



Annual Plan **2019/20**

Taupō District Council



GREAT LAKE TAUPŌ
Taupō District Council

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A message from your Mayor and Councillors

Welcome to our Annual Plan for the 2019/20 year.

This plan sets out what projects we will carry out, the services we will deliver and how we will deliver them over the next 12 months. It reflects year two of our Long-term Plan 2018-28, which we consider to be our contract with the community, as well as covering our key deliverables.

A change in legislation means councils now only need to consult if there are significant variances from what was planned in the Long-term Plan and given our work programme is largely business as usual, we did not undertake consultation this year.

This year's rates increase has been set at 3.65 per cent which is slightly higher than the 2.67 forecast but reflects rising insurance costs and some urgent unbudgeted expenditure items we faced in the last year, such as the asbestos discovery in Waiora House and its subsequent demolition.

However, we still have a busy works programme and are planning to undertake a number of key projects across the district.

Of note in Taupō, we will be widening a section of the Great Lake Walkway, upgrading the private pools at the AC Baths and upgrading the place space on Tongariro Domain.

In Tūrangi and South Western Bays, we will be working alongside the Tūrangi Tongariro Community Board and Ngati Tūrangitukua to develop a gateway to National Park,

extending the Te Kapua Park playground by the Turtle Pools and improving the water quality at the Ōmori water treatment plant.

In Mangakino, we will be developing sports facilities and in Kinloch we will be undertaking year two of a five year project to design and build a new water treatment plant.

These projects are on top of our usual maintenance and renewals programme.

From an economic development perspective, our district has continued to grow over the last 12 months and we expect this to continue. We have seen a steady increase in growth across our communities, and our visitor numbers remain high as do the number of events – large and small – that we host all-year round. This year we will also be undertaking significant planning as we gear up to host the IRONMAN 70.3 World Championships in November 2020 as this will give us a platform to showcase our district as never before.

We look forward to working with our communities and key stakeholders over the next 12 months as we bring this Annual Plan to life. Together, we can ensure the Taupō District continues to be the heartbeat of the North Island as we work towards our vision to be the most prosperous and liveable district in the North Island by 2022.

Statement of compliance

The Council and management of Taupō District Council confirm that all the relevant statutory requirements of part 6 of the Local Government Act 2002 have been complied with.

The Council and management of Taupō District Council accept responsibility for the preparation of the Annual Plan and the prospective financial statements presented, including the assumptions underlying the prospective financial statements.

The Annual Plan commences on 1 July 2019. The Council and management do not intend to update these prospective financial statements subsequent to adoption on 25 June 2019.

D Trewavas

Mayor

25 June 2019

G Green

Chief Executive

25 June 2019

AJ Menhennet

Head of Finance and Strategy

25 June 2019

Our long-term district strategy

Taupō District Council's vision is **'To be the most prosperous and liveable district in the North Island by 2022'**.

As your Mayor and Councillors, we want the Taupō District to be the 'Heartbeat of the North Island' not only by its geographical position but by creating world class, authentic and resilient communities that people want to be a part of. We want our district to be known for its charm, to be vibrant, and to also offer a quality experience for both residents and visitors, while creating real value in what we offer and by the way we do things. We will work closely and collaboratively with our partners to ensure the best possible outcomes are achieved for our community, including iwi, and to maximise any opportunities.

To help guide our strategy we have used a core set of values to underpin our decision making when it comes to the services and activities we carry out as a Council. These are:



World Class

The work we do will maintain – and build on – our international reputation as a destination of choice. We will promote an excellent quality of life for our residents while protecting the natural environment that makes our district so special.



Authentic

We will be open and transparent in the way we carry out our business and offer an experience that is genuine and real.



Resilient

Our plans, infrastructure and work programmes will be designed to ensure we are prepared to withstand or recover quickly from disasters and/or difficult situations. We will be flexible and respond quickly to change.



Charming

Our district's reputation will be built on the attractiveness of our towns, the diversity of the experiences we offer, and the friendliness of our people.



Vibrant

The vibrancy of our district will be created by well-connected communities who work together to create a positive, fun environment people want to call home.



Quality

We enable people to prosper by working to keep unemployment low, housing affordable and ensuring whatever we do is the best it can be.



Value

We will retain and attract residents and businesses by ensuring the district remains affordable and ensuring the work we do creates a better life for people and their families.

The strategy continues to align with the goals we set ourselves previously of:

- Ensuring that the Taupō District remains a great place to live
- Promoting economic development
- Protecting our water resources and using them wisely
- Maintaining the quality infrastructure that we have and;
- Keeping rates and debt affordable.

The complete strategy including our financial and infrastructure strategy can be found in the Long-term Plan 2018-28.

When preparing this Annual Plan, we assessed the financial information and budgets against year 2 of the LTP. This assessment identified differences as follows:

- The proposed rates increase for 19/20 is 3.65% versus 2.67% shown in the LTP.
- The gross debt forecast for 19/20 is \$146.2 million versus \$144.8 million shown in the LTP.

These changes are considered to be consistent with the financial strategy and do not result in a material or significant change in the philosophy contained within the funding impact statements.

Annual plan disclosure statement

Annual plan disclosure statement for year ending 30 June 2020

What is the purpose of this statement?

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

The council is required to include this statement in its annual plan in accordance with the Local Government

(Financial Reporting and Prudence) Regulations 2014 (the regulations).

Refer to the regulations for more information, including definitions of some of the terms used in this statement.








Benchmark		Planned	Met
Rates affordability benchmark			Yes
• income	Total rates revenue must not exceed 80% of operating revenues.	69.3%	
• increases	LGCI + 1.5% which equals 3.7%	3.65%	Yes
Debt affordability benchmark	Gross external borrowing may not be more than 200% of annual operating income.	146.8%	Yes
Balanced budget benchmark	100%	101.9%	Yes
Essential services benchmark	100%	116.9%	Yes
Debt servicing benchmark	10%	8.9%	Yes

Whole of council – funding impact statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	41,404	43,060	43,589
Targeted rates	24,166	24,673	25,378
Subsidies and grants for operating purposes	2,326	2,371	2,351
Fees and charges	11,071	10,866	10,916
Interest and dividends from investments	3,790	3,856	3,675
Local authorities fuel tax, fines, infringement fees, and other receipts	1,121	1,144	1,095
Total operating funding (A)	83,878	85,970	87,004
Applications of operating funding			
Payments to staff and suppliers	54,140	55,138	57,268
Finance costs	8,510	8,372	8,078
Other operating funding applications	-	-	-
Total applications of operating funding (B)	62,650	63,510	65,346
Surplus (deficit) of operating funding (A – B)	21,228	22,460	21,658
Sources of capital funding			
Subsidies and grants for capital expenditure	2,257	2,302	2,682
Development and financial contributions	1,900	2,743	2,743
Increase (decrease) in debt	(1,929)	2,449	3,971
Gross proceeds from sale of assets	6,773	3,310	3,814
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	9,001	10,804	13,210
Application of capital funding			
Capital expenditure			
• to meet additional demand	2,495	352	2,995
• to improve the level of service	14,211	14,462	19,487
• to replace existing assets	13,983	14,242	14,587
Increase (decrease) in reserves	(460)	4,208	(2,201)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	30,229	33,264	34,868
Surplus (deficit) of capital funding (C – D)	(21,228)	(22,460)	(21,658)
Funding balance ((A – B) + (C – D))	-	-	-

Groups of activities

We deliver a range of services on behalf of the community which are reflected in the ten groups of activities:

-  Community Services
-  Water
-  Transport
-  Community Facilities
-  Wastewater
-  Solid waste
-  Stormwater
-  Democracy and Planning
-  Investments
-  Economic Development

These groups of activities reflect the core services that Council must undertake as required by the Local Government Act 2002. It also reflects the local public services that the community has signalled support for Council to provide.

Council's community outcomes

Community outcomes outline the outcomes the Council wants for the District. Our community outcomes were reviewed in 2011 and are:

- Economy – our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities
- Environment – a shared responsibility for places we are proud of
- Engagement – Council is connected with its communities, advocating for their social and cultural well-being

Community services

What we do

The activities in this group are community engagement, regulatory services and emergency management, which contribute to the engagement and environment community outcomes.

Why do we do community engagement?

We work to develop district neighbourhoods and communities by working directly with and alongside them. We work with community groups, organisations and central government agencies to promote co-operation and collaboration. Council's "Our Neighbourhood, Our Future" programme focuses on regenerating the social and physical aspects of our communities and their neighbourhoods. We will continue this programme, focusing on the contribution of young people as emerging leaders for local decision-making.

We work alongside Māori to inform them about Council issues and engage them in our decision making processes. We also encourage our staff to improve their knowledge of the Māori community and Te Reo Māori and the tikanga of our local iwi where needed

Community grants are a part of Council's overall support function within the community. The total amount of annual

funding for community grants is decided through the Long-term Plan and subsequently distributed in accordance with the Grants and Partnerships Policy 2015. This is done via a partnership agreement or through independent distributing agencies including the Tūrangi-Tongariro Community Board and Mangakino-Pouākani Representative Group.

We are a World Health Organisation (WHO) accredited safe community which means that we work with our community partners on four key issues – reducing alcohol related harm, intentional and unintentional injury, road safety and crime prevention.

We are an Age Friendly District, which means we work alongside a community steering group who have adopted Age Friendly concepts. We support youth through various programmes including our Youth Leadership programme (Leader in You), the Youth Awards, and Youth Week.

We engage with groups from our community on a range of issues. This partnership approach is in support of our community outcome engagement – Council is connected with its communities, advocating for their social and cultural well-being. The groups we work with include education and health providers.

We fund this activity through the general rate.



Why we do regulatory services?

Regulatory services are provided to ensure rules and regulations are adhered to for things such as food safety, animal management and safe buildings. This includes:

- Registering, enforcing and ensuring compliance with regulatory functions relating to food premises, liquor outlets, electronic gaming machines, animal control and other bylaws and statutes;
- Enforcing limited time parking spaces in the Taupō CBD;
- Processing resource consent applications and ensuring compliance with the District Plan and consent conditions; and
- Processing building consent applications, inspecting buildings, and monitoring and enforcing the Building Act 2004.

We fund these activities through a mixture of fees and charges, the uniform annual general charge and the general rate.

Why we do emergency management?

Civil Defence Emergency Management (CDEM) is a function and responsibility of regional, city and district councils. Our Civil Defence role includes community, organisational and business readiness, including public education and awareness, training and exercises, and local response planning.

We are part of the Waikato CDEM Group, which includes the Waikato Regional Council and all 10 district/city councils, as well as emergency services, welfare agencies and utility providers. We also work in partnership with other councils around us to ensure we have well integrated civil defence planning. If an emergency happens in our district, we need to know that our neighbouring councils are also well prepared to help us and vice-versa. We maintain an Emergency Operating Centre based in Taupō. We also have the ability to set up welfare centres in Taupō, Mangakino and Tūrangi in the event of an emergency.

In addition to enhancing response capabilities Council looks to:

- Continue to build a sustainable understanding of hazards and risks within the district;
- Reduce risks from hazards;
- Increase community preparedness and local ownership;
- Enhance capability to recover from emergencies; and
- Enhance partnerships with and within the community.

We fund this activity through the uniform annual general charge.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.



Community Services Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	4,673	4,836	4,509
Targeted rates	-	-	-
Subsidies and grants for operating purposes	13	-	-
Fees and charges	2,283	2,323	2,731
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	440	449	428
Total operating funding (A)	7,409	7,608	7,668
Applications of operating funding			
Payments to staff and suppliers	7,183	7,384	7,430
Finance costs	53	47	46
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,236	7,431	7,476
Surplus (deficit) of operating funding (A – B)	173	177	192
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(88)	(88)	(70)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(88)	(88)	(70)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	17	20	79
• to replace existing assets	130	160	172
Increase (decrease) in reserves	(62)	(91)	(129)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	85	89	122
Surplus (deficit) of capital funding (C – D)	(173)	(177)	(192)
Funding balance ((A – B) + (C – D))	-	-	-

Community Services Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Increased Level of Service			
Base set radio - inc battery & power pack & aerial	2	-	2
Generator inverter	2	-	-
Install fibre at all camera locations	-	20	-
Body Worn Cameras	5	-	-
Taupo Street CCTV System additional hard drive	8	-	-
Installation of Generator at Taupo Airport	-	-	41
Wireless receivers from Turangi through to Taupo	-	-	12
New cameras to coincide with police 10 year district plan	-	-	20
Lights for Unimogs	-	-	4
Increased Level of Service Total	17	20	79
Capex Total	17	20	79
Renewal	130	160	172
Grand Total	147	181	251



Water

What we do and why we do it

Water is essential for life, health, recreation and the environment. In our district water is also essential for economic development, if industry has access to water, they are more likely to develop or start up here. This group of activities contributes to the environment and economy community outcomes.

Council treats, stores and distributes water for residential, commercial and industrial properties in Taupō, Tūrangi, Mangakino and 16 other settlements in the district. That water is supplied continuously, and we have strict requirements for our water contractors to fix any breaks quickly and cost-effectively. We also supply water for firefighting in urban areas.

The Waikato Regional Council allocates water from our lakes and rivers for household, commercial and industrial uses. Council currently has 27 resource consents to take water from lakes, rivers, bores and other sources in the district.

For water schemes that do not yet meet New Zealand Drinking Water Standards, Council investment is focused on ensuring security of supply so that communities can be confident that the supply of potable water is maintained.

Residential water schemes are funded by fixed targeted

rates specific to that particular scheme. Rural water schemes are funded by a targeted rate based on land value; the Rakaunui Rd water scheme is also funded by a land value based targeted rate. All properties other than residential are assessed for water rates on a metered basis. Units of water are provided at no charge up to the threshold at which the level of water usage multiplied by the rate per cubic metre matches the targeted rate. When the threshold is exceeded each cubic metre of water used is charged for at the tariff relevant to that scheme.

In general providing safe drinking water to the community has both public health and environmental benefits. There is however negative effects in providing this service, these include; the risk of contamination; the sustainability of water source; risk of water abstraction volumes getting reduced and difficulty in managing the implementation of demand management plan; cost of providing the service on rate payers, especially smaller communities and the cost of keeping up with drinking water standards requiring significant capital investment.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Water Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	9,586	9,946	10,647
Subsidies and grants for operating purposes	-	-	-
Fees and charges	111	114	111
Internal charges and overheads recovered	271	277	268
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	9,968	10,337	11,026
Applications of operating funding			
Payments to staff and suppliers	4,305	4,407	4,884
Finance costs	1,961	2,040	2,096
Internal charges and overheads applied	53	55	55
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,319	6,502	7,035
Surplus (deficit) of operating funding (A – B)	3,649	3,835	3,991
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	484	733	733
Increase (decrease) in debt	2,434	1,433	2,830
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,918	2,166	3,563
Application of capital funding			
Capital expenditure			
• to meet additional demand	1,750	-	-
• to improve the level of service	1,320	2,914	3,103
• to replace existing assets	3,651	3,452	3,368
Increase (decrease) in reserves	(155)	(365)	1,084
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,567	6,001	7,554
Surplus (deficit) of capital funding (C – D)	(3,649)	(3,835)	(3,991)
Funding balance ((A – B) + (C – D))	-	-	-

Water Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Growth			
Taupo water treatment plant capacity upgrade to 30 MLD	1,750	-	-
Growth Total	1,750	-	-
Increased Level of Service			
Acacia Bay water DWSNZ upgrade	300	2,153	2,100
Kinloch water DWSNZ upgrade	150	423	413
Omori water pretreatment	50	256	250
River Road water additional storage tank	20	-	-
Taupo water reticulation of Five Mile Bay	-	21	20
Taupo water Tamatea reservoir burst control valve	75	-	-
Taupo water Tauhara reservoir burst control valve	75	-	-
Tirohanga water intake structure improvements	75	-	-
Taupo water Titoki reservoir burst control valve	75	-	-
Kinloch water security of supply	500	-	-
Taupo water Tauhara Ridge falling main to Wharewake East Limited	-	62	60
Mangakino Security of Supply	-	-	150
Plant Automatic Shutdown	-	-	102
Plant Automatic upgrade	-	-	8
Increased Level of Service Total	1,320	2,914	3,103
Capex Total	3,070	2,914	3,103
Renewal	3,651	3,452	3,368
Grand Total	6,721	6,366	6,471



Transport

What we do and why we do it

Our transport network provides for the efficient movement of people and goods which is essential for the economic and social wellbeing of the community. Our road and traffic assets have a replacement value of approximately \$457 million (as valued at August 2017). This group of activities is funded through the general rate and this group of activities contribute to the economy and environment community outcomes.

We encourage and support people to use footpaths, cycleways and passenger transport. In particular, we work with Waikato Regional Council and the New Zealand Transport Agency (NZTA), and advocate for district projects, especially those that focus on road safety, or economic development. The district has a disproportionately high number of road traffic crashes that result in death or serious injury, mostly on state highways, which are managed by NZTA.

The subsidy we receive from NZTA is 51 per cent across all activities. Also, we will receive a 100 per cent subsidy for the next three years for Huka Falls Road (a special purpose road) which will reduce to 51 percent after 2021.

The aging population of Taupō will mean an increase in the use of alternative modes especially the number of mobility scooters. These will require wider footpaths and appropriate crossing points.

Passenger transport including the Total Mobility Scheme within the district is subsidised by us and administered by Waikato Regional Council. We currently fund two bus services, one which covers Wharewaka to Wairākei Village and the Taupō to Mangakino service. Patronage is now steady each month, with the main users of the service being students and Supergold card users.

In general, providing a safe road and footpath network has both positive and negative benefits/effects.

Negative aspects include emissions, potential runoff and transport related waste from roads, noise of heavy vehicles and traffic crashes which may result in death and injury. Council has a number of mitigation measures in place to address these negative effects.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Transport Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,644	7,057	6,945
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,051	2,115	2,069
Fees and charges	142	145	142
Internal charges and overheads recovered	425	434	425
Local authorities fuel tax, fines, infringement fees, and other receipts	450	460	450
Total operating funding (A)	9,712	10,211	10,031
Applications of operating funding			
Payments to staff and suppliers	5,333	5,672	5,651
Finance costs	1,172	1,075	1,111
Internal charges and overheads applied	425	434	425
Other operating funding applications	-	-	-
Total applications of operating funding (B)	6,930	7,181	7,187
Surplus (deficit) of operating funding (A – B)	2,782	3,030	2,844
Sources of capital funding			
Subsidies and grants for capital expenditure	2,257	2,302	2,682
Development and financial contributions	575	685	685
Increase (decrease) in debt	(2,408)	(206)	(119)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	424	2,781	3,248
Application of capital funding			
Capital expenditure			
• to meet additional demand	150	-	-
• to improve the level of service	3,077	2,662	3,563
• to replace existing assets	2,687	3,424	3,900
Increase (decrease) in reserves	(2,708)	(275)	(1,371)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	3,206	5,811	6,092
Surplus (deficit) of capital funding (C – D)	(2,782)	(3,030)	(2,844)
Funding balance ((A – B) + (C – D))	-	-	-

Transport Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Growth			
Footpath at 518 Lake Terrace	150	-	-
Growth Total	150	-	-
Increased Level of Service			
Acacia Bay Rd/Wily Tce handrail	50	-	-
Anzac Memorial Drive	-	204	200
Huka Falls footpath	150	153	350
Kinloch footpath construction	250	102	100
LED Infill lighting	-	41	40
Tirohanga Road widening	300	307	300
Transport survey equipment - new	50	-	-
Lacebark Drive extension	100	-	-
Northern Access upgrade project - Phase 1 - 50km sign on Wairakei Driv	127	-	-
Poihipi Road seal widening	300	256	250
Minor improvements	193	199	195
On street parking	25	26	50
New signs & road marking	40	26	25
Pedestrian facilities	190	143	140
Mangakino streets - upgrade program	40	5	5
Seal extension	400	460	450
Cycle facilities	80	61	60
Pedestrian facilities (bus shelters)	-	6	6
Northern Access upgrade project - Phase 1	479	-	-
Retaining wall construction Wily terrace	100	102	1,026
Huka Falls Lookout carpark	200	204	-
Paetiki Suburban Shopping Centre enhancements	-	51	50
Bus Infrastructure	3	9	9
In Berm Parking - Tuwharetoa Street	-	307	307
Increased Level of Service Total	3,077	2,662	3,563
Capex Total	3,227	2,662	3,563
Renewal	2,687	3,424	3,900
Grand Total	5,914	6,086	7,463



Community facilities

What we do and why we do it

Our district offers a wide range of leisure and recreation opportunities and we encourage our residents and visitors to use them. Our strategy is to maintain our community facilities so that we can continue to enjoy them. This group of activities contributes to the engagement, environment and economy community outcomes.

We manage and service parks, reserves, playgrounds, open spaces, multi-purpose sports, entertainment and event venues, as well as pools, gyms and sports grounds throughout the district. This ensures there are sporting, aquatic and recreational opportunities for the community, as well as exercise facilities for the physical and mental well-being of everyone who spends time in the district, including visiting children and their families. We also support the learn-to-swim lessons sponsored by Contact Energy at all our pools. We have secured a two year agreement with Contact Energy for this service.

The facilities we operate are:

- Libraries in Taupō, Tūrangi and Mangakino
- Taupō Museum and Art Gallery
- Great Lake Centre, Taupō Events Centre and community halls

- Parks, reserves, playgrounds and gardens
- Sports grounds
- AC Baths, Tūrangi Aquatic Centre, Mangakino Community Pool
- Community gyms
- Housing for the elderly
- Public toilets including the Superloo; and
- Cemeteries.

We fund these activities through a combination of fees and charges and the general rate. The proportion of fees and charges recognises the contribution these activities make toward meeting the recreational, social and cultural needs of current and future generations. A small portion of the funding for cemeteries comes from the uniform annual general charge with the majority coming from fees and charges.

See the Long-term Plan 2018–28 for more information about this group of activities including the levels of service, performance measures and targets.

Community Facilities Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	17,760	18,043	18,155
Targeted rates	-	-	-
Subsidies and grants for operating purposes	142	134	152
Fees and charges	2,930	2,958	3,207
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	18	18	14
Total operating funding (A)	20,850	21,153	21,528
Applications of operating funding			
Payments to staff and suppliers	13,909	13,899	14,365
Finance costs	1,516	1,571	1,533
Internal charges and overheads applied	425	434	437
Other operating funding applications	-	-	-
Total applications of operating funding (B)	15,850	15,904	16,335
Surplus (deficit) of operating funding (A – B)	5,000	5,249	5,193
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	226	314	314
Increase (decrease) in debt	1,526	1,246	(624)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,752	1,560	(310)
Application of capital funding			
Capital expenditure			
• to meet additional demand	595	250	2,845
• to improve the level of service	2,973	3,986	4,654
• to replace existing assets	3,368	2,472	2,485
Increase (decrease) in reserves	(184)	101	(5,101)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,752	6,809	4,883
Surplus (deficit) of capital funding (C – D)	(5,000)	(5,249)	(5,193)
Funding balance ((A – B) + (C – D))	-	-	-

Community Facilities Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Growth			
Parks & Reserves - District			
Great Lake Walkway Upgrade	350	-	2,600
Parks Development Contribution			
New neighbourhood reserves	245	250	245
Growth Total	595	250	2,845
Increased Level of Service			
AC Baths - Pools			
Hydro slide tube replacement	1,060	-	-
Permanent umbrellas - Lifeguards	10	-	-
Bridge to bombing island	15	-	-
Private pool upgrade	-	1,178	1,155
Antislip trackside learn to swim	22	-	-
Cemeteries - District			
Cemeteries Interment Infrastructure	8	8	8
Cemetery Improvements	25	5	5
Historic Grave Improvements	25	-	-
GLC / Events Logistics Management			
Round conference tables	15	-	-
Install external intercom system	8	-	-
Housing for the Elderly - District			
Heating System Konini Street	100	-	-
Libraries - District			
Library books	310	316	310
Turangi Library entrance to improve wheelchair access	-	71	70
Ultra-Fast Broadband at the Turangi Library	-	-	12
Museum - Taupo			
Barry Brickell sculpture renewal & preservation	25	-	-
Wifi installation - public	3	-	-
Digital scanner with feeder	1	-	-
Altar Stone installation (movable)	10	-	-
Building alarm upgrade	8	-	-
Owen Delany Park Venue			
External metered power source - north end of building	-	-	5
Parks & Reserves - District			
Brice St Basketball Court	-	36	35
CBD intersection upgrades	200	204	200
Tongariro Playground Refurbishment	-	15	465
Lock Rationalisation	20	10	10
Taupo Market relocation	25	77	75
Spa Thermal Park new path construction - connect existing to new Otumuheke Development	-	41	40
Fencing contributions (Fencing Act requirement)	20	20	20
Public Art	25	26	25
Playground Improvements - assist with renewals where like for like no longer appropriate	50	51	50
Improved Playground Softfall Material - bark to rubberised surfaces	20	20	20
Accessibility Improvements - minor improvements which would not otherwise be done, e.g. ramps, paths etc.	10	10	10
Turangi Tongariro National Park Gateway (Waharoa) - TTCB request	-	102	300
Paetiki Suburban Shopping Centre enhancements	-	51	50
Atiamuri basket swing	13	-	-
Omori/Kuratau shade sail	20	-	-
Owen Delany Park and District Sportsgrounds Strategy	-	36	35
Turangi parks equipment rationalisation	15	459	450
Strengthening and reinstalling (different location(new footings)	-	-	10
Parks Operations Management			
Mangakino Depot - alarm system upgrade & server provider change	12	-	-
Project Watershed			
Erosion Control - Kuratau Foreshore	110	321	315
Erosion Control - Taupo Bay including Lake Terrace Cliffs	130	-	-
Erosion Control - Erosion Protection Soft Options	-	61	60
Public Conveniences - District			
Public Convenience Reticulation	-	-	150
Turangi new public toilets	-	510	500

Community Facilities Schedule of Capital Expenditure – continued

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sportsgrounds - District			
Hickling Park Sports Improvements	75	-	-
Public Convenience Reticulation	15	153	-
Turangi open space upgrades	100	-	-
Mangakino Open Space Upgrades	200	-	-
Iron roller	-	-	19
Superloo Taupo			
Install 3 phase plug for Civil Defence	2	-	-
Taupo Events Centre - Stadium			
Upgrade reception area	14	204	250
Steps from deck to plant room (Health & Safety)	20	-	-
Sun shades over deck	3	-	-
Conservatory over fitness deck - fixing leaking issue & future proofing gym	200	-	-
Turangi Turtle Pools			
Turangi Aquatic Centre - play equipment	30	-	-
Increased Level of Service Total	2,973	3,986	4,654
Capex Total	3,568	4,236	7,499
Renewal	3,368	2,472	2,485
Grand Total	6,936	6,708	9,983



Wastewater

What we do and why we do it

Council collects, treats and disposes of wastewater from residential, commercial and industrial properties within designated drainage areas of the district, safeguarding the environment and protecting public health. We provide sufficient capacity to serve communities within current designated drainage areas of the district, on a continuous basis. Our wastewater services support our environment outcome.

Council treats and disposes of wastewater in an environmentally responsible way, meeting Waikato Regional Council consent conditions, including odour control at our treatment facilities. We are also responsible for reducing nitrogen discharge from our wastewater treatment plants into the Lake Taupō catchment by at least 20 per cent of 2005 levels by 2020, as part of the Lake Taupō Protection project.

Fats, oils and grease from commercial kitchens can cause sewer blockages and when they are discharged into the sewer they reduce the performance of the treatment plant. In 2010, Council introduced a Trade Waste Bylaw to control this discharge, which was reviewed in 2016.

We have a proactive approach to maintenance and condition assessment in place. This requires an increase

in operational expenditure to collect data which will enable accurate forecasting of renewal requirements. It is anticipated that this will result in a reduction of blockages in the wastewater network and reduce overflows into Lake Taupō or waterways. We are also moving to enforce the trade waste bylaw more stringently to reduce the likelihood of blockages in the sewer network or mechanical equipment failure.

The wastewater service is funded by a district-wide targeted rate. This rate applies to every rating unit connected or available to be connected to a Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household which is only levied one charge).

In general, providing wastewater services to the community has both public health and environmental benefits. There are however negative effects in providing this service including the risk of overflows due to the concentration of the wastewater within the reticulation system and illegal connections and discharges.

See the Long-term Plan 2018–28 for more information about this group of activities including the levels of service, performance measures and targets.

Wastewater Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	13,111	13,339	13,334
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,370	1,399	740
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	14,481	14,738	14,074
Applications of operating funding			
Payments to staff and suppliers	6,778	6,839	6,669
Finance costs	2,587	2,528	2,307
Internal charges and overheads applied	203	208	159
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,568	9,575	9,135
Surplus (deficit) of operating funding (A – B)	4,913	5,163	4,939
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	616	1,011	1,011
Increase (decrease) in debt	952	(1,479)	1,978
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	1,568	(468)	2,989
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	103	150
• to improve the level of service	4,255	1,743	1,887
• to replace existing assets	2,839	3,176	3,098
Increase (decrease) in reserves	(613)	(327)	2,793
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,481	4,695	7,928
Surplus (deficit) of capital funding (C – D)	(4,913)	(5,163)	(4,939)
Funding balance ((A – B) + (C – D))	-	-	-

Wastewater Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Growth			
Taupo wastewater Control gate bridge siphon	-	-	50
Taupo wastewater Southern trunk main upgrade (stage 1)	-	103	100
Growth Total	-	103	150
Increased Level of Service			
Districtwide water compliance reporting software	30	-	-
Kinloch wastewater land disposal system	2,200	-	-
Omori wastewater oxidation pond (Pukawa) fencing	25	-	-
Motutere wastewater treatment plant capacity upgrade	100	-	-
Kinloch wastewater treatment plant balance tank	100	1,743	1,700
Turangi wastewater balance pond	1,800	-	-
Taupo wastewater View Road Expansion (scoping and design)	-	-	100
Taupo wastewater Tekopua WWP Access Improvements	-	-	82
Whareroa wastewater Weather Station	-	-	5
Increased Level of Service Total	4,255	1,743	1,887
Capex Total	4,255	1,845	2,037
Renewal	2,839	3,176	3,098
Grand Total	7,094	5,021	5,135



Solid waste

What we do and why we do it

We provide a solid waste system for refuse and recyclables. Waste services include a landfill and resource recovery centre at Broadlands Road, five transfer stations, and litter and recycling bins. We manage solid waste to reduce the likelihood of harm to people and the environment, and to retain the districts' attractive appearance for residents and visitors. Solid waste services contribute to the environment and economic community outcomes.

Council was required to review its Waste Management and Minimisation Plan (WMMP) by the end of June 2018. It adopted the new WMMP in June 2018.

This review resulted in the following target for Council – “By 2028 increase the quantity of material (tonnes) diverted from landfill from 46 per cent to 51 per cent”.

To achieve this target the review of the WMMP will look to implement a number of new actions.

- E-waste recycling
- Waste reduction educational support for district marae
- Waste minimisation grants to support community waste minimisation activities
- Increase the number of warranted litter offices within Council's existing staff
- Investigate ways to reduce construction and demolition waste going to landfill
- Support local schools to divert food waste

- Work with the local farming sector to provide waste reduction options
- Education support for local event organisers
- Implementation of a targeted litter reduction programme; and
- Support and facilitate the reduction of single use plastic bags.

The Broadlands Road landfill is operated with individual “cells”, each with its own liner and reticulation system for leachate. When a cell is full, it is capped with soil so that decomposition does not cause adverse environmental effects (bad smells, methane, uncontrolled toxic leachate, etc.).

We also manage three closed landfill sites at Taupō, Mangakino and Tūrangi. Closed landfills have closure consents which requires Council to monitor them to ensure there are no adverse environmental effects from these sites.

Refuse collection is funded through fees and charges, while disposal is funded through a combination of fees and charges and a targeted rate applied to those areas where the service is available. Litter control is funded through the general rate.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Solid waste Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	781	808	704
Targeted rates	1,226	1,141	1,151
Subsidies and grants for operating purposes	120	122	130
Fees and charges	2,821	2,809	2,976
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	4,948	4,880	4,961
Applications of operating funding			
Payments to staff and suppliers	4,209	4,290	4,388
Finance costs	212	195	173
Internal charges and overheads applied	9	9	9
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,430	4,494	4,570
Surplus (deficit) of operating funding (A – B)	518	386	391
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(135)	(347)	(415)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(135)	(347)	(415)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	230	33	32
• to replace existing assets	136	138	136
Increase (decrease) in reserves	17	(132)	(192)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	383	39	(24)
Surplus (deficit) of capital funding (C – D)	(518)	(386)	(391)
Funding balance ((A – B) + (C – D))	-	-	-

Solid Waste Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Increased Level of Service			
Big Belly purchase rented bins from contractor	112	-	-
Kinloch site upgrade	45	-	-
Kinloch water supply	30	-	-
Landfill capping Turangi	15	-	-
Mangakino kiosk & electrical	-	12	12
Turangi glass bays	-	10	10
Turangi wood recovery pad and wall	18	-	-
New street recycling bins	10	10	10
Increased Level of Service Total	230	33	32
Capex Total	230	33	32
Renewal	136	138	136
Grand Total	366	171	168



Stormwater

What we do and why we do it

Council provides a stormwater system to manage the surface water runoff from the district's urban catchments. Waikato Regional Council increasingly require Council to improve the quality of the stormwater particularly where it goes into lakes and rivers (as it does in the Taupō district) to reduce the adverse effects on the environment.

Council owns and maintains a number of gullies that transport stormwater to the lake, which need to be maintained to avoid sedimentation and enable stormwater quality to improve as it passes through the gullies. We monitor stormwater quality, testing for pollution for a range of contaminants, because we are committed to improving the quality of stormwater going into Lake Taupō. We also seek to minimise erosion damage from stormwater to roads, reserves, gullies and outfalls.

The discharge quality of stormwater is governed by the framework set down in the conditions of our comprehensive stormwater discharge consent.

Maintenance programmes are mainly reactive in nature although additional planting is planned to further protect gully walls from erosion. Other proactive measures include the removal of silt around lake outfalls which occurs with high lake levels.

A coordinated CCTV programme will continue to assess at least 10 per cent of the underground network per year. This will enable Council to match age with condition and to develop an accurate forecast of the renewal required for the underground network. This programme of work complements the programme of work we are proposing for overland flow paths and improving the quality of stormwater discharges.

We fund this activity through the general rate. This group of activities primarily contributes to the environment community outcome.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Stormwater Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	1,769	1,839	1,833
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	1,769	1,839	1,833
Applications of operating funding			
Payments to staff and suppliers	744	761	782
Finance costs	51	57	86
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	795	818	868
Surplus (deficit) of operating funding (A – B)	974	1,021	965
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	110	119	326
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	110	119	326
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	253	181	205
• to replace existing assets	138	155	151
Increase (decrease) in reserves	693	804	935
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	1,084	1,140	1,291
Surplus (deficit) of capital funding (C – D)	(974)	(1,021)	(965)
Funding balance ((A – B) + (C – D))	-	-	-

Stormwater Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Increased Level of Service			
Brentwood gully culvert	15	10	10
Enviropod protection	5	5	5
Overland flow paths / flood model	20	21	20
Two Mile Bay (Boat Ramp) improvement device	-	146	170
Kohineheke Crescent Reserve improvement device	133	-	-
Kahu Street Mangakino reticulation	80	-	-
Increased Level of Service Total	253	181	205
Capex Total	253	181	205
Renewal	138	155	151
Grand Total	391	337	356



Democracy and planning

What we do and why we do it

Democracy

Council provides democratic local decision-making and actions by, and on behalf of, our district's many communities. We are focused on meeting the current and future needs of communities for good-quality local infrastructure, local public services, and performance of regulatory functions in a way that is most cost-effective for households and businesses. Democracy contributes to the engagement and community wellbeing outcomes.

Council acts as the district's advocate with regional and national governments to ensure that the needs of our communities are considered when policies and plans are being developed. We have a major programme of engagement with residents and ratepayers that includes a wide range of committee work and a communications programme.

Council works collaboratively with a wide range of other governing bodies, including central government, other councils (such as Waikato Regional Council), our three mana whenua iwi and local hapū, district health boards, and many others.

Ngāti Tūwharetoa has now completed its comprehensive settlement and has been effected in March 2019 with transfer of significant assets into their control. Council continues to develop its relationships with both iwi and their hapū through central government tools, as highlighted by the Joint Management Agreements entered into with Raukawa and Te Arawa recently and also with Ngāti Tūwharetoa in 2009. This was also highlighted by the commitments made by Council to the Office of Treaty Settlements, Te Kotahitanga o Ngāti Tūwharetoa and key hapū around the rohe involved in the Ngāti Tūwharetoa Claims Settlement Act. These milestones focus us toward achieving stronger collaboration in our district.

Council meetings are webcast, with Council agendas available prior to meetings, to promote transparency and accountability of decision-making.

We fund the democracy activity through the uniform

annual general charge. The funding for the TūrangiTongariro Community Board is primarily through a targeted rate from the Tūrangi –Tongariro Ward with some funding from the general rate.

Planning

A major role for Council is planning for the district's future to meet the needs of our communities. Council uses a wide range of strategic and spatial planning tools to achieve these goals and meet its various obligations under the legislation such as the Local Government Act and the Resource Management Act.

We plan for and manage the effects of population change, economic trends and land use change through Long-term Planning, and spatial planning (structure plans, district planning), and policy work for all the other services of Council. We use two major planning processes to establish and advocate for the long-term wellbeing of the District: the Long-term Plan, and the District Plan.

In addition to planning for the future, we also control a wide range of activities such as how reserves are used and when and how people can connect to Council services. Through this variety of policies, plans and bylaws we help to guide the day-to-day management of many activities to provide a safe and enjoyable environment.

Advocacy and leadership are essential for Council to ensure that the special qualities and particular needs of our district are considered when national and regional plans are being developed. We contribute to regional planning and coordination, and work with a wide range of community partners to advocate for our communities.

This activity is funded through the general rate. This group of activities contributes to the environment, economic and engagement community outcomes.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Democracy and Planning Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	7,586	7,683	8,363
Targeted rates	80	82	83
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1	83	93
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	7,667	7,848	8,539
Applications of operating funding			
Payments to staff and suppliers	7,655	7,836	9,020
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,655	7,836	9,020
Surplus (deficit) of operating funding (A – B)	12	12	(481)
Sources of capital funding			
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	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	-	51	50
Increase (decrease) in reserves	12	(39)	(531)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12	12	(481)
Surplus (deficit) of capital funding (C – D)	(12)	(12)	481
Funding balance ((A – B) + (C – D))	-	-	-

Democracy and Planning Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Renewal	-	51	50
Grand Total	-	51	50



Investments

What we do and why we do it

Council generates income through investments and development of a range of assets that it owns. Income generated from investment assets is an important income stream for Council as it offsets some of the costs of providing services. Income from the sale of some investments is also used to pay off Council debt.

We aim to generate commercial returns from residential and commercial land property, the TEL fund, forestry and our general reserve funds. Most of the costs associated with the property component of this activity (including motor camps, residential and commercial land and property) are covered by those who use the properties and are recovered through fees and charges. Where there are costs to maintain these properties, we use the general rate. This

group of activities contributes to the economic community outcome.

Taupō District Council and the Crown, represented by the Ministry of Transport, own the Taupō Airport Authority equally. The Taupō Airport Authority is a Council-controlled organisation as defined by the Local Government Act 2002. Taupō District Council, under agreement with the Crown, manages the Taupō Airport Authority. A Committee of Council provides the governance of the airport operations. The committee consists of Council and business representatives.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Investments Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(1,601)	(1,133)	(922)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	1,414	1,036	918
Internal charges and overheads recovered	632	646	566
Local authorities fuel tax, fines, infringement fees, and other receipts	4,003	4,073	3,878
Total operating funding (A)	4,448	4,622	4,440
Applications of operating funding			
Payments to staff and suppliers	89	(26)	(64)
Finance costs	954	857	723
Internal charges and overheads applied	213	217	174
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,256	1,048	833
Surplus (deficit) of operating funding (A – B)	3,192	3,574	3,607
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(4,313)	1,776	71
Gross proceeds from sale of assets	6,773	3,310	3,814
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	2,460	5,086	3,885
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	2,086	2,923	5,965
• to replace existing assets	1,030	1,210	1,223
Increase (decrease) in reserves	2,536	4,527	304
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	5,652	8,660	7,492
Surplus (deficit) of capital funding (C – D)	(3,192)	(3,574)	(3,607)
Funding balance ((A – B) + (C – D))	-	-	-

Investments Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Capex			
Increased Level of Service			
Commercial and residential land development	815	616	604
TDC Civic Building project	250	-	-
New software and technology projects	521	704	685
Tech One ERP Software Implementation	500	510	3,583
Civic Administration Building Tuwharetoa Street	-	1,092	1,092
Increased Level of Service Total	2,086	2,923	5,965
Capex Total	2,086	2,923	5,965
Renewal	1,030	1,210	1,223
Grand Total	3,116	4,132	7,189



Economic development

What we do and why we do it

The economic base of the Taupō District is intrinsically linked with the unique characteristics of Lake Taupō and its surrounding geography. Tourism, forestry, energy generation (hydro and geothermal) and agriculture therefore largely drive the Taupō economy. There is significant potential for investment to gain added value from these industries. This group of activities contributes to the economy and engagement community outcomes.

Council have signalled that economic development is to be a key focus for the district so that we can continue to live in a thriving and vibrant place where others want to live, invest, work and play

We invest in economic development within our district so that we can focus on meeting the current and future needs of the community. A growing district can provide services more cost-effectively than a declining one – and without a growing economy there is a risk that our industries will shrink, our businesses will struggle, and people will move out of the district due to a lack of employment opportunities. We fund these activities through the general rate. As a Council we undertake leadership (including partnership and facilitation), spatial planning and infrastructure, quality regulation, services (including three waters), business and industry development and social and community services. Specifically:

- An in-house events function that supports event organisers to run both commercial and community events. This support includes advice, relationship management, promotion, equipment, venues, hosting, funding and monitoring. Council also provides infrastructure, services and regulatory functions to enable events. Supporting events provides economic

impact, gives the district a positive profile, creates vibrancy and diversity, delivers social benefits and provides opportunities for business.

- Promoting Taupō as a holiday and visitor destination through a Council-controlled organisation, Destination Great Lake Taupō (DGLT), and i-SITES in Taupō, Tūrangi and an information desk in Mangakino. Tourism is estimated to be worth over \$600 million to our economy annually and accounts for a significant proportion of employment within the district. DGLT's key activities are destination management, destination consumer marketing, business events marketing, trade marketing and special interest marketing.
- Contracting Enterprise Great Lake Taupō (EGLT), an independent trust, to provide business development services throughout the district. Their mandate is to enrich our community through the creation of wealth and jobs for our region and their services include district-wide business growth support, entrepreneur and youth development, and new business attraction.
- Supporting the activities of Town Centre Taupō – a member-based organisation focused on enhancing and developing the social and economic wellbeing of the Taupō Central Business District by developing a vibrant, well-managed and innovative town centre. We also provide funding of \$20,000 per annum to assist Town Centre Taupō as they now provide services on our behalf.

See the Long-term Plan 2018 – 28 for more information about this group of activities including the levels of service, performance measures and targets.

Economic Development Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,793	3,926	4,003
Targeted rates	163	166	163
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	3,956	4,092	4,166
Applications of operating funding			
Payments to staff and suppliers	3,939	4,076	4,145
Finance costs	3	2	3
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	3,942	4,078	4,148
Surplus (deficit) of operating funding (A – B)	14	14	18
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(6)	(6)	(6)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(6)	(6)	(6)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	4	4	4
Increase (decrease) in reserves	4	4	8
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	8	8	12
Surplus (deficit) of capital funding (C – D)	(14)	(14)	(18)
Funding balance ((A – B) + (C – D))	-	-	-

Economic Development Schedule of Capital Expenditure

Description	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Renewal	4	4	4
Grand Total	4	4	4

Finances

Prospective schedule of rates

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Total District			
General rates	42,537	44,223	44,820
Targeted rates	24,437	24,950	25,646
Total rates	66,974	69,173	70,466
Less intenal rates	903	923	834
Less rates remission	850	867	1,015
Add rates penalties	350	350	350
Rates revenue per statement of comprehensive revenue and expense	65,571	67,733	68,967
% Change total rates	4.89%	3.28%	5.21%
% Change general rates	4.40%	3.96%	5.37%
% Change targeted rates	5.77%	2.10%	4.95%
Number of properties	22,330	22,644	22,644
Growth in property numbers	314	135	342
Number of properties to be rated	22,644	22,779	22,986
Costs to be recovered (GST excl)	66,973	69,173	70,466
All rateable properties included			
Average rates per property	2,958	3,037	3,066
Average property % increase	3.44%	2.67%	3.65%
Average property increase GST excl	98	79	108
Average property increase GST incl	113	91	124

Ratings base information

The projected number of rating units within the district for 30 June 2019 is 22,986.

The projected total capital value of rating units within the district for 30 June 2019 is \$15.522 billion.

The projected total land value of rating units within the district for 30 June 2019 is \$7.528 billion.

Prospective statement of comprehensive revenue and expense

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Revenue			
Rates	65,570	67,733	68,966
Subsidies and grants	4,582	4,674	5,033
Development and financial contributions	1,900	2,743	2,743
Fees and charges	11,071	10,866	10,916
Finance revenue	3,790	3,856	3,675
Other revenue	9,147	8,394	8,218
Total revenue	96,060	98,266	99,551
Expenses			
Personnel costs	21,748	22,285	22,303
Depreciation and amortisation expense	22,905	23,952	24,242
Finance costs	8,510	8,372	8,078
Other expenses	32,392	32,854	34,964
Total operating expenses	85,555	87,463	89,587
Surplus/(deficit) before tax	10,505	10,803	9,964
Income tax (expense)/credit	-	-	-
Surplus/(deficit) after tax	10,505	10,803	9,964
Other comprehensive revenue and expense			
Property, plant & equipment revaluations	26,782	20,034	20,034
Total other comprehensive revenue and expense	26,782	20,034	20,034
Total comprehensive revenue and expense	37,287	30,837	29,998
Reconciliation to Summary Funding Impact Statement			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	41,404	43,060	43,589
Targeted rates	24,166	24,673	25,378
Total rates revenue	65,570	67,733	68,967
Subsidies and grants for operating purposes	2,326	2,371	2,351
Fees and charges	11,071	10,866	10,916
Interest and dividends from investments	3,790	3,856	3,675
Local authorities fuel tax, fines, infringement fees, and other receipts	1,121	1,144	1,095
Total operating funding	83,878	85,970	87,004
Add asset development and other gains / (losses)			
Subsidies and grants for capital expenditure	2,257	2,302	2,682
Development and financial contributions	1,900	2,743	2,743
Other dedicated capital funding	-	-	-
Add vested and first time recognition of assets	4,662	5,687	5,560
Add gain on sale	2,579	921	921
Add unrealised gains/(losses)	784	642	642
Total asset development and other gains / (losses)	12,182	12,295	12,548
Total revenue	96,060	98,265	99,552
Applications of operating funding			
Payments to staff and suppliers	54,140	55,138	57,268
Finance costs	8,510	8,372	8,078
Total applications of operating funding (B)	62,650	63,510	65,346
Add depreciation expense	22,905	23,952	24,242
Less loss on sale of asset	-	-	-
Total operating expenses	85,555	87,462	89,588
Surplus/(deficit) after tax	10,505	10,803	9,964
Add other comprehensive revenue and expenses	26,782	20,034	20,034
Total comprehensive revenue and expense	37,287	30,837	29,998

Prospective statement of changes in net assets/equity

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Net assets/equity at beginning of year	1,077,615	1,114,903	1,130,498
Net surplus/(deficits) for the year	10,506	10,804	9,964
Other comprehensive revenue and expenses	26,781	20,034	20,034
Total recognised revenues and expenses for the year	37,287	30,838	29,998
Total equity at end of year	1,114,902	1,145,741	1,160,496
Components of Equity			
Accumulated funds at beginning of year	788,268	799,336	809,268
Net surplus/(deficits) for the year	10,506	10,804	9,964
Transfers to/(from) reserves	560	(4,523)	7,824
Accumulated funds at end of year	799,334	805,617	827,056
Council created reserves at beginning of year	112,426	111,865	121,324
Transfers to/(from) reserves	(560)	4,523	(7,824)
Council created reserves at end of year	111,866	116,388	113,500
Revaluation reserves at beginning of year	176,920	203,702	199,907
Revaluation surplus/(deficits) for the year	26,782	20,034	20,034
Revaluations reserves at end of year	203,702	223,736	219,941
Total equity at end of year	1,114,902	1,145,741	1,160,496

Prospective statement of financial position

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
ASSETS			
Current assets			
Cash and cash equivalents	6,831	5,046	4,114
Other financial assets	43,840	45,943	45,248
Trade and other receivables	5,282	5,388	6,275
Inventories	1,453	1,482	720
Prepayments	929	929	1,076
Non current assets held for sale	8,914	11,630	15,307
Total current assets	67,249	70,418	72,740
Non-current assets			
Other financial assets	59,761	63,761	68,763
Investment in CCO and other similar entities	3,460	3,460	3,332
Intangible assets	722	736	739
Investment properties	13,719	11,325	8,838
Investments in associates	-	-	-
Biological assets - forestry	5,804	4,581	6,395
Property plant and equipment	1,141,575	1,171,555	1,183,152
Total non-current assets	1,225,041	1,255,418	1,271,219
Total assets	1,292,290	1,325,836	1,343,959
LIABILITIES			
Current liabilities			
Trade and other payables	9,929	10,125	10,030
Employee benefit liabilities	2,241	2,286	2,668
Borrowings	17,165	19,614	21,145
Total current liabilities	29,335	32,025	33,843
Non-current liabilities			
Provisions	92	101	106
Derivative financial instruments	22,443	22,443	24,083
Borrowings	125,142	125,142	125,036
Employee benefit liabilities	376	384	395
Total non-current liabilities	148,053	148,070	149,620
Total liabilities	177,388	180,095	183,463
Net assets (assets minus liabilities)	1,114,902	1,145,741	1,160,496
EQUITY			
Accumulated funds	799,335	805,616	827,056
Council created reserves	111,865	116,389	113,499
Revaluation reserves	203,702	223,736	219,941
Total equity	1,114,902	1,145,741	1,160,496

Prospective statement of cashflows

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Cash flows from operating activities			
Rates	65,570	67,733	68,966
Subsidies	2,326	2,371	2,351
Interest revenue	3,790	3,856	3,675
Fees and charges	11,071	10,866	10,916
Other revenue	1,121	1,144	1,095
Payments to suppliers	(32,392)	(32,853)	(34,965)
Payments to employees	(21,748)	(22,285)	(22,303)
Interest on public debt	(8,503)	(8,365)	(8,071)
Net cash flow (outflow) from operating activities	21,235	22,467	21,664
Cash flows from investing activities			
Proceeds from sale of property, plant, equipment & biological assets	6,773	3,310	3,814
Development/financial contributions	1,900	2,743	2,743
Capital subsidies	2,257	2,302	2,682
Net decrease in investments	-	-	-
Purchase & development of property, plant & equipment	(30,689)	(29,056)	(37,069)
Net increase in investments	(6,000)	(6,000)	-
Net cash flow from investing activities	(25,759)	(26,701)	(27,830)
Cash flows from financing activities			
Loans raised	17,114	15,067	21,203
Repayment of public debt	(19,043)	(12,618)	(17,231)
Net cash flow from financing activities	(1,929)	2,449	3,972
Net increase (decrease) in cash held	(6,453)	(1,785)	(2,194)
Add cash at start of year	13,284	6,831	6,308
Cash and cash equivalents at end of year	6,831	5,046	4,114

Prospective statement of borrowings

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Debt Balances			
Opening debt	144,236	142,307	142,209
New borrowing requirements	17,114	15,067	21,203
Borrowing requirements for prior year capital expenditure brought forward	-	-	-
Debt repayments	(19,043)	(12,618)	(17,231)
Closing external debt	142,307	144,756	146,181
Debt Servicing Costs			
Interest	8,510	8,372	8,078
Debt repayments	19,043	12,618	17,231
Total external debt servicing costs	27,553	20,990	25,309

Prospective whole of council schedule of capital expenditure

Description	LTP 2018/19	LTP 2019/20	Annual Plan 2019/20 (\$000)
Capex			
Growth			
Water	1,750	-	-
Transport	150	-	-
Community Facilities	595	250	2,845
Wastewater	-	103	150
Growth Total	2,495	352	2,995
Increased Level of Service			
Community Services	17	20	79
Water	1,320	2,914	3,103
Transport	3,077	2,662	3,563
Community Facilities	2,973	3,986	4,654
Wastewater	4,255	1,743	1,887
Solid Waste	230	33	32
Stormwater	253	181	205
Investments	2,086	2,923	5,965
Increased Level of Service Total	14,211	14,462	19,487
Capex Total	16,706	14,814	22,482
Renewal			
Renewal			
Community Services	130	160	172
Water	3,651	3,452	3,368
Transport	2,687	3,424	3,900
Community Facilities	3,368	2,472	2,485
Economic Development	4	4	4
Wastewater	2,839	3,176	3,098
Solid Waste	136	138	136
Stormwater	138	155	151
Democracy and Planning	-	51	50
Investments	1,030	1,210	1,223
Renewal Total	13,983	14,242	14,587
Renewal Total	13,983	14,242	14,587
Grand Total	30,689	29,056	37,069

Prospective Schedule of Reserve Funds

Reserve Name	Projected Opening Balance 01/07/19 (\$'000)	Expected Deposits 01/07/19-30/06/20 (\$'000)	Expected Withdrawals 01/07/19-30/06/20 (\$'000)	Expected Balance @ 30/06/20 (\$'000)	Purpose of the Fund	Activities to which the fund relate
Development Contribution Reserves						
Community Infrastructure - District	743	16	-	759	District Community Infrastructure	Community Facilities
District Wide Parks	308	142	(350)	100	District Wide Parks	Community Facilities
Parks & Reserves Land (Residential)	2,438	156	(450)	2,143	Residential Parks Reserve Land	Community Facilities
Transport & Stormwater - District	1,293	685	(705)	1,273	District Wide Transport	Transport
Wastewater - Aitiamuri	2	-	-	2	Aitiamuri Wastewater	Wastewater
Wastewater - Kinloch	400	177	(300)	277	Kinloch Wastewater	Wastewater
Wastewater - Mangakino	-	-	-	-	Mangakino Wastewater	Wastewater
Wastewater - Omori	-	-	-	-	Omori Wastewater	Wastewater
Wastewater - Taupo	727	834	(1,304)	257	Taupo Wastewater	Wastewater
Wastewater - Turangi/Tongariro	-	-	-	-	Turangi/Tongariro Wastewater	Wastewater
Wastewater - Whareora	-	-	-	-	Whareora Wastewater	Wastewater
Water - Acacia Bay	0	-	-	0	Acacia Bay Water	Water
Water - Aitiamuri	423	75	(100)	399	Kinloch Water	Water
Water - Kinloch	15	30	(33)	12	Mepara Road Water	Water
Water - Mepara Road	-	-	-	-	Motuopa Water	Water
Water - Motuopa	71	28	-	99	Omori/Pukawa/Kuratau Water	Water
Water - Omori/Pukawa/Kuratau	5	600	(700)	871	River Road Water	Water
Water - River Road	971	-	-	971	Taupo Water	Water
Water - Taupo	14	-	-	14	Turangi/Tokaanu Water	Water
Water - Turangi/Tongariro	-	-	-	-	Whareora Water	Water
Water - Whareora	-	-	-	-	-	-
Depreciation Reserves	4,267	4,491	(6,841)	1,917	To fund for renewals, capital expenditure & loan repayments for:	Community Facilities, Community Services, Water, Wastewater, Solid Waste, Investments, Economic Development
Buildings - District	-	-	-	-	1,917 Buildings - District	Community Facilities
Land Subdivision - District	1,674	-	(25)	1,648	Land Subdivision - District	All activities with the exception of Democracy and Planning
Operational assets - District	3,973	2,903	(5,145)	1,731	Operational assets - District	Solid Waste
Solid Waste - District	602	326	(449)	478	Solid Waste - District	Transport
Transport & Stormwater - District	6,023	3,789	(2,859)	6,954	Transport & Stormwater - District	Wastewater
Wastewater - District	8,271	4,871	(5,660)	7,483	Wastewater - District	Water
Water - Acacia Bay	398	120	(78)	440	Water - Acacia Bay	Water
Water - Aitiamuri	178	25	(16)	187	Water - Aitiamuri	Water
Water - Bonshaw Park	67	25	(20)	72	Water - Bonshaw Park	Water
Water - Centennial Drive	(118)	151	(93)	(20)	Water - Centennial Drive	Water
Water - Hatepe	67	41	(17)	92	Water - Hatepe	Water
Water - Kinloch	1,869	174	(184)	1,859	Water - Kinloch	Water
Water - Mangakino	285	142	(159)	268	Water - Mangakino	Water
Water - Mapara	545	61	-	606	Water - Mapara	Water
Water - Motuopa	123	84	(104)	103	Water - Motuopa	Water
Water - Omori	979	109	(9)	1,079	Water - Omori	Water
Water - River Road	175	27	(86)	117	Water - River Road	Water
Water - Taupo	(76)	2,074	(2,090)	(92)	Water - Taupo	Water
Water - Tirohanga	592	98	(52)	638	Water - Tirohanga	Water
Water - Turangi	1,838	322	(1,053)	1,107	Water - Turangi	Water
Water - Wahaha	508	52	(5)	555	Water - Wahaha	Water
Water - Waitahanui	94	96	(82)	108	Water - Waitahanui	Water
Water - Whakamau	28	36	(7)	57	Water - Whakamau	Water
Water - Whakamoenga	54	18	(7)	65	Water - Whakamoenga	Water
Water - Whakarua	248	50	(47)	251	Water - Whakarua	Water
Water - Whareora	5	29	(21)	12	Water - Whareora	Water
Other Reserves	1,912	150	(6)	2,056	To provide:	All activities
Disaster Recovery Fund	67	-	-	67	\$100,000 to fund CARFF insurance scheme annually for disaster coverage	Taupo Airport (CCTO)
District Airport Reserve	-	-	-	-	For heavy periodic maintenance charges on assets such as buildings, roads etc and for future capital works of this nature	Community Services
Parking	69	-	-	69	For the purchase or development of parking	Investment
Forestry	7,217	2,464	(200)	9,481	For the establishment, maintenance & operation of Councils forestry blocks	Investment
Strategic Property Purchase - District	10,381	1,365	(7,237)	4,509	For specific strategically based property purchases & associated projects - District	Investment
TEL	61,596	1,792	-	63,389	For funds as per Treasury Management Policy	Investment
Total Reserves	121,324	28,630	(36,454)	113,500		

Accounting policies

1 Statement of accounting policies

1.1 Reporting entity

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

Council has not presented group prospective financial statements because Council believes that the parent prospective statements are more relevant to the users.

The main purpose of prospective financial statements in the Annual Plan is to provide users with information about core services that Council intends to provide to ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented.

The primary objective of Council is to provide goods and services to the community for social benefit, rather than for making financial return. Accordingly Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

2 Summary of significant accounting policies

2.1 Statement of compliance and basis of preparation

The prospective financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP). The prospective financial statements have also been prepared in accordance with Tier 1 PBE accounting standards. The statements comply with PBE FRS 42 Prospective Financial Statements and other applicable Financial Reporting Standards as appropriate for public benefit entities. The prospective financial statements use opening balances from the period ending 30 June 2018; estimates have been restated accordingly if required. The prospective financial statements are prepared using the historical cost basis, except for assets and liabilities, which are recorded at fair value. These are detailed in the specific policies below.

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

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

2.2 Standards issued and not yet effective and not early adopted

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

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 IFRS9 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; and
- Revised hedge accounting requirements to better reflect the management of risks.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council has not yet assessed the effects of the new standard.

Service Performance Reporting

In November 2017, the XRB issued a new standard, Service Performance Reporting (PBE FRS 48). There has been no PBE Standard dealing solely with service performance reporting. This Standard establishes new requirements for public benefit entities (PBEs) to select and present service performance information. The new standard is Mandatory for annual periods beginning on or after 1 January 2021, with early application permitted.

The Council plans to apply this standard in preparing the 30 June 2022 financial statements. The Council and Group has not yet assessed the effects of the new standard.

2.3 Foreign currency transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates 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.



2.4 Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST except for receivables and payables, which are shown 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.

2.5 Cost allocation

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

Direct costs, are costs directly attributable to a significant activity, and are charged directly to that significant activity; and

Indirect costs are costs which cannot be identified in an economically feasible manner, with a specific significant activity, and are charged to significant activities using appropriate cost drivers such as staff time, computer devices, staff numbers and floor area.

2.6 Critical accounting estimates and judgements

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

- Estimating the fair value of land, buildings and infrastructural assets;
- Critical judgements in applying accounting policies
- Classification of property.

Council owns a number of properties, which are maintained primarily to provide housing to pensioners. Receipt of market based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the Council's social housing policy. These properties are accounted for as property, plant and equipment.

2.7 Revenue

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below.

Rates revenue

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. Council considers 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 the 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 Council has received an application that satisfies its rates remissions policy.

Rates collected on behalf of Bay of Plenty Regional Council are not recognised in the financial statements, as Council is acting as their agent.

New Zealand Transport Agency roading subsidies

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 subsidies and grants

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

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when 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 developers, 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 (for example, land that must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Sales of goods

Revenue from the sales of goods is recognised when the significant risks and rewards of ownership have been transferred to the buyer.

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 Council's local facilities, such as pools, museum, and Superloo. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing waste at Council's landfill and transfer stations are recognised as the waste is disposed of by users.

Rental revenue

Rental revenue from investment property is recognised on a straight line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental revenue.

Development and financial contributions

Development and financial contributions are recognised as revenue when 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 Council provides, or is able to provide, the service.

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the shareholder's right to receive payment is established.

Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council books, any monies held are shown as trade payables in the statement

of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

2.8 Borrowing costs

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

2.9 Superannuation schemes

Defined contribution schemes

Employer contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are expensed in the surplus or deficit as incurred.

2.10 Grant expenditure

Council's awarded grants have no substantive conditions attached.

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 grants has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant.

2.11 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 expense reduction of rental expense over the lease term.

2.12 Income tax

Local authorities are only subject to income tax on income derived from any Council controlled organisation and as a port operator.

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

Current tax is the expected tax payable on the taxable income for the year, and any adjustment to income tax payable in respect of prior years.

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

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are

recognised to the extent that it is probable that taxable surpluses will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit or taxable profit.

Current and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to items recognised in other comprehensive revenues and expenses or directly in equity.

2.13 Equity

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

- accumulated funds;
- Council-created reserves;
- asset revaluation reserves; and
- available-for-sale revaluation reserve.

Reserves are a component of equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by Council. Council-created reserves are reserves established by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Asset revaluation reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets and restricted assets. The treatment of revaluation movements is detailed in 2.19 of the policies.

Available-for-sale revaluation reserves arise from available-for-sale investments being revalued to current fair value. The treatment of revaluation movements is detailed in 2.17 of the policies.

2.14 Cash and cash equivalents

Cash and cash equivalents include cash on hand and 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 included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and within borrowings in current liabilities on the statement of financial position.

2.15 Receivables

Short-term receivables are recorded at the amount due, less any provision for uncollectability.

A receivable is considered 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.

2.16 Inventory

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value; and
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When sections of land for sale are transferred from non-current assets held for sale, investment property or property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

2.17 Financial assets

Financial assets (other than shares in subsidiaries) 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.

Term deposits and community loans (loans and receivables)

Loans made at nil or below market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument.

After initial recognition, term deposits and community loans are measured at amortised cost using the effective interest method. Where applicable, interest accrued is added to the investment balance.

At year-end, the assets are assessed for indicators of impairment. Impairment is established when there is evidence that Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the

asset is impaired.

If the assets are impaired, the amount not expected to be collected is recognised in the surplus or deficit.

Listed bonds (held-to-maturity)

After initial recognition, listed bonds (designated as held-to-maturity) are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the statement of comprehensive revenue and expense.

At year-end, the assets are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Council does not use this category presently.

Listed shares (fair value through surplus or deficit)

This category has two sub categories: financial assets held for trading (Council does not use this category), and those designated at fair value through surplus or deficit at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term, or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance date. After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Council's equity investments fall into this category.

Available for sale (fair value through other comprehensive revenue and expense)

Financial assets available for sale 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. Council includes in this category:

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue, except for impairment losses which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue is reclassified from equity to the surplus or deficit.

Council's shareholding in Civic Assurance and the holdings of Government and corporate bonds are currently classified

as available for sale.

2.18 Non-current assets held for sale

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

Any impairment losses for write downs of the asset 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 are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

2.19 Property, plant and equipment

Property, plant and equipment consist of:

Operational assets – These include land, buildings, office furniture and fittings, library books, heritage assets, plant and equipment, and motor vehicles.

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

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

Land and land under roads (operational and restricted) are measured at fair value, and buildings (restricted and operational) and infrastructural assets (roads, water, wastewater and stormwater) are measured at fair value less accumulated depreciation. All other asset classes, excluding heritage assets, are measured at cost less accumulated depreciation and impairment losses. Heritage assets are measured at cost.

Revaluation

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

Revaluation movements 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 asset revaluation reserves 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.

Additions

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

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

In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at 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 Council and the cost of the item can be measured reliably.

Additions between valuations are shown at cost, except vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested land reserves are initially recognised at the most recent rating valuation. Vested infrastructural assets are valued based on the actual quantities of infrastructure components vested, and the current “in the ground” cost of providing identical services.

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 disposal are determined by comparing the disposal proceeds with the carrying amount of the asset. These are included in the surplus or deficit. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Depreciation is provided on a straight-line or diminishing value basis on all property, plant and equipment other than land and heritage assets, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as per the following chart:

Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets:		
Land	not depreciated	Nil
Buildings		
Site Value	13 years	7.69 per cent SL
Structure	20- 80 years	1.3 per cent- 5 per cent SL
Roof	20- 40 years	2.5 per cent- 5 per cent SL
Services	20- 45 years	2.5 per cent- 5 per cent SL
Internal fit-out	15- 35 years	2.9 per cent- 6.7 per cent SL
Plant	20- 30 years	3.3 per cent- 5 per cent SL
Machinery	2- 20 years	5 per cent- 50 per cent SL
Computer equipment	4 years	25 per cent SL
Office equipment	4- 10 years	13.33 per cent- 25 per cent SL
Leased assets	3- 5 years	20 per cent- 33.3 per cent SL
Furniture and fittings	2- 10 years	10 per cent- 50 per cent SL
Park furniture	2- 25 years	4 per cent- 50 per cent SL
Vehicles	4- 10 years	10 per cent- 25 per cent SL
Library books	6.5 years	15.5 per cent SL
Infrastructural assets:		
Buildings		
Site Value	13 years	7.69 per cent SL
Structure	20- 80 years	1.3 per cent- 5 per cent SL
Roof	20- 40 years	2.5 per cent- 5 per cent SL
Services	20- 45 years	2.5 per cent- 5 per cent SL
Internal fit-out	15- 35 years	2.9 per cent- 6.7 per cent SL
Roads		
Top surface	3- 20 years	5 per cent- 33 per cent SL
Pavement	45- 65 years	1.5 per cent- 2.2 per cent SL
Formation	not depreciated	Nil
Culverts	55- 80 years	1.3 per cent- 1.8 per cent SL
Footpaths	50- 80 years	1.3 per cent- 2 per cent SL
Kerbs	60 years	1.7 per cent SL
Signs	15 years	6.7 per cent SL
Street lights	25- 60 years	1.7 per cent- 4 per cent SL
Bridges	90- 100 years	1 per cent- 1.1 per cent SL
Land under roads	not depreciated	Nil
Water reticulation		
Pipes	45- 100 years	1 per cent- 2.2 per cent SL
Valves, hydrants	40 years	2.5 per cent SL
Pump stations	10- 60 years	1.7 per cent- 10 per cent SL
Tanks	25- 80 years	1.3 per cent- 4 per cent SL
Sewerage reticulation		
Pipes	65- 100 years	1 per cent- 1.5 per cent SL
Manholes	80 years	1.3 per cent SL
Treatment plant	5- 80 years	1.3 per cent- 20 per cent SL

Class of asset depreciated	Estimated useful life	Depreciation rates
Stormwater systems		
Pipes.	50- 120 years.	0.83 per cent- 2 per cent SL.
Manholes, cesspits.	75- 100 years.	1 per cent- 1.3 per cent SL.
Flood control systems.	50- 100 years.	1 per cent- 2 per cent SL.
Solid waste.	4- 24 years.	4.166 per cent- 25 per cent.
Restricted assets:		
Land.	not depreciated.	Nil.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, 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 in 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.

2.20 Forestry assets

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis.

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less cost 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.

2.21 Intangible assets

Software acquisition and development

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 attributable to the development of the software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and 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.

Amortisation

The carrying value of an 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 de-recognised. The amortisation charge for each financial year 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 3-8 years 12.5 per cent- 33.33 per cent

Impairment of intangible assets

For further details, refer to the policy for impairment of property, plant and equipment in 2.19. The same approach applies to the impairment of intangible assets.

Carbon Credits

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

2.22 Investment property

Properties leased to third parties under operating leases and properties held for capital appreciation 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.

2.23 Payables and deferred revenue

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

2.24 Employee entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides 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, and sick leave.

A liability and an expense are recognised for bonuses where Council has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligations can be made.

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

2.25 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 assessment of the time value of money and the risk 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".

2.26 Borrowings and other financial liabilities

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. Interest due on the borrowings is subsequently accrued and added to the borrowings balance.

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

Finance leases

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

At the start 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 reasonable certainty as to whether 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.

2.27 Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to interest rate risk arising from Council's financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at each balance date. The associated gains or losses are recognised in the surplus or deficit.

3 Prospective financial information

The financial information contained in this document is prospective financial information in terms of accounting standard PBE FRS42. The purpose for which it has been prepared is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flow of Council. The actual results achieved for any particular year are also likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period. Estimates and judgements are continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

Funding Impact Statement

1. Introduction

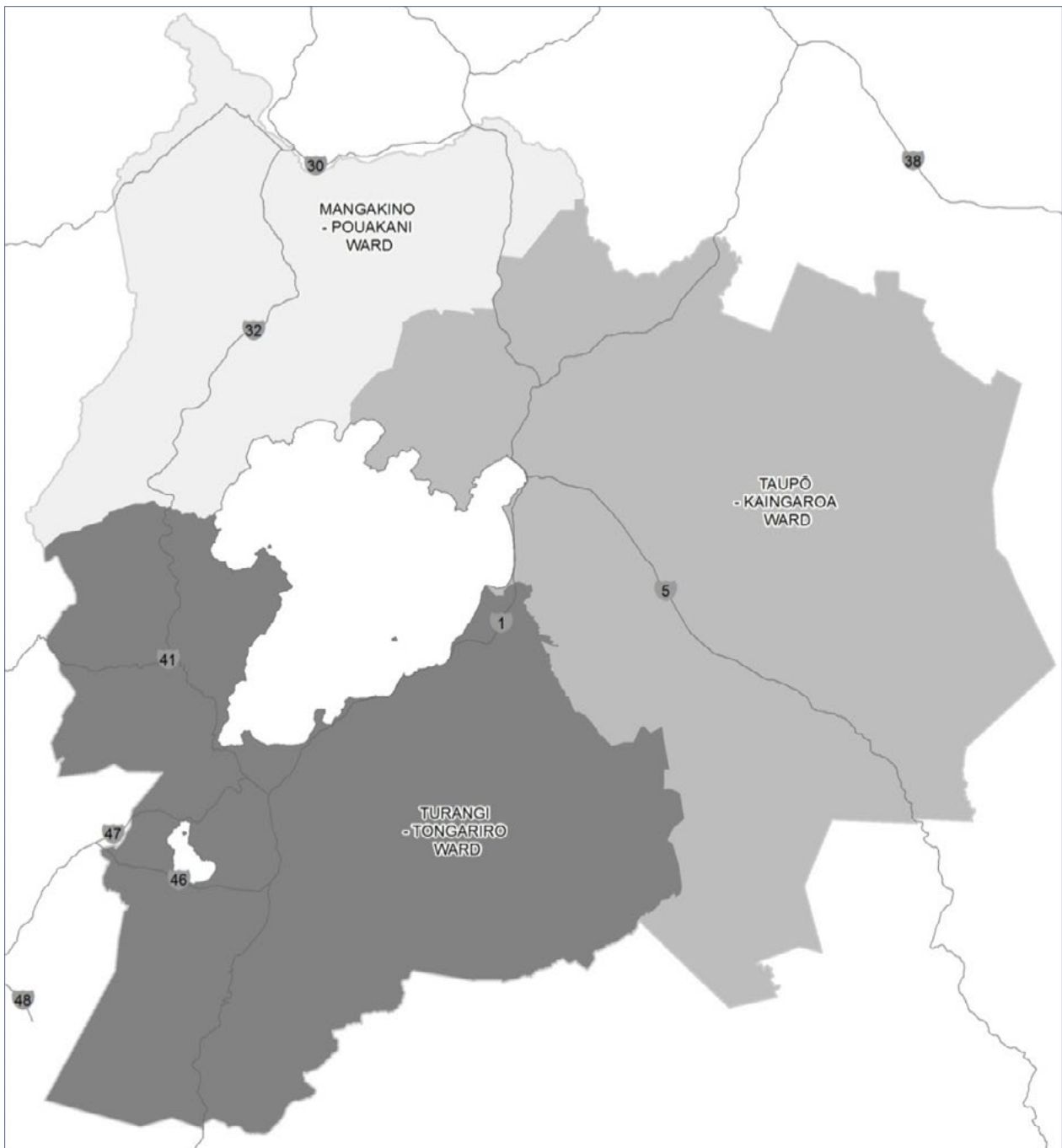
This Funding Impact Statement details the Rating Policy and the rates funding requirements for 2019/20.

2. Ward boundaries and rating areas

Council has one rating area for the whole district. Where services benefit the whole community, these services

will be paid from general rates. Where services benefit individuals or identifiable groups in the community, user charges or targeted rates may be assessed. The rating system used by Council is capital value, and the property valuations are produced by Opteon Technologies Limited. The effective date of the valuations is 1 July 2016 and they are used for the 2019/20 rating year. It should be noted that some targeted rates for water supply are calculated using the land value of that rating unit.

Figure 1 Taupō District and Wards



3. Categories of rateable land

The Council adopts the following as its definitions of categories of rateable land for the 2019/20 financial year. These categories are used as described elsewhere in this policy, and as required, for setting some of the targeted rates. The categories are defined using the use to which the land is put (clause 1 of schedule 2 of the Local Government (Rating) Act 2002) and the zoning of the land under the Council's District Plan (clause 2 of schedule 2 of the Local Government (Rating) Act 2002). The categories are:

- Residential – all residential rating units used for one or more household units.
- Rural – all rating units used predominantly for agricultural, horticultural, forestry or farming purposes.
- Utilities assets and utility networks – all utility service rating units.
- Electricity Generators – all rating units used for the purposes of generating electricity for commercial purposes.
- Industrial/Commercial – all rating units used for industrial, commercial or retail purposes; all vacant rating units zoned commercial or industrial under the District Plan; all rating units used for offices, administrative or government purposes (including state-owned enterprises, central and local government).
- Accommodation – all accommodation complexes including rating units within accommodation complexes used to provide visitor accommodation, including (without limitation) motels, hotels, timeshares, serviced apartments, holiday parks, camping grounds and backpacker lodges.
- Other – All other rating units not falling within the other differential categories.

3.1 It should be noted that:

- (a) Vacant land – the differential classification will be determined by the underlying zone classification of the rating unit.
- (b) Separately used or inhabited part (SUIP) – this refers to separate parts of a rating unit; whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner as an independent residence; or in the case of a rating unit used for commercial or industrial business, the availability for use of part or parts of the rating unit for independent trading operations. In a residential situation a separately used or inhabited part will only be classified if all of the following apply - separate kitchen including a bench top and sink, separate living facilities, separate toilet and bathroom facilities and separate access (including access through a common area such as a lobby, stairwell, hallway or

foyer etc.). In a business situation a separately used or inhabited part will be classified where the property has been set up to accommodate, or is accommodating, separate lessees, tenants, or the like, operating separate businesses from the same rating unit. A rating unit with one use or part is one separately used or inhabited part.

- (c) Where separate parts of a rating unit fit within more than one category of rateable land (3 above) for setting rates or where separate parts of a rating unit qualify for a rates remission a rating division may be created to accurately assess rates and/or apply remission. It should be noted that a rating division will not be created to allow the avoidance of rates for rating units that operate in an open-market commercial environment. i.e. pockets of unproductive Māori Freehold land on farming or forestry blocks.
- (d) Rates payments will be allocated to the oldest debt outstanding first.
- (e) Penalties will not be added to rating units where there is a Direct Debit authority to pay the full amount of rates owing by regular payments within the current rating year, and any default is promptly rectified.

3.2 Targeted Rates Based on Land Use

Council will target rates based on land use to assess:

- District Refuse Disposal Rate (1 and 2 below)

The following categories will apply:

1. All industrial, commercial, accommodation, utility assets/networks, and electricity generator rating units.
2. All residential, rural and other rating units.

3.3 Targeted Rates Based on Location

Council will use targeted rates based on location to assess rates for:

- Tūrangi-Tongariro Community Board Rate (see 1 below).
- Town Centre Taupō Management Rate (2 below).
- Whareroa Refuse Rate (3 below).

The following categories will apply:

1. Tūrangi/Tongariro Ward – (assessed on each separately used or inhabited part of a rating unit) see figure 1 of this document
2. Industrial/Commercial rating units within the defined central business district of Taupō town. (assessed on each separately used or inhabited part of a rating unit) See figure 5 in this document.
3. All rating units on the Whareroa valuation roll. (see figure 4 in this document)

3.4 Targeted Rates Based on Availability of Service

Council will use targeted rates based on availability of service to assess rates for:

- Water supply and sewage disposal (1, 2, 3, 4 and 5 below).
- Whakamaru Fire Protection Charge (6 below).

The following categories will apply:

1. connected – each separately used or inhabited part of a rating unit that is connected to a Council operated water scheme or is connected to a public sewerage drain.
2. serviceable (available to be connected) – any separately used or inhabited part of a rating unit that is not connected to an accessible sewage drain but is within 30 metres of such a drain; or any separately used or inhabited part of a rating unit that is not connected to an accessible Council operated water scheme but is within 100 metres of any part of the waterworks
3. sewer multi connections – rating units with more than one pan or urinal.
4. water multi connections – rating units with more than one separately used or inhabited part
5. metered water supply – rating units with a water meter
6. defined rating units within the Whakamaru village

4. General and targeted rates

The Council adopts the following rates under the Local Government (Rating) Act 2002, on rating units in the district for the financial year commencing on 1 July 2019 and ending on 30 June 2020.

4.1 General Rate

A General Rate, set under section 13 of the Local Government (Rating) Act 2002 on every rating unit in the district and calculated on the capital value of each rating unit.

The General Rate is used to fund activities and services including: community engagement, community grants, building compliance and development, district plan compliance, health and liquor, parking, transport, parks, reserves and sports grounds, swimming pools (AC Baths, Turtle Pools, Mangakino Pool), Taupō Events Centre, Great Lake Centre, Libraries, Taupō Museum and Art Gallery, community halls, public toilets (including the Superloo), housing for the elderly, litter control, stormwater, planning for the future, Tūrangi Tongariro Community Board, investments, Council property, destination marketing and economic development.

Valuation basis for general rates

Council uses capital value as the basis for general rates.

Rating Unit Category	Rate per \$ of CV 2018/19 GST incl	Rate per \$ of CV 2019/20 GST incl
Residential	0.0026666/\$	0.0028056/\$
Rural	0.0026666/\$	0.0028056/\$
Utility Assets and Networks	0.0026666/\$	0.0028056/\$
Electricity Generators	0.0026666/\$	0.0028056/\$
Industrial/Commercial	0.0047999/\$	0.0050501/\$
Accommodation	0.0047999/\$	0.0050501/\$
Other	0.0026666/\$	0.0028056/\$

4.2 Differentials

Council uses a 1.8 differential for Industrial/Commercial, and Accommodation property categories. All other categories of rating unit will pay the standard rate (differential = 1).

Property Categories	Differential
Factors	
Residential	1.000
Rural	1.000
Utility Assets and Networks	1.000
Electricity Generators	1.000
Industrial/Commercial	1.800
Accommodation	1.800
Other	1.000

4.3 Uniform Annual General Charge

A Uniform Annual General Charge set under section 15 of the Local Government (Rating) Act 2002 on every separately used or inhabited part of a rating unit in the district (as defined in section 3.1.b of this document). For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this Uniform Annual General Charge. The Uniform Annual General Charge will be used to fund leadership, governance, advocacy, emergency management, animal control and cemeteries.

Per SUIP	2018/19 GST incl	2019/20 GST incl
Uniform Annual General Charge	\$250.00	\$250.00

4.4 Sewage Disposal

A targeted rate to fund sewage disposal, as outlined in the Groups of Activities – Wastewater section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit connected or available to be connected (serviceable) to an accessible Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household – which shall be assessed only one charge). For the avoidance of doubt the words ‘a single household’ do not restrict the charge to one pan/urinal in the situation where a rating unit has separately used or inhabited parts (as defined in section 3.1.b of this document). In such a situation each separately used or inhabited part is regarded as a separate household, and a charge applied, at the sliding scale, for each separately used or inhabited part of the rating unit (serviceable – rating units within 30 metres of an accessible sewage drain)

The sewer schemes are: Taupō Township, Acacia Bay, Kinloch, Whakamaru, Mangakino, Atiamuri, Tūrangi Township/Tokaanu, Ōmori/ Kuratau/Pukawa, Motutere, Whareroa and Motuoapa.

Targeted Sewer Disposal charges per SUIP are:

Factor	Liability	2018/19 GST incl (per pan)	2019/20 GST incl (per pan)
Connected (1st pan/urinal)	per pan/urinal	\$714.54	\$720.24
Connected (2 – 10 pans/urinals)	per pan/urinal	\$535.91	\$540.18
Connected (10 + pans/urinals)	per pan/urinal	\$357.27	\$360.12
Connected (schools 10 + pans/urinals)	per pan/urinal	\$178.64	\$180.06
Serviceable (available to be connected)	per rating unit	\$357.27	\$360.12

4.5 Water Supply

Water Schemes with fixed charge targeted rates.

A targeted rate to fund water supply, as outlined in the Groups of Activities – Water section of this document, set under section 16 of the Local Government (Rating) Act, assessed on a targeted rate on each separately used or inhabited part (as defined in section 3.1.b of this document) of a rating unit, and being a rating unit which is connected, or is available to be connected, to an accessible Council scheme. A full charge will be made for each connected separately used or inhabited part of the rating unit and a half charge for serviceable separately used or inhabited parts of a rating unit (those within 100 metres of any part of the water scheme).

The water schemes and targeted water charges on any separate part of a rating unit described above are:

Water Scheme	2018/19 GST incl	2018/19 GST incl	2019/20 GST incl	2019/20 GST incl
	Serviceable	Connected	Serviceable	Connected
Taupō	\$227.69	\$455.38	\$246.55	\$493.10
Kinloch	\$220.31	\$440.62	\$301.23	\$602.46
River Road	\$335.24	\$670.48	\$426.56	\$853.12
Mangakino Township	\$229.11	\$458.22	\$257.65	\$515.30
Atiamuri	\$447.40	\$894.80	\$553.52	\$1,107.04
Whakamaru	\$585.05	\$1,170.10	\$635.90	\$1,271.80
Tūrangi Township/Tokaanu	\$164.45	\$328.90	\$188.43	\$376.86
Motuoapa	\$257.42	\$514.84	\$313.64	\$627.28
Ōmori/Kuratau/Pukawa	\$153.22	\$306.44	\$173.47	\$346.94
Hatepe	\$443.59	\$887.18	\$488.88	\$977.76
Whareroa	\$201.61	\$403.22	\$250.04	\$500.08

Note: The Taupō scheme provides water to Taupō Township, Waitahanui, Wairākei Village, Acacia Bay and the wider Māpara area.

Water schemes with charges based on land value

All rating units within the water supply areas as below (whether connected or not) are assessed on the basis of land value without differentials. These are targeted rates, set under section 16 of the Local Government (Rating) Act 2002.

The water schemes and targeted water rates are:

Water Scheme	2018/19 GST incl	2019/20 GST incl
Whakarua	0.0016973/\$	0.0023603/\$
Rakaunui Road	0.0023838/\$	0.0028720/\$
Centennial Drive (untreated)	0.0054910/\$	0.0062715/\$
Bonshaw Park	0.0047789/\$	0.0049784/\$
Whakamoenga Point	0.0013488/\$	0.0015136/\$
Waihaha	0.0031319/\$	0.0032760/\$
Tirohanga	0.0010481/\$	0.0012054/\$

4.6 Metered Water Supply

Note: Water meter charges will be invoiced separately from rate invoices at various times throughout the year (depending on the water scheme).

Targeted rates for metered water supply, set under section 19 of the Local Government (Rating) Act 2002, and assessed on the volume of water supplied to every rating unit with a water meter (excluding meters read for monitoring purposes only). These metered water charges apply for supply over and above the relevant targeted rate charge for water schemes as shown in 4.6 above. The supply allocation is the amount of the relevant targeted rate, divided by the relevant rate per m3 as shown below. It is only when this threshold is exceeded that water meter charges at the rates set below will be applied.

Council installs water meters to various properties throughout the District that are used to measure consumption for future planning purposes, to identify any leaks or where excessive water use is suspected; these meters are read for monitoring purposes only.

The rates per cubic metre are:

Water Supply	2018/19 GST incl Cents/ m3	2019/20 GST incl Cents/ m3
Taupō Township/ Wairākei	227	227
Kinloch	144	173
Whakarua	229	229
Bonshaw Park	291	291
Whakamoenga Point	161	161
River Road	162	194

Water Supply	2018/19 GST incl Cents/ m3	2019/20 GST incl Cents/ m3
Mangakino Township	178	178
Tirohanga	93	93
Tūrangi Township	69	69
Motuoapa	110	110
Tokaanu	131	131
Hatepe	259	259
Ōmori/Kuratau/ Pukawa	148	148
Whakamaru	152	152
Atiamuri	178	178
Rakaunui Road	63	63
Centennial Drive (untreated)	51	51

4.7 District Refuse Disposal Charge

A targeted rate to fund district refuse disposal, solid waste operations and waste minimization initiatives, as outlined in the Groups of Activities – Solid waste section of this document, set under section 16 of the Local Government (Rating) Act 2002 and assessed on each separately used or inhabited part (SUIP- as defined in section 3.1.b of this document) of each rateable rating unit in the district on the basis that properties categorised as residential, rural or other shall be assessed with one charge per SUIP, and industrial/commercial, accommodation, electricity generator and utility asset and network rating units shall be assessed with twice the charge per SUIP. For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this District Refuse Disposal Charge.

The targeted District Refuse Disposal Charge is:

	2018/19 GST incl	2019/20 GST incl
Accommodation, Industrial/ Commercial, Electricity Generators, Utility Assets & Networks	\$105.88	\$98.64
Residential, Rural or Other	\$52.94	\$49.32

4.8 Whakamaru Fire Protection Rate

A targeted Whakamaru Fire Protection Rate, as outlined in the Groups of Activities – Water section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on specified rating units within the Whakamaru Village (see figure 3 below) as a fixed amount per rating unit.

Figure 3 Whakamaru Fire Protection area



The targeted Whakamaru Fire Protection Rate is:

	2018/19 GST incl	2019/20 GST incl
Whakamaru Fire Protection	\$164.28	\$168.40

Figure 4 Whareroa Refuse area



4.9 Whareroa Refuse Rate

A targeted Whareroa Refuse Rate, to fund the 24 hr turnstile access to the Whareroa refuse station, as outlined in the Groups of Activities – Solid waste section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on all rating units in the Whareroa rating area (see Figure 4 below) as a fixed amount per rating unit.

The targeted Whareroa Refuse Rate is:

	2018/19 GST incl	2019/20 GST incl
Whareroa Refuse Rate	\$90.90	\$90.90

4.10 Town Centre Taupō Management Rate

A targeted Town Centre Taupō Management Rate, to fund services to enhance and develop the social and economic wellbeing of the Taupō central business district, as outlined in the Groups of Activities – Economic Development section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately used or inhabited part (as defined in section 3.1.b of this document) of industrial/commercial rating units within the defined Taupō Town Centre boundary (see Figure 5 over the page).

The targeted Town Centre Taupō Management Rate is:

	2018/19 GST incl	2019/20 GST incl
Town Centre Taupō Management	\$354.78	\$350.13

Figure 5 Taupō Town Centre



4.11 Tūrangi Tongariro Community Board Rate

A targeted Tūrangi Tongariro Community Board Rate, as outlined in the Groups of Activities – Democracy and planning section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately used or inhabited part (as defined in section 3.1.b of this document) of all rating units within the Tūrangi-Tongariro ward (as highlighted in figure 1 of this document)

	2018/19 GST incl	2019/20 GST incl
Tūrangi Tongariro Community Board Rate	\$16.62	\$17.24

5. Examples or rates per type of property

Residential properties - Taupo

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$284,000	\$284,000	\$453,000	\$453,000	\$565,000	\$565,000	\$810,000	\$810,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	1,223	1,263	1,223	1,263	1,223	1,263	1,223	1,263
General Rates	1,007	1,047	1,458	1,521	1,757	1,835	2,410	2,523
Total Rates	2,230	2,309	2,681	2,784	2,979	3,098	3,633	3,785
\$ change per week		1.52		1.98		2.28		2.93
% change		4%		4%		4%		4%

Residential properties - Turangi

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$162,000	\$162,000	\$186,000	\$186,000	\$208,000	\$208,000	\$466,000	\$466,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	1,113	1,164	1,113	1,164	1,113	1,164	1,113	1,164
General Rates	682	705	746	772	805	834	1,493	1,557
Total Rates	1,795	1,868	1,859	1,936	1,918	1,997	2,606	2,721
\$ change per week		1.41		1.47		1.53		2.22
% change		4%		4%		4%		4%

Residential properties - Mangakino

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$111,000	\$111,000	\$157,000	\$157,000	\$218,000	\$218,000	\$320,000	\$320,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	1,226	1,285	1,226	1,285	1,226	1,285	1,226	1,285
General Rates	546	561	669	690	831	862	1,103	1,148
Total Rates	1,772	1,846	1,894	1,975	2,057	2,146	2,329	2,433
\$ change per week		1.43		1.56		1.72		1.99
% change		4%		4%		4%		4%

Residential properties - Kinloch

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$286,000	\$286,000	\$450,000	\$450,000	\$565,000	\$565,000	\$800,000	\$800,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	1,208	1,372	1,208	1,372	1,208	1,372	1,208	1,372
General Rates	1,013	1,052	1,450	1,513	1,757	1,835	2,383	2,494
Total Rates	2,221	2,424	2,658	2,885	2,965	3,207	3,591	3,867
\$ change per week		3.92		4.36		4.66		5.29
% change		9%		9%		8%		8%

Industrial Commercial properties

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$485,000	\$485,000	\$800,000	\$800,000	\$1,100,000	\$1,100,000	\$2,800,000	\$2,800,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	1,276	1,312	1,631	1,662	2,702	2,742	2,166	2,202
General Rates	2,578	2,699	4,090	4,290	6,274	6,588	13,690	14,390
Total Rates	3,854	4,011	5,721	5,952	8,976	9,330	15,856	16,593
\$ change per week		3.03		4.46		6.81		14.16
% change		4%		4%		4%		5%

Rural properties

	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Rating Valuation	\$615,000	\$615,000	\$1,050,000	\$1,050,000	\$6,115,000	\$6,115,000	\$10,030,000	\$10,030,000
	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$	CV \$
Targeted Rates	53	49	53	49	53	49	265	247
General Rates	1,890	1,975	3,050	3,196	16,556	17,406	27,996	29,390
Total Rates	1,943	2,025	3,103	3,245	16,609	17,456	28,261	29,637
\$ change per week		1.57		2.74		16.28		26.46
% change		4%		5%		5%		5%

Schedule to the Funding Impact Statement

	LTP 2018/19 (\$000)	LTP 2019/20 (\$000)	Annual Plan 2019/20 (\$000)
Revenue			
General rate	34,348	35,731	35,422
Targeted rates			
Uniform annual general charge	6,706	6,979	7,817
Lake protection	-	-	-
Water	9,582	9,942	10,643
Sewage disposal	13,108	13,339	13,334
Refuse disposal	1,210	1,125	1,135
Whareroa refuse collection rate	16	16	16
Turangi Tongariro Community Board rate	80	82	83
Taupo Town Centre management rate	163	166	163
Waitahanui sewer loan	3	-	-
Whakamaru fire protection	4	4	4
Rates penalties	350	350	350
Fees and charges	11,070	10,866	10,915
Other revenue	1,121	1,144	1,095
Operating subsidies	2,326	2,371	2,351
Interest	3,790	3,856	3,675
Capital contributions			
Development contributions	1,900	2,743	2,743
Other gains & losses	3,364	1,563	1,563
Vested assets	4,662	5,687	5,560
Capital subsidy	2,257	2,302	2,682
Other Capital Funding	-	-	-
Total operating revenue	96,060	98,266	99,551
Operating expenditure			
Operating expenses	54,140	55,139	57,267
Interest expense	8,510	8,372	8,078
Depreciation	22,905	23,952	24,242
Total operating expenses	85,555	87,463	89,587
Operating surplus/(deficit) before asset development and other gains/(losses) and tax	10,505	10,803	9,964
Other expenses			
Capital expenditure	30,689	29,056	37,069
Debt repayments	19,043	12,618	17,231
Transfers to special reserves	9,269	8,552	8,336
Recognition of vested assets	4,662	5,687	5,560
Capex Other Funding	-	-	-
Depreciation not funded	(3,425)	(3,435)	(3,932)
Total net cost	49,733	41,675	54,300
Funded by:			
General rates	-	-	-
Loans raised	17,114	15,067	21,203
Development, financial & other contributions	-	-	-
NZTA and other subsidies	2,257	2,302	2,682
Capex Other Funding	-	-	-
Transfers from reserves	30,362	24,306	30,415
Total net funding	49,733	41,675	54,300



GREAT LAKE TAUPŌ
Taupō District Council