recognising its share of further deficits. After the group's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that Western Bay Council has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, the group will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

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

### REVENUE

Revenue is measured at fair value.

#### Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Western Bay Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue
- Rates arising from late payment penalties are recognised as revenue when rates become overdue
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis
- Rates remissions are recognised as a reduction of rates revenue when Western Bay Council has received an application that satisfies its rates remission policy
- Rates collected on behalf of the Bay of Plenty Regional Council (BOPRC) are not recognised as revenue in the financial statements, as Western Bay Council is acting as an agent for the BOPRC.

### Financial contributions

The Resource Management Act 1991 is the governing legislation regarding the charging of financial contributions.

Financial contributions are recognised as revenue when Western Bay Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Western Bay Council provides, or is able to provide, the service.

#### **New Zealand Transport Agency roading subsidies**

Western Bay Council receives funding assistance from the New Zealand Transport Agency, 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.

#### **Other grants received**

Other 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 grant are satisfied.

#### **Building and resource consent revenue**

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

#### **Entrance fees**

Entrance fees are fees charged to users of Western Bay Council's local pools. Revenue from entrance fees is recognised upon entry to such facilities.

#### **Sales of goods**

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

#### **Infringement fees and fines**

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

#### **Vested or donated physical assets**

For assets received for no or nominal consideration, the asset is recognised at its fair value when Western Bay Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), Western Bay Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Western Bay Council expects that it will need to return or pass the asset to another party.

#### **Donated and bequeathed financial assets**

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g. as the funds are spent for the nominated purpose).

#### **Interest and dividends**

Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

#### **Construction contracts**

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

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

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

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

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

#### **BORROWING COSTS**

Borrowing costs are recognised as an expense in the period in which they are incurred.

## GRANT EXPENDITURE

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

Discretionary grants are those grants where Western Bay Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Western Bay Council and the approval has been communicated to the applicant. Western Bay Council's grants awarded have no substantive conditions attached.

## FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions (including those for which forward foreign exchange contracts are held) are translated into NZ\$ (the functional currency) using the spot exchange rate at the date of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

## INCOME TAX

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

## LEASES

### Finance leases

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 are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The 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 Western Bay 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.

Western Bay Council does not currently have any finance leases.

### Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

## ASSETS

### Cash and cash equivalents

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

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

### Receivables

Receivables are recorded at their face value, less any provision for impairment.

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

### Derivative financial instruments and hedge accounting

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

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

The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and, if so, the nature of the item being hedged.

Western Bay Council has elected not to hedge account.

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

## OTHER FINANCIAL ASSETS

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

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

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

- fair value through surplus or deficit
- loans and receivables
- held-to-maturity investments; and
- fair value through other comprehensive revenue and expense.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

#### **Financial assets at fair value through surplus or deficit**

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

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the surplus or deficit.

#### **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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

#### **Held-to-maturity investments**

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

## **FAIR VALUE**

### **Fair value through other comprehensive revenue and expense**

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

- investments that Western Bay Council intends to hold long-term but which may be realised before maturity; and
- shareholdings that Western Bay Council holds for strategic purposes.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

### **IMPAIRMENT OF FINANCIAL ASSETS**

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

#### **Loans and receivables, and held-to-maturity investments**

Impairment is established when there is evidence that the Council and group 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 asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government bonds, and community loans, are recognised directly against the instrument's carrying amount.

#### **Financial assets at fair value through other comprehensive revenue and expense**

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

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

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

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

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

#### **Non-current assets held for sale**

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

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

#### **PROPERTY, PLANT, AND EQUIPMENT**

Property, plant, and equipment consist of:

- (a) Operational assets**  
These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.
- (b) Restricted assets**  
Restricted assets are mainly parks and reserves owned by Western Bay Council and group that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- (c) Infrastructure assets**  
Infrastructure assets are the fixed utility systems owned by Western Bay Council and group. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations. Land (operational and restricted) is measured at fair value, and buildings (operational and restricted), library books, and infrastructural assets are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

#### **Revaluation**

Land and buildings (operational and restricted) library books, and infrastructural assets (with the exception of land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

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

Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis. The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset.

Where this would result in a debit balance in the asset 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 recognised in other comprehensive revenue and expense.

Transportation assets including roads, bridges and footpaths were revalued at depreciated replacement cost at 1 July 2014 and certified by Opus International Consultants Limited.

Water, wastewater and stormwater assets including reticulation, treatment plants, reservoirs and bores were revalued at depreciated replacement cost at 1 July 2014 and certified by Aecom New Zealand Limited.

Land and buildings, including land under roads, were revalued at fair value at 1 July 2014 by Opteon. Library books were revalued at fair value by Aecom at 1 July 2014 and Marine assets were revalued at fair value by Tonkin and Taylor at 1 July 2014.

All other asset classes are carried at depreciated historical cost.

#### **Additions**

The cost of an item of property, plant, and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Western Bay 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 its fair value as at the date of acquisition.

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 group and the cost of the item can be measured reliably.

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

#### **Disposals**

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

#### **Depreciation**

Depreciation is provided on a straight-line basis on all buildings, bridges, reticulation assets and other structures, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Diminishing value is used for motor vehicles, office equipment and furnishings, library books and computer systems. Land and drains are non-depreciable. The useful lives and associated depreciation rates of major classes of assets have been estimated as following.

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

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

### Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and 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 its value in use.

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. The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit. For assets not carried at a revalued amount, the reversal of an 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, a 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 for 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.

### Intangible assets

#### Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

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

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

### Easements

Easements are recognised at cost, being the costs directly attributable to bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

### Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually.

They are derecognised when they are used to satisfy carbon emission obligations.

### Amortisation

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

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	3 to 5 years	20% to 33.3%
Resource consents	life of the asset	5%
Property subdivision rights	19 years	5.3%

### Impairment of intangible assets

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

### Forestry assets

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

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

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

### Investment property

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

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

After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

### Payables

Short-term creditors and other payables are recorded at their face value.

### Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

## EMPLOYEE ENTITLEMENTS

### Short-term employee entitlements

Employee benefits expected to be settled within 12 months after the end of the period in 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, retirement gratuity and long-service leave expected to be settled within 12 months and sick leave. A liability for sick leave is recognised 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 it will be used by staff to cover those future absences.

A liability and an expense are recognised for bonuses where the Western Bay Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

### Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

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

### Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

## PROVISIONS

A provision is recognised 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 provision**

Western Bay Council as operator of the Te Puke and Athenree landfills, has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including legal requirements and known improvements in technology. The provision includes all costs associated with landfills post-closure.

#### **FINANCIAL GUARANTEE CONTRACTS**

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm’s length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, the fair value of the liability is initially measured using a valuation technique, such as considering the credit enhancement arising from the guarantee or the probability that Western Bay Council will be required to reimburse a holder for a loss incurred discounted to present value. If the fair value of a guarantee cannot be reliably determined, a liability is only recognised when it is probable there will be an outflow under the guarantee.

Financial guarantees are subsequently measured at the higher of:

- the present value of the estimated amount to settle the guarantee obligation if it is probable there will be an outflow to settle the guarantee, and
- the amount initially recognised less, when appropriate, cumulative amortisation as revenue.

#### **EQUITY**

Equity is the community’s interest in the Western Bay Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components.

- Accumulated funds
- Restricted reserves
- Property revaluation reserve
- Fair value through other comprehensive revenue and expense reserve, and
- Council created reserves.

#### **Restricted reserves**

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

Restricted reserves include those subject to specific conditions accepted as binding by the Western Bay 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. The Western Bay Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Western Bay Council.

#### **Property revaluation reserve**

This reserve relates to the revaluation of property, plant, and equipment to fair value.

#### **Fair value through other comprehensive revenue and expense reserve**

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

#### **Council created reserves**

These reserves are made up general reserves and form a component of equity. They include Asset replacement reserves, disaster contingency reserves and general reserves.

#### **GOODS AND SERVICES TAX (GST)**

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

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

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

Commitments and contingencies are disclosed exclusive of GST.

#### **Budget figures**

The 2018 budget figures are those approved by the Council in its 2017-18 annual plan which have subsequently been revised due to the shift in opening balances arising from the 2016-17 Annual Report. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

#### **COST ALLOCATION**

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

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

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

# SUMMARY OF FINANCIAL CONTRIBUTIONS POLICY

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

## 1. GENERAL POSITION STATEMENT

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

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

### 1.1 Criteria

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

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

## 2. SUMMARY OF FINANCIAL CONTRIBUTIONS POLICY

### 2.1 Introduction

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

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

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

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

#### Wastewater

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

#### Stormwater

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

#### Water supply

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

#### Transportation and Roading

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

#### Recreation and Leisure

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

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

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

## **2.2 Integrated growth management (statutory context)**

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

## **2.3 General approach to calculating financial contributions**

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

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

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

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

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

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

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

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

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

The following tables summarise the projected capital expenditure requirements over the 10 years of the Long Term Plan (2018-2028) which are attributable to growth and the funding provided by way of financial contributions for this capital expenditure.

The balance of the capital expenditure costs, apart from a small component for strategic roading capital expenditure, is recovered from financial contributions received in subsequent years to the Long Term Plan 2018-2028. Strategic roading comprises key roads that benefit the whole roading network and includes projects such as Omokoroa Road and Te Duke Highway. Strategic roading is funded by a mix of District-wide financial contributions, specific financial contributions, developers, subsidies from New Zealand Transport Agency and roading rates.

## PROJECTED CAPITAL EXPENDITURE FOR GROWTH

COUNCIL ACTIVITY	FORECAST \$'000								
	2019	2020	2021	2022	2023	2024	2025	2027	2028
Transportation	9,103	5,970	4,023	7,193				8,550	14,171
Water supply	1,562	3,971	2,787	1,502				1,483	1,319
Communities	169	79	916	916				415	6,298
Recreation and leisure	3,032	2,168	946				3,257	3,189	660
Wastewater	280	4,584	-				3,130	474	2,005
Solid waste	-	-					-	-	-
Stormwater	2,000	3,008				2,096	116	2,052	-
Economic	460	929				353	363	373	396

## FINANCIAL CONTRIBUTIONS SOUGHT

COUNCIL ACTIVITY	FORECAST \$'000									
	2022	2023	2024	2025	2026	2027	2028	2029	2030	2031
Transportation	2,942	3,011	3,141	3,220	3,304	3,394	3,486			
Water supply	1,641	1,680	1,721	1,525	1,563	1,605	1,650	1,696		
Recreation and leisure	2,297	2,346	2,396	2,260	2,312	2,367	2,424	2,487		
Wastewater	1,952	1,998	2,047	2,179	2,233	2,293	2,357	2,423		
Stormwater	1,351	1,476	1,511	1,547	1,604	1,647	1,693	1,741		
Natural environment	221	229	-	-	-	-	-	-		
<b>Total</b>	<b>10,471</b>	<b>10,477</b>	<b>10,722</b>	<b>10,671</b>	<b>10,933</b>	<b>11,217</b>	<b>11,518</b>	<b>11,833</b>		

Please see page xxviii from the Long Term Plan Amendment 2018-2028 for the updated information.

# TREASURY POLICY

## Treasury Policy

### 1. POLICY OBJECTIVE

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

#### Treasury activities are:

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

### 2. GENERAL APPROACH

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

### 3. LIABILITY MANAGEMENT POLICY

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

### 3.3 Specific borrowing limits

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

- The net interest expense of all external borrowings will not exceed 20% of total revenues
- The net interest expense of all external borrowings will not exceed 25% of annual rates revenue
- Liquid ratio of  $\geq 1:1.10$
- Current ratio  $\geq 1.25$
- Liquidity ratio (external term debt plus committed loan facilities plus available liquid short term financial investments divided by existing external debt) to be greater than 110%
- The percentage of net external debt to total revenue to be less than 180% in 2018 to 2028.

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

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

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

### 3.4 Liquidity and credit risk management

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

### 3.4.3 New Zealand Local Government Funding Agency Limited investment

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

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

### 3.5 Risk recognition

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

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

### 3.6 Liquidity/funding risk control limits (borrowings)

**3.6.1** Term debt and committed debt facilities must be maintained at an amount that exceeds 110% of projected peak net debt levels over the next year (per long term cash and debt forecasts).

**3.6.2** Disaster recovery requirements are met through the liquidity ratio.

**3.6.3** The maturity profile of the total committed funding in respect to all loans and committed facilities is to be controlled by the following system and apply when external debt exceeds \$25 million:

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

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

### 3.7 Interest rate risk management

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

### 3.8 Approved financial instruments

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

CATEGORY	INSTRUMENT
Cash management and borrowing	<ul style="list-style-type: none"> <li>• Bank overdraft</li> <li>• Committed cash advance and bank accepted bill facilities (term facilities)</li> <li>• Uncommitted money market facilities</li> <li>• Loan stock / bond issuance</li> <li>• Commercial paper (CP) / bills / promissory notes</li> <li>• Finance leases</li> </ul>
Interest rate risk Management	<p>Forward rate agreements ('FRAs') on:</p> <ul style="list-style-type: none"> <li>• Bank bills</li> <li>• Government bonds.</li> </ul> <p>Interest rate swaps including:</p> <ul style="list-style-type: none"> <li>• Forward start swaps (start date &lt;24 months)</li> <li>• Amortising swaps (whereby notional principal amount reduces)</li> <li>• Swap extensions and shortenings</li> </ul> <p>Interest rate options on:</p> <ul style="list-style-type: none"> <li>• Bank bills (purchased caps and one for one collars)</li> <li>• Government bonds</li> <li>• Interest rate swaps (purchased only).</li> </ul>

### 3.9 Interest rate risk control limits

Exposure to interest rate risk is managed and mitigated through the risk control limits below. Council's forecast core external debt should be within the following fixed/floating interest rate risk control limit, and will apply when forecast core debt exceeds \$25 million.

Core external debt is defined as gross external debt. When approved forecasts are changed, the amount of fixed rate cover in place may have to be adjusted to ensure compliance with the Policy minimums and maximums.

DEBT INTEREST RATE POLICY PARAMETERS (CALCULATED ON A ROLLING MONTHLY BASIS)		
Debt Period Ending	Minimum Fixed	Maximum Fixed
Current	50%	95%
Year 1	45%	95%
Year 2	40%	90%
Year 3	35%	85%
Year 4	30%	80%
Year 5	25%	75%
Year 6	15%	70%
Year 7	0%	65%
Year 8	0%	60%
Year 9	0%	55%
Year 10	0%	50%
Year 11	0%	45%
Year 12	0%	40%
Year 13	0%	35%
Year 14	0%	30%
Year 15	0%	25%
Year 16	0%	20%

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

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

The percentages are calculated on the rolling projected core debt level calculated by management (signed off by the CFO).

- A fixed rate maturity profile that is outside the above limits, however self corrects within 90-days is not in breach of this Policy. Maintaining a maturity profile beyond 90-days requires specific approval by Council.
- Floating rate debt may be spread over any maturity out to 12 months. Bank advances may be for a maximum term of 12 months.
- Any interest rate derivatives with a maturity beyond 16 years must be approved by Council. The exception to this will be if council raises LGFA funding as fixed rate and this maturity is beyond 16 years.
- Hedging outside the above risk parameters must be approved by Council.
- Interest rate options must not be sold outright. However, one for one collar option structures are allowable, whereby the sold option is matched precisely by amount and maturity to the simultaneously purchased option. During the term of the option, only the sold side of the collar can be closed out (i.e. repurchased) otherwise, both sides must be closed simultaneously. The sold option leg of the collar structure must not have a strike rate “in-the-money”.
- Purchased borrower swaptions mature within 12 months.
- Interest rate options with a maturity date beyond 12 months that have a strike rate (exercise rate) higher than 2.00% above the appropriate swap rate, cannot be counted as part of the fixed rate hedge percentage calculation.
- The forward start period on swap/collar strategies is to be no more than 24 months, unless the forward start swap/collar starts on the expiry date of an existing fixed interest rate instrument (i.e. either derivative or fixed rate borrowings) and has a notional amount which is no more than that of the existing fixed interest rate instrument

### 3.10 Loan payments

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

## 4. INVESTMENT POLICY

### 4.1 Council maintains investments in the following financial assets:

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

### 4.2 Equity investments and loan advances

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

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

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

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

### 4.3 Property investments

Council’s overall objective is to only own property that is necessary to achieve its strategic objectives.

Council reviews property ownership through assessing the benefits of continued ownership in comparison to other arrangements which could deliver the same results.



#### 4.4 Treasury investments

Council maintains treasury investments for the following primary reasons:

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

#### 4.5 Counterparty credit risk

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

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

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

Counterparties and limits can only be approved on the basis of long term credit ratings (Standard and Poor's or Moody's) being A- and above or short term rating of A-1 or above..

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

Limits should be spread amongst a number of counterparties to avoid concentrations of credit exposure.

The following matrix guide below will determine limits:

Counterparty	Minimum long term credit rating - stated and possible	Investments maximum per counterparty (\$1m)	Interest rate risk management instrument maximum per counterparty (\$1m)	Total maximum per counterparty (\$1m)
New Zealand Government	Not applicable	Unlimited	None	Unlimited
Local Government Funding Agency Limited	A-	30.0	None	30.0
State-owned enterprises (SOE)	A-	5.0	None	5.0
New Zealand registered banks	AA-	30.0	35.0	40.0
	A-	15.0	20.0	25.0
Corporate bonds	A-	2.0	None	2.0
Local Government Stock	A- (if rated)	2.0	None	2.0
	Unrated	0.5	None	0.5
NZD Registered Supra-nationals	AAA	10.0	None	10.0

#### 4.5.1 Treasury investment objectives

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

Council also seeks to:

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

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

#### 4.6 Interest rate risk management

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

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

#### 4.7 Special funds, sinking funds, reserve and endowment funds

Liquid assets are not required to be held against special funds and reserve funds. Instead Council will internally borrow or utilise these funds where ever possible.

#### 4.7 Acquisition and disposal of assets

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

#### 4.8 Security

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

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

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

#### 4.9 Repayment

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

#### 4.10 Contingent liabilities

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

## 5. FOREIGN EXCHANGE POLICY

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

Generally, all commitments for foreign exchange greater than \$100,000 are hedged using foreign exchange contracts, once expenditure is approved. Council uses both spot and forward foreign exchange contracts.

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

# SIGNIFICANCE AND ENGAGEMENT POLICY

## 1. RELEVANT LEGISLATION

Local Government Act (LGA) 2002.

## 2. PURPOSE OF POLICY

The purpose of this Policy is to let both Council and the community identify the level of significance of particular proposals or decisions, and to understand when and how the community will be engaged in making decisions.

This Policy is one of the inputs into Council's approach to sustainable decision making. The approach to sustainable decision making is set out in Schedule 1 to this Policy.

## 3. POLICY OBJECTIVE

**3.1** To set out how the level of significance of a proposal or decision is determined.

**3.2** To set out how Council will engage with the public about particular proposals or decisions, depending on its level of significance

## 4. POLICY

**4.1** Council will take into account the following matters when determining the level of significance of a proposal or decision:

- Whether there is a legal requirement to engage with the community and what that requirement is (see policy 4.4 and 4.5)
- Whether the proposal or decision affects the level of service of a significant activity
- The level of financial consequence of the proposal or decision
- Whether the proposal or decision affects a large part of the community, and the extent to which they are affected
- The likely impact on future and present interests of the community, recognising Maori cultural values and their relationship to land and water
- Whether community interest in the proposal or decision is high, and /or there are divided community views
- Whether community views are already known from previous engagement processes
- Whether the decision is reversible.

**4.2** In general, if a proposal or decision is affected by a number of the above matters, the higher its level of significance, and greater the need for community engagement.

**4.3** Council will decide early in each process the appropriate level of engagement to support decision making, and will apply the principles of engagement set out in Part 5.

**4.4** In some instances legislation requires Council to follow either the Special Consultative Procedure (SCP) set out in Section 83 of the LGA 2002, or the principles of consultation set out in Section 82 of the LGA 2002, regardless of the level of significance of a proposal or decision.

**4.5** In accordance with Section 97 of the LGA 2002, some decisions will only be taken if they have been consulted on and provided for in a Long Term Plan. This includes a decision to alter significantly the intended level of service of a significant activity, and a decision to transfer the ownership or control of a strategic asset to or from a local authority. Council's strategic assets are listed in Schedule 2 to this policy.

**4.6** For all other proposals or decisions Council will determine the appropriate level of engagement on a case by case basis, applying the engagement principles set out in Part 5 of this policy.

**4.7** Engagement will be informed by Council's Community Engagement Guidelines and Tangata Whenua Engagement Guidelines and Protocols. A summary of the engagement spectrum and tools is provided in Schedule 3 to this policy.

**4.8** Council, through its Tangata Whenua Engagement Guidelines and Protocols, recognises the specific obligations set out in Section 81 of the LGA 2002 to establish and maintain processes to provide opportunities for Maori to contribute to Council decision-making processes.

**4.9** If Council makes a decision that is inconsistent with this policy, the steps identified in Section 80 of the LGA 2002 will be followed.

## 5. PRINCIPLES OF ENGAGEMENT

Engagement will be:

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

## 6. POLICY PROCEDURES

- 6.1** In some instances legislation requires Council to follow either the Special Consultative Procedure (SCP) set out in Section 83 of the LGA 2002, or the principles of consultation set out in Section 82 of the LGA 2002, regardless of the level of significance of a proposal or decision.
- 6.2** Each Council report will include a section on Significance, detailing the level of significance of the particular proposal or decision and the rationale for why that level has been determined.
- 6.3** Each report seeking a decision will detail the level of engagement appropriate to the proposal or decision, and tools that will be used to engage. The Community Engagement Guidelines and Tangata Whenua Engagement Guidelines and Protocols will be used to inform engagement decisions.
- 6.4** The following financial thresholds will guide analysis of the level of financial consequence of a proposal or decision. Proposals or decisions above these thresholds will be considered to be of high significance:
- Decisions or proposals in excess of \$8 million or which would result in a 5% or more increase in the annual District rates
  - Decisions or proposals which would result in a new or increased targeted rate of more than 10% of existing rates per property
  - Decisions or proposals relating to capital expenditure in excess of \$6 million (total project cost) which has not been provided for in the 3-year term of the current long term plan.

## 7. DEFINITIONS

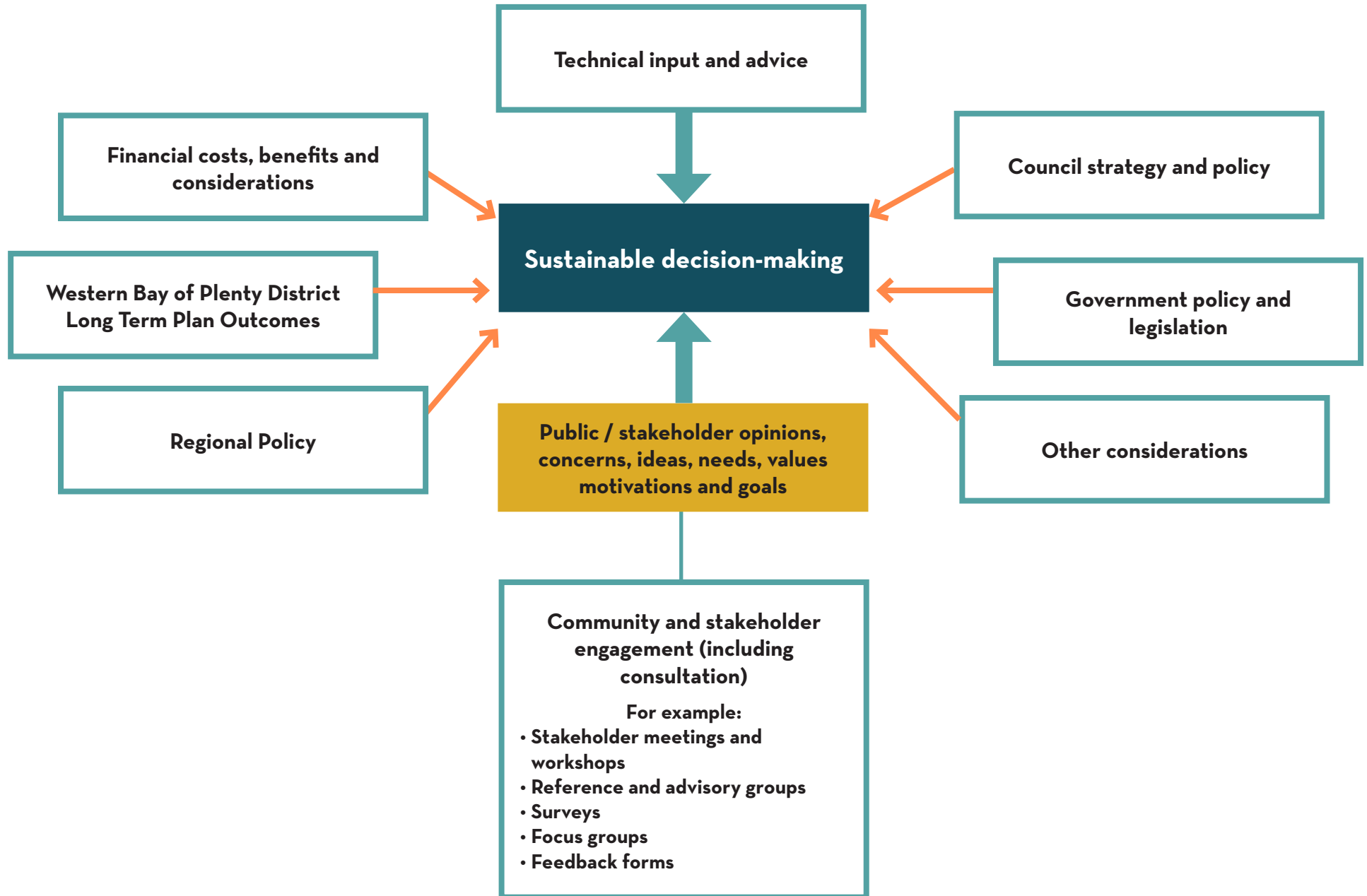
<b>Community</b>	A group of people living in the same place or having a particular characteristic in common. Includes interested parties, affected people and key stakeholders.
<b>Decisions</b>	Refers to all the decisions made by or on behalf of Council including those made by officers under delegation. (Management decisions made by officers under delegation during the implementation of Council decisions will not be deemed as significant).
<b>Engagement</b>	A term used to describe the process of seeking public input to inform decision making. There is a continuum of community engagement (see Section 3 in Schedule 2 of this policy).

<b>Significance</b>	As defined in Section 5 of the LGA 2002 this means the degree of importance of the issue, proposal, decision, or matter, as assessed by the local authority, in terms of its likely impact on, and likely consequences for,— <ol style="list-style-type: none"> <li>a. the district or region:</li> <li>b. any persons who are likely to be particularly affected by, or interested in, the issue, proposal, decision, or matter:</li> <li>c. the capacity of the local authority to perform its role, and the financial and other costs of doing so.</li> </ol>
<b>Significant</b>	Significant means that the issue, proposal, decision or other matter is assessed as having a high degree of significance against the criteria of this Policy.
<b>Strategic asset</b>	As defined in Section 5 of the LGA 2002 “in relation to the assets held by a local authority, means an asset or group of assets that the local authority needs to retain if the local authority is to maintain the local authority’s capacity to achieve or promote any outcome that the local authority determines to be important to the current or future well-being of the community; and includes— <ol style="list-style-type: none"> <li>(a) any asset or group of assets listed in accordance with section 76AA(3) by the local authority; and</li> <li>(b) any land or building owned by the local authority and required to maintain the local authority’s capacity to provide affordable housing as part of its social policy; and</li> <li>(c) any equity securities held by the local authority in—                 <ol style="list-style-type: none"> <li>(i) a port company within the meaning of the Port Companies Act 1988;</li> <li>(ii) an airport company within the meaning of the Airport Authorities Act 1966”.</li> </ol> </li> </ol> Council’s strategic assets are listed in Schedule 2.

## 8. POLICY REVIEW

- 8.1** This Policy will be reviewed every 3 years following the commencement of a new triennium.

## SCHEDULE 1 - COUNCIL'S APPROACH TO SUSTAINABLE DECISION MAKING



## SCHEDULE 2 - LIST OF STRATEGIC ASSETS

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

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

## SCHEDULE 3 - COMMUNITY ENGAGEMENT LEVELS AND METHODS OF ENGAGEMENT

Schedule 3 - Community engagement levels and methods of engagement

SPECTRUM LEVEL	COMMUNITY PARTICIPATION GOAL	PROMISE TO THE COMMUNITY	EXAMPLE TECHNIQUES TO CONSIDER
<p><b>Inform Whakamōhio</b> Council led - this level is just as important as the other levels</p>	To provide balanced and objective information to assist the community in understanding the problem, alternatives, opportunities and/or solutions	We will keep you informed	<p>Have Your Say Western Bay/Social media</p> <p>Open days/drop-in sessions/Maori initiated events</p> <p>Media (Maori and mainstream)</p>
<p><b>Consult Whakauīua</b> Council led - this is the standard Council role</p>	To obtain feedback on analysis, alternatives and/or decisions	We will keep you informed listen to and acknowledge concerns and aspirations, and provide feedback on how your input influenced the decision	<p>Feedback forms/surveys</p> <p>Focus groups</p> <p>Public meetings/Marae/community hui</p>
<p><b>Involve Whakaura</b> Council led - this is where we invest in our stakeholder relationships</p>	To work directly with the community throughout the process to ensure concerns and aspirations are consistently understood and considered.	We will work with you to ensure that your concerns and aspirations are directly reflected in the alternatives developed and provide feedback on how your input influenced the decision	<p>Community workshops</p> <p>Partnership Forums</p> <p>Hapu/Iwi Management Plans</p>
<p><b>Collaborate Mahi ngatāhi</b> Co-led - make sure you mean it. This is our partnerships, working together in collaboration</p>	To partner with the community in each aspect of the decision including the development of alternatives and the identification of the preferred solution	We will look to you for direct advice and innovation in formulating solutions and incorporate your advice and recommendations into the decisions to the maximum extent possible	<p>Citizen Advisory Committees</p> <p>Partnership Forums</p>
<p><b>Empower Whakamanahia</b> Community led - most under used role. This is where Council can take a step back and our communities can step up and take responsibility</p>	To place final decision making in the hands of the community	You will decide and we will implement what you decide	<p>Citizen juries</p> <p>Ballots</p> <p>Treaty settlement legislation</p>

# STATEMENT ON COUNCIL-CONTROLLED ORGANISATIONS

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

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

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

These organisations have signed a Statement of Intent that is agreed with us and the other member councils.

**The Statement of Intent specifies:**

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

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

**The table overleaf provides the information stated above:**



## COUNCIL-CONTROLLED ORGANISATION

### **New Zealand Local Government Funding Agency Limited, known as the 'LGFA'**

The principal shareholder councils of the LGFA are made up of 31 local and regional authorities including:

- Auckland Council
- Bay of Plenty Regional Council
- Christchurch City Council
- Gisborne District Council
- Hamilton City Council
- Hastings District Council
- Taupo District Council
- Tauranga City Council
- Wellington City Council
- Wellington Regional Council
- Western Bay of Plenty District Council
- Whangarei District Council

#### **and**

- Her Majesty The Queen acting by and through the Minister of Local Government and the Minister of Finance

## PURPOSE

The LGFA is a partnership between Participating Local Authorities and the Government which enables councils to secure funding at lower interest margins and to make longer-term borrowings. The LGFA raises debt on behalf of local authorities through domestic and offshore sources, at a rate that is more favourable than that which would be secured if the council was to raise debt directly.

### PRIMARY OBJECTIVE

**The LGFA will operate with the primary objective of optimising the debt funding terms and conditions for participating Local Authorities.**

**Among other things this includes:**

- Providing savings in annual interest costs for all Participating Local Authorities on a relative basis to other sources of funding Making longer-term borrowings available to Participating Local Authorities Enhancing the certainty of access to debt markets for Participating Local Authorities, subject always to operating in accordance with sound business practice
- Offering more flexible lending terms to Participating Local Authorities.

### ADDITIONAL OBJECTIVES

**The LGFA has a number of additional objectives which complement the primary objective. These objectives are to:**

- Operate with a view to making a profit sufficient to pay a dividend in accordance with its stated dividend policy set out in its Statement of Intent
- Provide at least 50% of aggregate long-term debt funding to the Local Government sector
- Ensure its products and services are delivered at a cost that does not exceed the forecast for issuance and operating expenses Take appropriate steps to ensure compliance with the Health and Safety at Work Act 2015
- Maintain LGFA's credit rating equal to the New Zealand Government sovereign rating where both entities are rated by the same Rating Agency
- Achieve the financial forecasts (excluding the impact of AIL) set out in its Statement of Intent
- Meet or exceed the agreed Performance Targets set out in its Statement of Intent
- Comply with its Treasury Policy, as approved by the Board.

**COUNCIL-CONTROLLED ORGANISATION****PERFORMANCE TARGETS AND MEASURES FROM STATEMENT OF INTENT 2017/18 (WILL BE UPDATED FOR 2018/19)**

**New Zealand Local Government Funding Agency Limited, known as the 'LGFA'**

**The LGFA has the following performance targets:**

The average margin above LGFA's cost of funds charged to the highest rating Participating Local Authorities for the period to:

- 30 June 2019 will be no more than 0.10%
- 30 June 2020 will be no more than 0.10%.

The above indicators include both LGFA Bills and Bonds and short dated and long dated lending to councils.

**Annual issuance and operating expenses (excluding ALL) for the period to:**

- 30 June 2019 will be less than \$5.58 million
- 30 June 2020 will be less than \$5.70 million.

**Total lending to participating Local Authorities at:**

- 30 June 2019 will be at least \$8,188 million
- 30 June 2020 will be at least \$8,391 million
- Savings on borrowing costs for council borrowers:

LGFA will demonstrate the savings to council borrowers on a relative basis to other sources of financing. This will be measured by maintaining or improving the prevailing secondary market spread between LGFA bonds and those bonds of a similar maturity issued by (i) registered banks and (ii) Auckland Council and Dunedin Council as a proxy for single name issuance of council financing.

**COUNCIL-CONTROLLED ORGANISATION****PURPOSE**

**Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'**

BOPLASS is a company owned by nine councils in the Bay of Plenty/Gisborne regions, which investigates, develops and delivers shared services, and undertakes joint procurement where this is appropriate.

The nine shareholding councils of BOPLASS are:

- Bay of Plenty Regional Council
- Gisborne District Council
- Kawerau District Council
- Opotiki District Council
- Rotorua District Council
- Taupo District Council
- Tauranga City Council
- Western Bay of Plenty District Council
- Whakatane District Council

**PRIMARY OBJECTIVES**

Working together to provide benefits to councils and their stakeholders through improved levels of service, reduced costs, improved efficiency and / or increased value through innovation.

**Bay of Plenty Local Authority Shared Services Limited known as 'BOPLASS'**

Over the next three years, the targets are to:

- Investigate new Joint Procurement initiatives for goods and services for BOPLASS Councils:
  - A minimum of four new procurement initiatives investigated. Initiatives provide financial savings of greater than 5% and / or improved service levels to the participating councils.
- Provide support to BOPLASS councils that are managing or investigating Shared Services projects:
  - Quarterly satisfaction review with participating councils. Resource assignment measured from project job tracking.
- Further develop and extend the Collaboration Portal for access to, and sharing of, project information and opportunities from other council and the greater Local Government community to increase breadth of BOPLASS collaboration:
  - All NZ councils are made aware of the Collaboration Portal and its benefits. Portal is operational outside of the LASS groups with a minimum of ten additional councils or local government related organisations having utilised the portal.
- Ensure appointed vendors remain competitive and continued best value is returned to shareholders:
  - Contracts due for renewal are tested for competitiveness in the marketplace. New suppliers are awarded contracts through a competitive procurement process involving two or more vendors.
- Complete independent review of governance performance and structure to ensure it supports BOPLASS' strategic direction:
  - Affirmative feedback received from shareholding councils following 2017/18 governance review
- Communicate with each shareholding Council at appropriate levels:
  - At least one meeting per year.
- Ensure current funding model is appropriate:
  - Performance against budgets reviewed quarterly. Company remains financially viable.

COUNCIL-CONTROLLED ORGANISATION	PURPOSE
<p><b>Western Bay of Plenty Tourism and Visitors Trust, trading as Tourism Bay of Plenty</b></p> <p>(This is a joint council-controlled Organisation of Western Bay of Plenty District Council and Tauranga City Council)</p>	<p>Tourism Bay of Plenty is the appointed destination manager and promoter, enabling visitor economy growth and sustainability.</p>
	<p><b>PRIMARY OBJECTIVE</b></p> <p>Tourism Bay of Plenty takes the leading role in growing visitor demand for the WBOP through targeted interventions that increase destination awareness and intent to visit, length of stay and spend.</p>
	<p><b>PERFORMANCE TARGETS AND MEASURES FROM STATEMENT OF INTENT 2017/18 (WILL BE UPDATED FOR 2018/19)</b></p> <ul style="list-style-type: none"> <li>• Grow the tourism industry and increase visitor spend: <ul style="list-style-type: none"> <li>- Increase overall and off-peak visitor spend by 4% to 30 June 2019</li> <li>- Increase international visitor spend by 5.3% to 30 June 2019</li> <li>- Increase domestic visitor spend by 3.7% to 30 June 2019.</li> </ul> </li> <li>• Support tourism development and encourage investment <ul style="list-style-type: none"> <li>- Increased visitor satisfaction, measured by a new Visitor Experience Survey</li> <li>- Funding for Mount Maunganui VIC. Funding for Tauranga VIC</li> <li>- Regional Growth Study priorities implemented</li> <li>- Regional Growth Study delivery</li> <li>- Industry Growth Programme developed. Establish Industry Advisory Group.</li> </ul> </li> <li>• Partnership and collaboration locally, regionally, and nationally: <ul style="list-style-type: none"> <li>- Regional Brand story developed</li> <li>- No Place Like Home campaign implemented</li> <li>- Support of 5 Major events per annum</li> <li>- WBOP Stakeholder Communication Plan delivery.</li> </ul> </li> <li>• Support our unique cultural heritage: <ul style="list-style-type: none"> <li>- TBOP Board Representation</li> <li>- Regular iwi communications</li> <li>- Iwi involvement in strategy developments.</li> </ul> </li> <li>• Environmentally responsible for current and future generations: <ul style="list-style-type: none"> <li>- Development / input into a sustainable tourism plan and initiatives.</li> </ul> </li> <li>• Governance Best Practice <ul style="list-style-type: none"> <li>- Draft Visitor Economy Strategy 2018-2028 completed for consultation</li> <li>- Commence study using fresh info. External Consultants</li> <li>- Manage Profit and Loss to budget</li> <li>- Code of conduct compliance. Compliance and regulatory obligations met</li> <li>- Enterprise Risk Management Policy adherence</li> <li>- No surprises policy maintained.</li> </ul> </li> </ul>

# ACTIVITY FUNDING IMPACT STATEMENTS

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# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 (WHOLE OF COUNCIL)

All information from 2020-2028 includes an adjustment for inflation and the annual plan figures have been revised for all group of activities.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	22,066	25,556	26,507	27,779	26,994	27,862	30,193	31,987	32,811	33,684	37,452
Targeted rates	42,586	42,425	44,663	46,359	48,238	49,803	51,164	52,721	54,280	55,839	57,488
Subsidies and grants for operating purposes	6,807	5,362	4,706	3,739	6,490	5,000	4,926	5,021	5,116	5,211	5,306
Fees and charges	5,458	6,470	6,708	6,971	7,205	7,399	7,521	7,643	7,765	7,887	8,009
Interest and dividends from investments	100	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	3,895	3,025	3,219	2,816	2,835	2,978	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>80,912</b>	<b>82,838</b>	<b>85,803</b>	<b>87,664</b>	<b>91,762</b>	<b>93,642</b>	<b>96,523</b>	<b>99,404</b>	<b>102,285</b>	<b>105,166</b>	<b>108,047</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	54,346	58,416	59,223	60,917	62,610	64,303	66,000	67,693	69,386	71,079	73,824
Finance costs	7,800	8,000	8,000	7,999	7,998	7,997	7,996	7,995	7,994	7,993	7,992
Other operating funding applications	32	408	-	-	-	-	-	-	-	-	483
<b>Total applications of operating funding (B)</b>	<b>62,178</b>	<b>66,823</b>	<b>67,223</b>	<b>70,916</b>	<b>72,607</b>	<b>74,300</b>	<b>76,000</b>	<b>77,700</b>	<b>79,400</b>	<b>81,100</b>	<b>80,307</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>18,734</b>	<b>16,015</b>	<b>18,580</b>	<b>16,748</b>	<b>19,155</b>	<b>19,342</b>	<b>20,523</b>	<b>21,704</b>	<b>22,885</b>	<b>24,066</b>	<b>31,482</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	6,000	6,000	6,000	6,000	6,000	6,000	3,993	4,093	4,200	4,314	4,432
Development and financial contributions	-	-	-	-	-	22	10,671	10,933	11,217	11,518	11,833
Increase/(decrease) in debt	-	-	-	-	-	(4,070)	157	917	(7,083)	(10,757)	(775)
Gross proceeds from sale of assets	-	-	-	-	91	92	95	97	99	101	104
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,000</b>	<b>6,091</b>	<b>12,038</b>	<b>10,641</b>	<b>14,915</b>	<b>16,040</b>	<b>8,432</b>	<b>15,593</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	-	7,444	20,913	12,134	14,369	8,433	11,738	22,966	12,616	11,962	24,933
• to improve the level of service	-	9,112	9,333	9,412	9,403	11,874	15,596	8,671	9,519	8,634	6,551
• to replace existing assets	10,664	12,746	13,333	12,564	10,199	10,958	8,952	9,291	12,667	11,831	16,194
Increase/(decrease) in reserves	(2,802)	(152)	349	1,793	1,893	3,028	3,953	2,374	2,536	4,832	(605)
Increase/(decrease) in investment	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,000</b>	<b>39,150</b>	<b>43,928</b>	<b>35,904</b>	<b>35,864</b>	<b>34,294</b>	<b>40,240</b>	<b>43,303</b>	<b>37,340</b>	<b>37,259</b>	<b>47,074</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(18,734)</b>	<b>(16,015)</b>	<b>(18,579)</b>	<b>(19,747)</b>	<b>(23,826)</b>	<b>(23,653)</b>	<b>(25,325)</b>	<b>(27,263)</b>	<b>(28,908)</b>	<b>(32,084)</b>	<b>(31,482)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Please see page xxxviii from the Long Term Plan Amendment 2018-2028 for the updated information.

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - REPRESENTATION

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN	FORECAST									
	\$'000	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	3,031	3,773	3,415	3,578	4,056	3,727	3,943	4,347	4,033	4,146	4,734
Targeted rates	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	543	821	849	879	909	940	972	1,004	1,039	1,077	1,114
Local authority fuel tax, fines, infringement fees and other receipts	-	-	77	-	-	82	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>3,574</b>	<b>4,593</b>	<b>4,340</b>	<b>4,457</b>	<b>4,965</b>	<b>4,748</b>	<b>4,915</b>	<b>5,350</b>	<b>5,072</b>	<b>5,222</b>	<b>5,847</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,628	2,027	2,105	2,151	2,197	2,247	2,297	2,354	2,374	2,434	2,494
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,905	2,153	2,222	2,298	2,365	2,444	2,526	2,597	2,683	2,778	2,864
Other operating funding applications	32	408	-	-	397	44	83	393	-	-	483
<b>Total applications of operating funding (B)</b>	<b>3,565</b>	<b>4,587</b>	<b>4,328</b>	<b>4,449</b>	<b>4,959</b>	<b>4,735</b>	<b>4,906</b>	<b>5,344</b>	<b>5,058</b>	<b>5,213</b>	<b>5,841</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>10</b>	<b>6</b>	<b>12</b>	<b>9</b>	<b>6</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>14</b>	<b>10</b>	<b>7</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	10	6	12	9	6	13	9	6	14	10	7
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10</b>	<b>6</b>	<b>12</b>	<b>9</b>	<b>6</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>14</b>	<b>10</b>	<b>7</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(10)</b>	<b>(6)</b>	<b>(12)</b>	<b>(9)</b>	<b>(6)</b>	<b>(13)</b>	<b>(9)</b>	<b>(6)</b>	<b>(14)</b>	<b>(10)</b>	<b>(7)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - PLANNING FOR THE FUTURE

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL	FORECAST									
	PLAN	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	2,247	2,642	2,567	2,614	2,514	2,698	2,743	2,762	2,892	3,018	2,970
Targeted rates	13	13	13	13	13	14	14	14	15	15	15
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>2,259</b>	<b>2,655</b>	<b>2,580</b>	<b>2,628</b>	<b>2,527</b>	<b>2,711</b>	<b>2,757</b>	<b>2,777</b>	<b>2,906</b>	<b>3,033</b>	<b>2,985</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,468	1,853	1,754	1,763	1,632	1,783	1,790	1,781	1,875	1,956	1,870
Finance costs	(186)	(163)	(172)	(181)	(191)	(202)	(213)	(224)	(237)	(250)	(264)
Internal charges and overheads applied	775	784	809	847	876	910	949	975	1,011	1,058	1,093
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,057</b>	<b>2,473</b>	<b>2,391</b>	<b>2,429</b>	<b>2,316</b>	<b>2,491</b>	<b>2,526</b>	<b>2,531</b>	<b>2,650</b>	<b>2,764</b>	<b>2,699</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>203</b>	<b>181</b>	<b>189</b>	<b>198</b>	<b>211</b>	<b>220</b>	<b>231</b>	<b>245</b>	<b>257</b>	<b>269</b>	<b>286</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	203	181	189	198	211	220	231	245	257	269	286
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>203</b>	<b>181</b>	<b>189</b>	<b>198</b>	<b>211</b>	<b>220</b>	<b>231</b>	<b>245</b>	<b>257</b>	<b>269</b>	<b>286</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(203)</b>	<b>(181)</b>	<b>(189)</b>	<b>(198)</b>	<b>(211)</b>	<b>(220)</b>	<b>(231)</b>	<b>(245)</b>	<b>(257)</b>	<b>(269)</b>	<b>(286)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - COMMUNITIES

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN	FORECAST									
	\$'000	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	3,712	4,704	4,790	4,921	5,131	5,180	5,370	5,769	6,061	6,256	6,166
Targeted rates	1,876	1,838	1,879	1,913	2,040	2,120	2,186	2,330	2,338	2,449	2,541
Subsidies and grants for operating purposes	473	-	-	-	-	-	-	-	-	-	-
Fees and charges	75	75	77	78	80	82	83	85	87	89	92
Internal charges and overheads costs recovered	830	860	901	941	982	1,014	1,058	1,079	1,103	1,151	1,196
Local authority fuel tax, fines, infringement fees and other receipts	590	477	499	513	527	540	555	569	585	602	621
<b>Total operating funding (A)</b>	<b>7,556</b>	<b>7,954</b>	<b>8,146</b>	<b>8,366</b>	<b>8,759</b>	<b>8,936</b>	<b>9,251</b>	<b>9,833</b>	<b>10,173</b>	<b>10,547</b>	<b>10,616</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,396	4,793	4,733	4,739	4,873	4,935	5,069	5,216	5,295	5,431	5,561
Finance costs	(22)	50	54	49	44	37	31	26	20	13	8
Internal charges and overheads applied	2,439	2,708	2,864	3,031	3,203	3,347	3,499	3,611	3,754	3,951	4,138
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>6,813</b>	<b>7,552</b>	<b>7,650</b>	<b>7,819</b>	<b>8,120</b>	<b>8,318</b>	<b>8,599</b>	<b>8,853</b>	<b>9,070</b>	<b>9,395</b>	<b>9,707</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>743</b>	<b>402</b>	<b>496</b>	<b>547</b>	<b>639</b>	<b>618</b>	<b>652</b>	<b>980</b>	<b>1,103</b>	<b>1,152</b>	<b>909</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	2,728	215	73	581	51	83	99	113	94	136	5,180
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>2,728</b>	<b>215</b>	<b>73</b>	<b>581</b>	<b>51</b>	<b>83</b>	<b>99</b>	<b>113</b>	<b>94</b>	<b>136</b>	<b>5,180</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	4,341	169	79	916	96	67	76	362	415	457	6,298
• to improve the level of service	-	-	-	-	37	-	-	-	-	48	-
• to replace existing assets	891	361	377	394	411	430	448	469	490	512	537
Increase/(decrease) in reserves	(1,761)	87	113	(182)	145	204	227	263	292	272	(746)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,471</b>	<b>617</b>	<b>569</b>	<b>1,128</b>	<b>690</b>	<b>701</b>	<b>751</b>	<b>1,094</b>	<b>1,197</b>	<b>1,289</b>	<b>6,089</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(743)</b>	<b>(402)</b>	<b>(496)</b>	<b>(547)</b>	<b>(639)</b>	<b>(618)</b>	<b>(652)</b>	<b>(980)</b>	<b>(1,103)</b>	<b>(1,152)</b>	<b>(909)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - RECREATION AND LEISURE

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN	FORECAST									
	\$'000	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	4,993	6,155	6,784	7,169	6,894	7,282	8,285	8,537	8,852	9,648	9,906
Targeted rates	-	20	23	28	32	30	30	28	27	25	22
Subsidies and grants for operating purposes	10	367	153	-	-	-	-	-	-	596	-
Fees and charges	26	24	24	25	25	26	26	27	27	28	28
Internal charges and overheads costs recovered	1,152	1,383	1,421	1,491	1,525	1,571	1,641	1,676	1,729	1,811	1,856
Local authority fuel tax, fines, infringement fees and other receipts	693	692	752	770	753	774	784	842	872	902	929
<b>Total operating funding (A)</b>	<b>6,874</b>	<b>8,641</b>	<b>9,157</b>	<b>9,484</b>	<b>9,229</b>	<b>9,683</b>	<b>10,766</b>	<b>11,111</b>	<b>11,508</b>	<b>13,010</b>	<b>12,741</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	3,714	4,430	4,516	5,151	4,684	4,793	4,957	4,989	5,105	5,212	5,576
Finance costs	33	(193)	(134)	(110)	(110)	(102)	(112)	151	130	182	141
Internal charges and overheads applied	2,073	2,472	2,556	2,692	2,758	2,852	2,991	3,056	3,165	3,327	3,412
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>5,821</b>	<b>6,709</b>	<b>6,938</b>	<b>7,733</b>	<b>7,332</b>	<b>7,543</b>	<b>7,836</b>	<b>8,197</b>	<b>8,400</b>	<b>8,721</b>	<b>9,129</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>1,053</b>	<b>1,933</b>	<b>2,219</b>	<b>1,751</b>	<b>1,897</b>	<b>2,140</b>	<b>2,930</b>	<b>2,914</b>	<b>3,108</b>	<b>4,289</b>	<b>3,612</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	1,583	2,130	2,173	2,297	2,346	2,396	2,260	2,312	2,367	2,424	2,487
Increase/(decrease) in debt	693	1,221	591	198	360	37	4,618	(137)	1,091	(464)	(402)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>2,277</b>	<b>3,351</b>	<b>2,763</b>	<b>2,495</b>	<b>2,705</b>	<b>2,433</b>	<b>6,877</b>	<b>2,175</b>	<b>3,459</b>	<b>1,960</b>	<b>2,085</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	1,339	3,032	2,168	946	1,630	831	644	3,257	3,189	1,576	660
• to improve the level of service	443	445	378	333	353	386	5,522	364	1,699	310	318
• to replace existing assets	1,279	1,384	1,471	1,447	1,478	1,087	1,088	1,173	1,273	1,594	7,221
Increase/(decrease) in reserves	269	423	966	1,520	1,142	2,269	2,554	295	404	2,770	(2,501)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>3,330</b>	<b>5,284</b>	<b>4,983</b>	<b>4,247</b>	<b>4,602</b>	<b>4,573</b>	<b>9,807</b>	<b>5,089</b>	<b>6,567</b>	<b>6,249</b>	<b>5,698</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(1,053)</b>	<b>(1,933)</b>	<b>(2,219)</b>	<b>(1,751)</b>	<b>(1,897)</b>	<b>(2,140)</b>	<b>(2,930)</b>	<b>(2,914)</b>	<b>(3,108)</b>	<b>(4,289)</b>	<b>(3,612)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - REGULATORY

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL	FORECAST										
	PLAN	\$'000										
	\$'000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>												
General rates, uniform annual charges, rates penalties		1,914	2,688	2,621	2,536	2,610	2,629	2,897	2,940	3,026	3,169	3,258
Targeted rates		-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes		-	-	-	-	-	-	-	-	-	-	-
Fees and charges		5,234	5,945	6,170	6,420	6,640	6,820	6,926	7,097	7,300	7,505	7,775
Internal charges and overheads costs recovered		29	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts		72	88	90	90	92	94	96	98	100	103	105
<b>Total operating funding (A)</b>		<b>7,248</b>	<b>8,721</b>	<b>8,881</b>	<b>9,046</b>	<b>9,341</b>	<b>9,542</b>	<b>9,918</b>	<b>10,135</b>	<b>10,427</b>	<b>10,776</b>	<b>11,138</b>
<b>Applications of operating funding</b>												
Payments to staff and suppliers		4,883	5,991	6,045	6,007	6,184	6,258	6,441	6,559	6,701	6,820	7,042
Finance costs		(19)	(10)	(11)	(11)	(12)	(13)	(13)	(14)	(15)	(16)	(16)
Internal charges and overheads applied		2,561	2,640	2,767	2,931	3,063	3,198	3,362	3,474	3,632	3,831	3,985
Other operating funding applications		-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>		<b>7,425</b>	<b>8,621</b>	<b>8,801</b>	<b>8,927</b>	<b>9,235</b>	<b>9,443</b>	<b>9,789</b>	<b>10,018</b>	<b>10,318</b>	<b>10,635</b>	<b>11,010</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>		<b>(177)</b>	<b>100</b>	<b>80</b>	<b>119</b>	<b>107</b>	<b>99</b>	<b>129</b>	<b>116</b>	<b>108</b>	<b>141</b>	<b>128</b>
<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure		-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt		-	-	10	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets		-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions		-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding		-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>		<b>-</b>	<b>-</b>	<b>10</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>												
Capital Expenditure		-	-	-	-	-	-	-	-	-	-	-
• to meet additional demand		-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service		-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves		(177)	100	91	119	107	99	129	116	108	141	128
Increase/(decrease) in investments		-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>(177)</b>	<b>100</b>	<b>91</b>	<b>119</b>	<b>107</b>	<b>99</b>	<b>129</b>	<b>116</b>	<b>108</b>	<b>141</b>	<b>128</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>		<b>177</b>	<b>(100)</b>	<b>(80)</b>	<b>(119)</b>	<b>(107)</b>	<b>(99)</b>	<b>(129)</b>	<b>(116)</b>	<b>(108)</b>	<b>(141)</b>	<b>(128)</b>
<b>Funding balance ((A-B) + (C-D))</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - TRANSPORTATION

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	13,756	13,000	13,695	14,042	14,365	14,801	15,076	15,441	16,094	16,267	16,718
Subsidies and grants for operating purposes	3,747	4,180	4,327	4,448	4,480	4,590	4,730	4,826	4,957	5,121	5,238
Fees and charges	10	10	10	10	11	11	11	11	12	12	12
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	261	262	267	273	279	286	293	300	308	317	325
<b>Total operating funding (A)</b>	<b>17,775</b>	<b>17,452</b>	<b>18,300</b>	<b>18,774</b>	<b>19,134</b>	<b>19,687</b>	<b>20,110</b>	<b>20,578</b>	<b>21,371</b>	<b>21,716</b>	<b>22,294</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	9,377	8,950	9,157	9,354	9,516	9,739	9,979	10,229	10,496	10,781	11,075
Finance costs	1,295	866	1,052	1,108	1,042	1,191	1,069	934	1,232	1,158	1,161
Internal charges and overheads applied	1,244	1,437	1,474	1,561	1,564	1,611	1,704	1,702	1,756	1,862	1,869
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,917</b>	<b>11,253</b>	<b>11,683</b>	<b>12,023</b>	<b>12,122</b>	<b>12,540</b>	<b>12,753</b>	<b>12,865</b>	<b>13,485</b>	<b>13,801</b>	<b>14,105</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>5,857</b>	<b>6,199</b>	<b>6,616</b>	<b>6,751</b>	<b>7,012</b>	<b>7,147</b>	<b>7,358</b>	<b>7,713</b>	<b>7,886</b>	<b>7,915</b>	<b>8,189</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	6,011	4,125	4,500	4,603	3,808	3,897	3,993	4,093	4,200	4,314	4,432
Development and financial contributions	2,216	2,113	2,671	2,876	2,942	3,011	3,141	3,220	3,304	3,394	3,486
Increase/(decrease) in debt	1,635	4,479	1,490	(901)	2,117	(2,670)	(2,696)	6,377	(2,115)	2,591	7,265
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>9,862</b>	<b>10,717</b>	<b>8,661</b>	<b>6,579</b>	<b>8,867</b>	<b>4,238</b>	<b>4,438</b>	<b>13,690</b>	<b>5,389</b>	<b>10,299</b>	<b>15,183</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	3,768	9,103	5,970	4,023	7,193	2,524	2,944	11,566	4,550	9,256	14,171
• to improve the level of service	7,823	3,385	4,379	4,721	5,067	5,149	5,052	5,947	4,724	4,853	4,989
• to replace existing assets	4,107	4,407	4,898	4,559	3,596	3,680	3,771	3,865	3,966	4,074	4,185
Increase/(decrease) in reserves	22	21	30	27	23	32	29	25	35	31	27
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,719</b>	<b>16,916</b>	<b>15,277</b>	<b>13,330</b>	<b>15,879</b>	<b>11,385</b>	<b>11,796</b>	<b>21,403</b>	<b>13,274</b>	<b>18,214</b>	<b>23,372</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(5,857)</b>	<b>(6,199)</b>	<b>(6,616)</b>	<b>(6,751)</b>	<b>(7,012)</b>	<b>(7,147)</b>	<b>(7,358)</b>	<b>(7,713)</b>	<b>(7,886)</b>	<b>(7,915)</b>	<b>(8,189)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - WATER SUPPLY

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates	10,576	10,488	10,950	11,431	11,935	12,303	12,699	13,099	13,413	13,731	14,054
Subsidies and grants for operating purposes	-	-	62	-	-	-	-	-	-	-	-
Fees and charges	15	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>10,591</b>	<b>10,488</b>	<b>11,012</b>	<b>11,431</b>	<b>11,935</b>	<b>12,303</b>	<b>12,699</b>	<b>13,099</b>	<b>13,413</b>	<b>13,731</b>	<b>14,054</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,928	5,223	5,311	5,462	5,560	5,788	6,071	6,303	6,529	6,631	6,810
Finance costs	1,606	1,652	1,773	1,986	2,097	2,092	2,129	2,181	2,186	2,205	1,967
Internal charges and overheads applied	1,566	1,986	2,037	2,142	2,181	2,236	2,349	2,386	2,452	2,581	2,631
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>8,100</b>	<b>8,861</b>	<b>9,121</b>	<b>9,589</b>	<b>9,838</b>	<b>10,115</b>	<b>10,549</b>	<b>10,869</b>	<b>11,167</b>	<b>11,417</b>	<b>11,408</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>2,491</b>	<b>1,627</b>	<b>1,891</b>	<b>1,841</b>	<b>2,097</b>	<b>2,187</b>	<b>2,150</b>	<b>2,230</b>	<b>2,246</b>	<b>2,314</b>	<b>2,645</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	1,339	1,203	1,505	1,641	1,680	1,721	1,525	1,563	1,605	1,650	1,696
Increase/(decrease) in debt	1,629	1,973	3,676	2,162	452	1,368	1,829	1,333	1,939	(1,991)	(1,464)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>2,968</b>	<b>3,176</b>	<b>5,181</b>	<b>3,803</b>	<b>2,133</b>	<b>3,089</b>	<b>3,355</b>	<b>2,896</b>	<b>3,545</b>	<b>(341)</b>	<b>232</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	1,321	1,562	3,971	2,787	1,502	2,894	4,196	4,094	1,483	-	1,319
• to improve the level of service	1,448	360	149	73	-	154	-	17	-	73	-
• to replace existing assets	2,690	2,881	2,951	2,784	2,727	2,229	1,309	1,015	4,308	1,899	1,559
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,459</b>	<b>4,803</b>	<b>7,071</b>	<b>5,645</b>	<b>4,230</b>	<b>5,277</b>	<b>5,505</b>	<b>5,126</b>	<b>5,790</b>	<b>1,973</b>	<b>2,877</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(2,491)</b>	<b>(1,627)</b>	<b>(1,891)</b>	<b>(1,841)</b>	<b>(2,097)</b>	<b>(2,187)</b>	<b>(2,150)</b>	<b>(2,230)</b>	<b>(2,246)</b>	<b>(2,314)</b>	<b>(2,645)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - STORMWATER

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	1,598	995	1,372	1,429	1,491	1,546	1,640	1,667	1,734	1,805	1,880
Targeted rates	3,888	4,104	4,321	4,508	4,747	4,904	5,064	5,230	5,398	5,935	5,744
Subsidies and grants for operating purposes	-	38	38	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>5,486</b>	<b>5,137</b>	<b>5,731</b>	<b>5,937</b>	<b>6,239</b>	<b>6,451</b>	<b>6,704</b>	<b>6,897</b>	<b>7,132</b>	<b>7,741</b>	<b>7,624</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	814	977	961	914	949	983	1,022	1,083	1,124	1,167	1,212
Finance costs	1,453	1,246	1,344	1,491	1,628	1,558	1,638	1,716	1,545	1,480	1,248
Internal charges and overheads applied	469	535	549	571	585	600	624	637	655	683	700
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>2,737</b>	<b>2,758</b>	<b>2,854</b>	<b>2,976</b>	<b>3,162</b>	<b>3,141</b>	<b>3,283</b>	<b>3,436</b>	<b>3,324</b>	<b>3,330</b>	<b>3,160</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>2,749</b>	<b>2,378</b>	<b>2,877</b>	<b>2,961</b>	<b>3,077</b>	<b>3,310</b>	<b>3,421</b>	<b>3,461</b>	<b>3,808</b>	<b>4,411</b>	<b>4,464</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	1,255	1,140	1,351	1,476	1,511	1,547	1,566	1,604	1,647	1,693	1,741
Development and financial contributions	(2,824)	1,524	2,324	2,174	(1,235)	1,328	1,441	(2,723)	(880)	(3,594)	(5,504)
Increase/(decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>(1,569)</b>	<b>2,664</b>	<b>3,676</b>	<b>3,650</b>	<b>275</b>	<b>2,875</b>	<b>3,006</b>	<b>(1,118)</b>	<b>767</b>	<b>(1,901)</b>	<b>(3,764)</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	-	2,000	3,008	2,648	-	1,044	2,096	116	2,052	-	-
• to improve the level of service	110	2,577	2,858	3,456	3,292	4,484	4,238	1,677	2,415	2,067	541
• to replace existing assets	1,070	465	687	507	60	657	94	550	109	442	159
Increase/(decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,180</b>	<b>5,042</b>	<b>6,553</b>	<b>6,611</b>	<b>3,352</b>	<b>6,185</b>	<b>6,427</b>	<b>2,342</b>	<b>4,576</b>	<b>2,510</b>	<b>700</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(2,749)</b>	<b>(2,378)</b>	<b>(2,877)</b>	<b>(2,961)</b>	<b>(3,077)</b>	<b>(3,310)</b>	<b>(3,421)</b>	<b>(3,461)</b>	<b>(3,808)</b>	<b>(4,411)</b>	<b>(4,464)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - NATURAL ENVIRONMENT

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL	FORECAST									
	PLAN	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	192	224	238	251	253	257	271	273	283	300	303
Targeted rates	349	455	466	477	488	500	512	525	539	554	570
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>541</b>	<b>679</b>	<b>704</b>	<b>728</b>	<b>741</b>	<b>756</b>	<b>784</b>	<b>798</b>	<b>823</b>	<b>854</b>	<b>873</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	765	843	852	871	892	913	936	960	965	992	1,020
Finance costs	(45)	(27)	(27)	(27)	(28)	(28)	(28)	(28)	(29)	(29)	(29)
Internal charges and overheads applied	67	76	79	85	86	89	95	95	99	106	107
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>787</b>	<b>893</b>	<b>904</b>	<b>928</b>	<b>950</b>	<b>974</b>	<b>1,003</b>	<b>1,026</b>	<b>1,035</b>	<b>1,069</b>	<b>1,097</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>(246)</b>	<b>(214)</b>	<b>(200)</b>	<b>(200)</b>	<b>(209)</b>	<b>(218)</b>	<b>(219)</b>	<b>(229)</b>	<b>(213)</b>	<b>(214)</b>	<b>(224)</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	185	191	221	229	-	-	-	-	-	-	-
Increase/(decrease) in debt	1	17	18	21	21	23	26	27	29	32	33
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>186</b>	<b>208</b>	<b>239</b>	<b>251</b>	<b>21</b>	<b>23</b>	<b>26</b>	<b>27</b>	<b>29</b>	<b>32</b>	<b>33</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	(60)	(6)	40	50	(187)	(195)	(193)	(202)	(184)	(182)	(191)
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>(60)</b>	<b>(6)</b>	<b>40</b>	<b>50</b>	<b>(187)</b>	<b>(195)</b>	<b>(193)</b>	<b>(202)</b>	<b>(184)</b>	<b>(182)</b>	<b>(191)</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>246</b>	<b>214</b>	<b>200</b>	<b>200</b>	<b>209</b>	<b>218</b>	<b>219</b>	<b>229</b>	<b>213</b>	<b>214</b>	<b>224</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - WASTEWATER

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	1,912	1,292	1,965	2,000	2,038	2,070	2,102	2,135	2,168	2,207	2,247
Targeted rates	9,892	10,358	10,888	11,441	12,027	12,452	12,812	13,187	13,522	13,911	14,307
Subsidies and grants for operating purposes	2,447	604	-	-	-	-	-	-	-	-	-
Fees and charges	2	2	2	2	3	3	3	3	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>14,253</b>	<b>12,255</b>	<b>12,855</b>	<b>13,443</b>	<b>14,067</b>	<b>14,525</b>	<b>14,916</b>	<b>15,324</b>	<b>15,690</b>	<b>16,118</b>	<b>16,554</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,392	4,294	4,371	4,469	4,748	5,010	5,123	5,370	5,334	5,556	7,169
Finance costs	3,377	3,160	3,104	3,212	2,950	2,749	2,482	2,151	1,867	1,384	865
Internal charges and overheads applied	1,730	1,988	2,037	2,031	2,066	2,116	2,223	2,257	2,317	2,437	2,483
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,498</b>	<b>9,442</b>	<b>9,512</b>	<b>9,713</b>	<b>9,764</b>	<b>9,875</b>	<b>9,827</b>	<b>9,778</b>	<b>9,519</b>	<b>9,377</b>	<b>10,518</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>4,755</b>	<b>2,813</b>	<b>3,344</b>	<b>3,730</b>	<b>4,304</b>	<b>4,650</b>	<b>5,090</b>	<b>5,546</b>	<b>6,172</b>	<b>6,741</b>	<b>6,036</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	3,441	2,010	1,885	1,952	1,998	2,047	2,179	2,233	2,293	2,357	2,423
Increase/(decrease) in debt	(1,801)	(1,116)	1,860	(3,822)	(2,944)	(3,807)	(4,677)	(3,515)	(6,609)	(6,767)	(5,092)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>1,640</b>	<b>894</b>	<b>3,745</b>	<b>(1,870)</b>	<b>(945)</b>	<b>(1,760)</b>	<b>(2,497)</b>	<b>(1,281)</b>	<b>(4,315)</b>	<b>(4,410)</b>	<b>(2,670)</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	645	280	4,584	-	2,468	-	1,352	3,130	474	207	2,005
• to improve the level of service	3,741	1,321	625	126	43	1,077	147	12	12	-	-
• to replace existing assets	2,009	2,126	1,931	1,839	869	1,834	1,093	1,123	1,370	2,123	1,362
Increase/(decrease) in reserves	-	(20)	(51)	(105)	(21)	(22)	-	-	-	-	-
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,395</b>	<b>3,707</b>	<b>7,089</b>	<b>1,860</b>	<b>3,358</b>	<b>2,889</b>	<b>2,592</b>	<b>4,264</b>	<b>1,856</b>	<b>2,331</b>	<b>3,367</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(4,755)</b>	<b>(2,813)</b>	<b>(3,344)</b>	<b>(3,730)</b>	<b>(4,304)</b>	<b>(4,650)</b>	<b>(5,090)</b>	<b>(5,546)</b>	<b>(6,172)</b>	<b>(6,741)</b>	<b>(6,036)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>



# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - SOLID WASTE

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN \$'000					FORECAST \$'000					
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	632	708	708	745	769	785	801	817	834	910	929
Targeted rates	1,024	1,110	1,160	1,213	1,267	1,321	1,375	1,429	1,483	1,574	1,643
Subsidies and grants for operating purposes	130	173	126	(709)	2,010					223	230
Fees and charges	82	90	94	99						132	139
Internal charges and overheads costs recovered	-	-	-	-						-	-
Local authority fuel tax, fines, infringement fees and other receipts	80	33	34						39	40	41
<b>Total operating funding (A)</b>	<b>1,948</b>	<b>2,115</b>	<b>2,122</b>	<b>2,137</b>	<b>2,046</b>	<b>2,106</b>	<b>2,176</b>	<b>2,246</b>	<b>2,632</b>	<b>2,763</b>	<b>2,879</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,479	1,320	1,320	1,320	1,320	1,320	1,320	1,320	1,545	1,577	1,701
Finance costs	6	6	6	6	6	6	6	6	(66)	(88)	(190)
Internal charges and overheads applied	52	52	52	52	52	52	52	52	654	684	766
Other operating funding applications											
<b>Total applications of operating funding (B)</b>	<b>1,533</b>	<b>1,384</b>	<b>1,384</b>	<b>1,384</b>	<b>1,384</b>	<b>1,384</b>	<b>1,384</b>	<b>1,384</b>	<b>2,185</b>	<b>2,254</b>	<b>2,325</b>
<b>Operating funding - surplus/(deficit)</b>	<b>415</b>	<b>731</b>	<b>738</b>	<b>753</b>	<b>662</b>	<b>722</b>	<b>792</b>	<b>862</b>	<b>509</b>	<b>509</b>	<b>554</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure											
Development and financial contributions											
Increase/(decrease) in debt			(174)	677	(1,057)	(324)	(369)	(437)	(502)	(565)	(647)
Gross proceeds from sale of assets											
Lump sum contributions											
Other dedicated											
<b>Total Sources of Capital Funding (C)</b>	<b>59</b>	<b>(215)</b>	<b>(174)</b>	<b>677</b>	<b>(1,057)</b>	<b>(324)</b>	<b>(369)</b>	<b>(437)</b>	<b>(502)</b>	<b>(565)</b>	<b>(647)</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional capital requirements	-	-	-	52	1,019	220	-	-	-	-	-
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	2	9	6	13	9	6	13	9	6	14	10
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>2</b>	<b>9</b>	<b>6</b>	<b>65</b>	<b>1,028</b>	<b>226</b>	<b>13</b>	<b>9</b>	<b>6</b>	<b>14</b>	<b>10</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>57</b>	<b>(224)</b>	<b>(180)</b>	<b>612</b>	<b>(2,085)</b>	<b>(550)</b>	<b>(382)</b>	<b>(446)</b>	<b>(508)</b>	<b>(579)</b>	<b>(657)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

Please see page xxxix from the Long Term Plan Amendment 2018-2028 for the updated information.

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - ECONOMIC

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL PLAN	FORECAST									
	\$'000	\$'000									
	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>											
General rates, uniform annual charges, rates penalties	696	754	782	807	835	858	896	920	960	994	1,051
Targeted rates	295	322	329	338	346	356	366	376	387	398	410
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees and charges	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads costs recovered	-	-	-	-	-	-	-	-	-	-	-
Local authority fuel tax, fines, infringement fees and other receipts	2	2	2	2	2	2	3	3	3	3	3
<b>Total operating funding (A)</b>	<b>993</b>	<b>1,078</b>	<b>1,114</b>	<b>1,147</b>	<b>1,184</b>	<b>1,216</b>	<b>1,264</b>	<b>1,299</b>	<b>1,350</b>	<b>1,394</b>	<b>1,464</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	635	666	693	712	742	763	796	821	859	886	944
Finance costs	(90)	(87)	(92)	(97)	(102)	(108)	(114)	(120)	(127)	(134)	(141)
Internal charges and overheads applied	102	102	104	109	108	111	117	116	119	125	125
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>648</b>	<b>681</b>	<b>706</b>	<b>724</b>	<b>748</b>	<b>766</b>	<b>799</b>	<b>817</b>	<b>851</b>	<b>878</b>	<b>928</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>	<b>345</b>	<b>397</b>	<b>408</b>	<b>423</b>	<b>436</b>	<b>450</b>	<b>465</b>	<b>482</b>	<b>499</b>	<b>517</b>	<b>536</b>
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt	(14)	(29)	(30)	(32)	(34)	(35)	(37)	(39)	(42)	(44)	(46)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>	<b>(14)</b>	<b>(29)</b>	<b>(30)</b>	<b>(32)</b>	<b>(34)</b>	<b>(35)</b>	<b>(37)</b>	<b>(39)</b>	<b>(42)</b>	<b>(44)</b>	<b>(46)</b>
<b>Applications of capital funding</b>											
Capital Expenditure											
• to meet additional demand	268	460	929	690	387	778	353	363	373	384	396
• to improve the level of service	-	-	-	-	-	-	-	-	-	-	-
• to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in reserves	63	(91)	(551)	(300)	15	(363)	75	80	84	89	94
Increase/(decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>332</b>	<b>368</b>	<b>378</b>	<b>391</b>	<b>402</b>	<b>415</b>	<b>428</b>	<b>443</b>	<b>457</b>	<b>473</b>	<b>490</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>	<b>(345)</b>	<b>(397)</b>	<b>(408)</b>	<b>(423)</b>	<b>(436)</b>	<b>(450)</b>	<b>(465)</b>	<b>(482)</b>	<b>(499)</b>	<b>(517)</b>	<b>(536)</b>
<b>Funding balance ((A-B) + (C-D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# WESTERN BAY OF PLENTY DISTRICT COUNCIL: FUNDING IMPACT STATEMENT 2018-2028 - SUPPORT SERVICES

All information from 2020-2028 includes an adjustment for inflation.

FOR THE YEARS ENDED 30 JUNE	ANNUAL	FORECAST										
	PLAN	\$'000										
	\$'000	2018	2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
<b>Sources of operating funding</b>												
General rates, uniform annual charges, rates penalties		1,139	1,621	1,265	1,728	403	831	1,230	1,807	1,930	2,892	4,008
Targeted rates		918	718	937	957	978	999	1,022	1,046	1,070	1,096	1,124
Subsidies and grants for operating purposes		-	-	-	-	-	-	-	-	-	-	-
Fees and charges		14	324	330	337	344	351	359	367	375	384	393
Internal charges and overheads costs recovered		15,012	16,776	17,404	18,222	18,799	19,480	20,419	20,915	21,690	22,809	23,497
Local authority fuel tax, fines, infringement fees and other receipts		2,297	1,471	1,498	1,133	1,148	1,164	1,182	1,200	1,224	1,238	1,258
<b>Total operating funding (A)</b>		<b>19,380</b>	<b>20,910</b>	<b>21,434</b>	<b>22,377</b>	<b>21,672</b>	<b>22,824</b>	<b>24,211</b>	<b>25,333</b>	<b>26,289</b>	<b>28,418</b>	<b>30,280</b>
<b>Applications of operating funding</b>												
Payments to staff and suppliers		15,867	17,052	17,361	17,927	18,119	18,626	19,317	19,596	20,135	20,941	21,302
Finance costs		391	1,513	1,126	(394)	(1,337)	(1,127)	(803)	(684)	(457)	157	1,250
Internal charges and overheads applied		2,113	2,375	2,482	2,614	2,724	2,839	2,971	3,072	3,202	3,362	3,493
Other operating funding applications		-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>		<b>18,371</b>	<b>20,940</b>	<b>20,969</b>	<b>20,147</b>	<b>19,506</b>	<b>20,337</b>	<b>21,485</b>	<b>21,984</b>	<b>22,880</b>	<b>24,460</b>	<b>26,046</b>
<b>Operating funding - surplus/(deficit) (A-B)</b>		<b>1,008</b>	<b>(31)</b>	<b>465</b>	<b>2,230</b>	<b>2,166</b>	<b>2,487</b>	<b>2,726</b>	<b>3,350</b>	<b>3,409</b>	<b>3,958</b>	<b>4,234</b>
<b>Sources of capital funding</b>												
Subsidies and grants for capital expenditure		-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions		-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in debt		(41)	2,069	1,118	(66)	(69)	(74)	(78)	(82)	(88)	(92)	(97)
Gross proceeds from sale of assets		85	85	87	89	91	92	95	97	99	101	104
Lump sum contributions		-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding		-	-	-	-	-	-	-	-	-	-	-
<b>Total Sources of capital funding (C)</b>		<b>44</b>	<b>2,154</b>	<b>1,205</b>	<b>23</b>	<b>21</b>	<b>19</b>	<b>17</b>	<b>15</b>	<b>11</b>	<b>9</b>	<b>7</b>
<b>Applications of capital funding</b>												
Capital Expenditure												
• to meet additional demand		306	838	204	72	73	75	77	79	80	82	84
• to improve the level of service		100	1,024	943	702	611	625	639	654	669	1,282	703
• to replace existing assets		2,018	1,123	1,018	1,034	1,057	1,042	1,149	1,096	1,151	1,185	1,172
Increase/(decrease) in reserves		(1,372)	(861)	(496)	444	445	765	878	1,536	1,519	1,418	2,282
Increase/(decrease) in investments		-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>		<b>1,052</b>	<b>2,124</b>	<b>1,670</b>	<b>2,252</b>	<b>2,187</b>	<b>2,506</b>	<b>2,743</b>	<b>3,365</b>	<b>3,421</b>	<b>3,967</b>	<b>4,241</b>
<b>Capital funding - surplus/(deficit) (C-D)</b>		<b>(1,008)</b>	<b>31</b>	<b>(465)</b>	<b>(2,230)</b>	<b>(2,166)</b>	<b>(2,487)</b>	<b>(2,726)</b>	<b>(3,350)</b>	<b>(3,409)</b>	<b>(3,958)</b>	<b>(4,234)</b>
<b>Funding balance ((A-B) + (C-D))</b>		<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# GLOSSARY

## ASSET MANAGEMENT PLAN

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

## COMMUNITY BOARDS

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

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

## COMMUNITY DEVELOPMENT

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

## COMMUNITY DEVELOPMENT PLAN

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

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

## COMMUNITY OUTCOMES

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

## CONCEPT PLANS

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

They are agreed with the community through an informal consultation process and then formally agreed upon through the reserve management plan process.

## COUNCIL OUTCOMES

Council Outcomes describe what Council wants to achieve for a group of activities in the long term.

## COUNCIL'S ROLES

Council has determined the role it will take in achieving a particular strategy. Council's roles are defined as:

LEAD AGENCY	Council is the principal decision-making authority
PARTNER	Council will fund and carry out activities in formal partnership (including contracts) with other agencies
ADVOCATE	Council will promote the interests of the community to other decision-making authorities
FACILITATOR	Council will encourage others to be involved by bringing together interested parties
RESEARCH AND MONITORING	Council will undertake research and monitoring in order to promote informed decision-making

## DISTRICT PLAN

Required by the Resource Management Act 1991. Provides mechanisms to enable the sustainable management of the District's natural and physical resources.

## FUNDING SOURCES

**General Rate** - this consists of:

- A rate in the dollar charged on capital value; and
- A Uniform Annual General Charge (UAGC), which is a flat amount levied on each rating unit.

The General Rate is used to fund the day-to-day operations of Council and activities that are considered to be mainly for public benefit.

**Roading Rate** - this consists of:

- A rate in the dollar charged on land value
- The roading charge, which is a flat amount levied on each rating unit
- The rural works charge, which is a fixed amount on every rural zoned property in the District.

The Roothing Rate is used to fund the building and maintenance of the property network within the District.

**Targeted Rate** - this consists of:

Council uses targeted rates to collect funds over areas of benefit. This rating tool is chosen where the services are specific to a particular community or area within the District and it is not considered fair to charge all ratepayers e.g. charges for water, wastewater and town centre promotion.

Details of the specific targeted rates that apply to your property can be found in the Funding Impact Statement in Chapter Four on pages 302-320.

## INFRASTRUCTURE

The physical structures required to supply services to the community for example water supply network.

## LOCAL GOVERNMENT

Means a Regional Council or territorial authority. Section 10 of the Local Government Act 2002 defines the purposes of local government as:

- (a) To enable democratic local decision-making and action by and on behalf of communities; and
- (b) To promote the social, economic, environmental and cultural wellbeing of communities, in the present and for the future.

## LOCAL GOVERNMENT FUNDING AGENCY LIMITED (LGFA)

The Local Government Funding Agency (LGFA) is a council-controlled trading organisation.

The LGFA raises debt funding either domestically and/or offshore in either NZ dollars or foreign currency and provides debt funding to New Zealand local authorities in New Zealand dollars. Western Bay of Plenty District Council is a principal shareholder in the LGFA. The LGFA will operate with the primary objective of optimising the debt funding items and conditions for participating local authorities.

## LONG TERM PLAN

A 10-year plan prepared under Section 93 of the Local Government Act 2002. The purpose of the Long Term Plan is to:

- (a) Describe the activities of Council.
- (b) Describe the Community Outcomes of the District.
- (c) Provide integrated decision-making, co-ordination of resources and a long-term focus for the decisions and activities of Council.
- (d) Provide a basis for accountability of Council to the community.
- (e) Provide an opportunity for participation by the public in decision-making processes undertaken by Council.

## PARTNERSHIP FORUM

In the past we have had Te Kōmiti Māori and the Partnership Forums operating as governance forums involving iwi, hapū and Council. This triennium we have a single Partnership Forum, representing both Tauranga Moana (the Western part of the District) and one representing Te Arawa (the Eastern part of the District).

## PLANNING

Formulating or organising a way by which something is to be done, e.g:

<b>STRATEGIC PLANNING</b>	Formulating a way by which actions are to be identified, co-ordinated and resourced over an extended period of time in order to achieve a desired outcome
<b>FINANCIAL PLANNING</b>	Formulating a way to fund actions
<b>RESOURCE MANAGEMENT PLANNING</b>	Formulating a way to manage environmental effects of activities and development in accordance with the Resource Management Act 1991
<b>ANNUAL PLANNING</b>	Formulating a way by which actions for the forthcoming year are identified, prioritised and resourced

## RESERVE MANAGEMENT PLANS

Reserve Management Plans are required by the Reserves Management Act 1977 and prepared for each ward. They combine the recreational vision for the ward with the generic and specific policies for each reserve within the ward.

Where appropriate, concept plans are prepared in conjunction with the Reserve Management Plan.

## STRATEGIC AREAS

The Strategic Areas identify the four Key Response Areas setting out how Council will contribute to achieving the Community Outcomes.

## STRATEGIES

The Strategies outline how Council will achieve the Council Outcomes. These Strategies trigger specific actions.

## STRUCTURE PLAN

Structure plans define for each community where infrastructure will be organised over time.

## SUB-REGION

Area covered by Western Bay of Plenty District and Tauranga City.

## SUSTAINABLE DEVELOPMENT

Sustainable development means meeting the needs of the present, without compromising the ability of future generations to meet their own needs. It means developing economies and lifestyles which improve people's quality of life, within the carrying capacity of the life support systems of human societies. It is closely related to the Māori values of 'kaitiakitanga - stewardship.

## SUSTAINABLE MANAGEMENT

Sustainable management is defined by Section 5(2) of the Resource Management Act 1991 as managing the use, development and protection of natural and physical resources in a way, or at a rate, which enables people and communities to provide for their social, economic and cultural wellbeing and for their health and safety while:

- (a) Sustaining the potential of natural and physical resources (excluding minerals) to meet the reasonably foreseeable needs of future generations; and
- (b) Safeguarding the life-supporting capacity of air, water, soil and ecosystems; and
- (c) Avoiding, remedying or mitigating any adverse effects of activities on the environment.

## WARD

Every territorial authority may be divided into wards for electoral purposes (Section 3 Local Government Act 2002). The Local Government Commission determines the numbers and boundaries of wards. The Western Bay of Plenty District is divided into three wards:

- Kaimai
- Katikati/Waihi Beach
- Maketu/Te Puke.