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About this Annual Plan

This Annual Plan presents the Council's programme for 2007/08 and highlights the variations from Year 2 (2007/08) of the Ten Year Plan that was adopted last year. The Ten Year Plan is next reviewed in 2009 so a second Annual Plan like this one will follow next year. We have copies of the Ten Year Plan available at all our libraries and on our website to provide further context to this year's programme of works and the performance measures we will report on.

Response to Consultation

This year we requested specific feedback on the level of support for three economic development initiatives and your preferred frequency for recycling and greenwaste kerbside collections. Our pre-printed submission forms were included in the Draft Annual Plan document; on our website, in SouthLink (South Taranaki Star), with the Annual Plan Summary and with the rates notices. All were well supported with the rates notice form proving particularly popular.

Many people took the opportunity to explain their choices or add comments about other issues within the Annual Plan programme which was particularly useful to the councillors. We received over 500 submissions in total, an unprecedented number for an Annual Plan.

Collated results from the Submission form tick boxes are below. Please note that not everyone ticked a preference for each issue and not every submitter filled in one of the pre-printed forms, so the results do not add to the total number of submissions received.

Economic Development Initiatives

Capital investment to purchase and develop appropriate land for industrial use

Don't Support	Support, depends on cost	Fully support
135	221	120

Capital investment in upgrading the district's camping & visitor facilities

Don't Support	Support, depends on cost	Fully support
50	225	203

Consideration of development of coastal walkways

Don't Support	Support, depends on cost	Fully support
88	196	199

Recycling and Greenwaste:

How often do you want your recycling collected?

Weekly	Fortnightly
233	232

How often do you want your greenwaste collected?

Weekly	Fortnightly
105	276

Message from the Mayor and Chief Executive



This coming year will see construction commence on The Hub sports, events and recreation facility at Hawera's Hicks Park, the most significant project to date to be funded from the earnings of the Long Term Investment Fund. We will be continuing a significant capital upgrade programme for many of the district's water and wastewater systems and to strengthen the new kerbside refuse/recycling collection service. We begin our new partnership with the South Taranaki District Museum and it is the first year we will have an Arts Co-ordinator available across the district to promote the arts for our communities.

All of these projects were captured in our recently adopted Ten Year Plan, a plan which will be next reviewed in 2009. Each year between reviews we take a closer look at the coming year's programme, fine-tune the timing of projects and update the costs in providing the Council services and the capital projects.

Recycling becomes Weekly Collection

Although support for changing the fortnightly recycling collection to weekly was equally divided among submitters the Council has chosen to move to a weekly collection starting 16 July 2007. The extra cost for a weekly collection has been reduced because of the increase in recycling quantities and the savings to be gained from less refuse being transported to the landfills. The new yearly kerbside collection charge will be \$207.

There was far greater support to retain the fortnightly greenwaste collection at the price of \$52 a year and this was endorsed by the Council. The greenwaste collection is a voluntary service and is provided once a property owner purchases a sticker.

Changes to Transfer Station Fees


We have refined the fees at the transfer stations across the district. A single fee for vans, utes and trailers based on volume, and a tonnage rate for commercial users has been introduced.

	General Refuse	Greenwaste	Recyclables
Cars and Station Wagons	\$11.00	\$4.00	Free
Vans, Utes and Trailers	\$25 per cubic metre	\$12.50 per cubic metre	Free
Whiteware Per Item	\$5.00	N/A	N/A
Others (per cubic metre)	\$25.00	\$12.50	Free

- All trucks and commercial loads of refuse in excess of two cubic metres volume are accepted at the Hawera transfer station but not at any of the other transfer stations.
- The charge for refuse accepted at the Hawera transfer station in excess of two cubic metres will be charged at \$68 per tonne.
- Car bodies will continue to be received at the Eltham transfer station and are proposed to be received at the Patea transfer station at a charge of \$25.

New Emergency Roding Reserve

The Council has set up an emergency roding reserve with an annual budget of \$240,000. Over recent years emergency roding work has been a constant, mainly because of regular flooding. The amount the Council has had to contribute keeps increasing. The reserve will be capped at \$1 million (in the event that the funds are not utilised for a number of year and it is able to accumulate to that point).



Message from the Mayor and Chief Executive (continued)

New Economic Development Strategy

The Council has been developing a new Economic Development Strategy for the past 18 months and adopted a new strategy on 11 June 2007. The level of support shown for the three initiatives in the submissions received on the Annual Plan was endorsed by the Council with a commitment to progressing investigations into all three initiatives. Copies of our new Economic Development Strategy are available if you are interested in more detail.

Development Contributions

The Council has confirmed its intention not to charge development contributions. Financial contributions may still be required to minimise or eliminate any adverse environmental effects resulting from a development. This means we are one of only six Councils in New Zealand who have a policy of no development contributions.

Changes to Berm Mowing Policy

The Council recently reviewed its Berm Mowing Policy and increased the 2007/08 budget by \$48,000 to increase the mowing of those berms not mown by residents from four times a year to nine times a year. We hope this will keep the grass to a more acceptable height and create less mess when it is mown. The new policy will be reviewed again in March 2008.

Eltham and Patea Swimming Pools

The Council had considered postponing the capital expenditure planned in the Ten Year Plan for the Eltham and Patea swimming pools because of a perceived lack of use of these facilities. However, a review of attendance figures has shown some discrepancies and this together with a considerable increase in numbers over the recent summer means further investigations will occur before any future changes are recommended.

Water and Wastewater Upgrade Programme

Some of the capital upgrades planned for the coming year have been delayed and this is due to several factors. For some more significant projects a longer planning phase is required but in others it is due to the need for further bore exploration and production work to secure additional water. The Eltham wastewater pipeline project has been delayed due to resource consent delays. As a result the uniform annual charges for urban water and wastewater do not increase as much as predicted in the Council's Ten Year Plan. A summary of the rate increases follows on page 6 and a list of the projects to be undertaken is in Appendix 1.

Other Council decisions

Council Grant to Opunake Artificial Reef Trust – the Council will request the Trust to provide to the public a full financial statement which clearly shows the use of the Council grant.

New Campground for Hawera – a working party has been formed to investigate appropriate land acquisition for the new Hawera campground. It includes the Mayor and Councillors Rangiwahia, Powell and Dunlop.

Sister Cities – the Council will review its current Sister City relationship with Harbin, China within the next 12 months.

Waverley Security Cameras – the ongoing ownership and maintenance of the security cameras at Waverley has been referred to the Patea Community Board and Community Development Advisor for further discussions with the Waverley Chamber of Commerce on alternative options to Council ownership.

Message from the Mayor and Chief Executive (continued)



Waihi Beach Toilets – the capital funds set aside for new toilets at Ohawe Beach will be used for new toilets at Waihi Beach if agreement cannot be reached with the Ohawe Beach community by September 2007.

Middleton's Bay Car Park – the Council increased the Roothing activity budget by \$30,000 to seal the car park at Middleton's Bay, Opunake.

Nappies subsidy – the Council agreed to provide up to \$25,000 per annum to provide vouchers for cloth nappies to parents of newborns as a waste minimisation project.

Dog exercise area for Hawera – the Council requested an investigation into the feasibility of allowing dog owners access to a park or reserve for a specified time of the day. The space would allow dog owners to exercise their dogs off the leash. Examples were given from around the country and overseas where this has been effective.

Waverley Beach access track – the Council agreed to fund \$25,000 for the access track upgrade, to be funded from reserve contributions.

Redevelop gravel reserve on High Road, Hawera, between the cemetery and Naumai Park – the Council will fund up to \$150,000 for a new car park, to be funded from the Hawera Property Reserve.

Grants Funding

Normanby Hall extension – the Council agreed to fund up to \$12,500 for design costs for the proposed extension but has noted that there is no guarantee that the Council will fund the extension.

Border Rugby Clubrooms at Patea – the Council will fund up to \$40,000 for the community to upgrade the clubrooms as a community sports venue.

Sport Taranaki received an ongoing annual funding commitment of \$27,000 (\$1 per head of population).

Taranaki Surf Life Saving received an ongoing annual commitment of \$20,000 (to be inflation adjusted).

Cape Egmont Replica Lighthouse Trust received \$37,928.59 to complete the replica lighthouse project.

Parihaka International Peace Festival received a two year commitment for an annual grant of \$25,000.

Taranaki Arts Festival Charitable Trust received a two year commitment for an annual grant of \$30,000.

Hawera Citizen's Advice Bureau received a two year commitment for an annual grant of \$6,000.

Impact on Your Rates

The rates you pay vary from property to property around the district depending on the services you receive and the value of your property. Every three years all the properties within the district are valued by Quotable Value New Zealand to reflect market movements and capital improvements undertaken by property owners.

The latest valuation was released in late 2006 and the new capital values will be used to set rates for the 2007/08 year. Our initial analysis shows that the average residential property value increase was about 70% across the district but ranges from 30% to over 250%. If your property's valuation increased more than the average increase across the whole district then you will pay more than the rate increases



Message from the Mayor and Chief Executive (continued)

explained below. Conversely if your property's capital value did not increase as much as the district's average movement then your rates will not increase as much as indicated below. Only general rates and the roading rate are based on your property's capital value. All the other rates are a standard annual charge for services delivered. Metered rates can also apply for water services.

The Uniform Annual General Charge (UAGC)

This is a set fee that all ratepayers pay towards the following Council services – swimming pools, parks and reserves, halls, libraries, public toilets, cemeteries maintenance, events and 30% of the tourism expenses.

The UAGC is increasing by 4.4% or \$15 to \$357. In the Council's Ten Year Plan it was projected to rise by 13.2% or \$45.

The overall increase in the UAGC results from some gains and some additional expenditure. The addition of new rateable properties through subdivisions means there are more properties contributing to this charge (amounting to about a \$9 reduction per property). The increased expenditure relates to the anticipated increase in the Hawera Aquatic Centre contract (\$15 per property), the introduction of a Parks Curator within the Parks budget (\$5 per property) and the additional berm mowing (\$4 per property).

The General Rate

The General Rate is calculated using the capital value of your property and is therefore expressed as a percentage change. The General Rate funds the following Council services – democratic process, stormwater, arts and culture, economic development, community development, solid waste disposal, animal and nuisance control, environmental policy, emergency management and portions of consents expenses, licensing and tourism expenses.

The General Rate is decreasing by 1.59%. In the Council's Ten Year Plan it was projected to rise by 17.2% (\$760,000).

Increases in expenditure on last year relate to solid waste disposal (\$66,000), election expenses and a transfer of insurance costs (\$167,000) within the Democratic Process activity and the new district heritage services expenses of \$115,000. Increased revenue from Sundry Properties along with some savings in other areas has offset these increases. The proposed increase included in the Ten Year Plan related to estimated additional expenditure for disposing of our refuse, which has been downscaled due to the amount of recycling occurring.

The Roothing Rate

The Roothing Rate is calculated using the capital value of your property and is therefore expressed as a percentage change on last year. This rate was first introduced in the 2006/07 year. The roading expenses used to be contained within the general rate.

The Roothing Rate is increasing by 1.75%. In the Council's Ten Year Plan it was projected to increase by 6.7% (\$357,000).

The budgeted revenue used in the Ten Year Plan has been reviewed and increased by about \$400,000 as some areas within the Council's roading budget attract a higher than the standard subsidy rate from Land Transport New Zealand. Included within the budget is a new item of \$600,000 relating to emergency works reflecting the increased number of flooding events that have occurred in recent years. The impact on the Roothing Rate, after allowing for the higher emergency works subsidy (60%), is \$240,000.

The Urban Water Charges

Urban properties all pay an Uniform Annual Charge for water and some extraordinary users pay a metered charge.

The water uniform annual charge increases by \$20 to \$370. In the Council's Ten Year Plan it was projected to increase by \$80.50. The urban metered rate remains the same at \$0.90 per cubic metre.

Message from the Mayor and Chief Executive (continued)



The Urban Wastewater Charges

Urban properties all pay an Uniform Annual Charge for wastewater services.

The wastewater Uniform Annual Charge increases by \$14 to \$369. In the Council's Ten Year Plan it was projected to increase by \$85.

Impacts on Water and Wastewater Charges

The new utilities maintenance contract for the water and wastewater pipe network was slightly higher than budgeted. The delay in the capital works programme for both water and wastewater, as explained on page 4 has reduced the projected increases. Another factor has been the recalculating the cost of debt to spread the load beyond the current generation.

The Kerbside Collection Charge

All urban properties pay a kerbside collection charge for refuse and recycling. Properties along the main highway routes for kerbside collection have the option of having this service. All users pay a set annual fee for this service.

The kerbside collection charge is increasing by \$13 to \$207. In the Council's Ten Year Plan it was projected to increase by \$53.

The increase in recycling quantities and the subsequent reduction of rubbish destined for the landfill, since the new bins were delivered in October 2006, has allowed us to recalculate the cost of transporting our refuse to the New Plymouth landfill when our Patea landfill closes. Accordingly, the budget has been recalculated using 11,000 tonnes of refuse rather than the 20,000 tonnes contained in the Ten Year Plan.

Mary Bourke
Mayor

Craig Stevenson
Chief Executive



Democratic Process

The South Taranaki District has a Mayor elected across the district, 12 Councillors and 16 Community Board members elected from five wards – Hawera, Tangahoe, Egmont Plains, Eltham and Patea.

Another means of representation to the Council is the Iwi Liaison Committee, which provides an opportunity for four members from each Iwi within South Taranaki to discuss issues with three Councillors, including the Mayor and Deputy Mayor, before making recommendations to the Council. The four Community Boards and the Iwi Liaison Committee all have discretionary funding for community projects and assistance, with the amount determined by the Council.

The Environment and Hearings Committee hears all notified resource consent applications on behalf of the Council with all other governance decision-making retained by the Council.

The Council's democratic process involves making decisions relating to the level and standard of services; determining policies for its activities, investments, borrowings, capacity building for Māori, partnerships with other agencies, communicating with its residents; setting the rates and charges each year and the approval of each ten year plan and subsequent annual plans.

Performance Measures

- More than 80% of residents surveyed rate the performance of the Mayor and Councillors as satisfactory.
- More than 80% of residents surveyed strongly agree/agree that the Council provides quality services and facilities.
- 90% of projects and initiatives supported by Council funding contribute to the achievement of community outcomes.
- We will communicate fortnightly to the district's residents on issues of interest in a jargon-free manner via the SouthLink publication in the South Taranaki Star.
- For every consultation we will provide easy to read material, utilising Council's SouthLink publication for wide distribution to the district and frequent media releases to all local newspapers.

Highlights

The local government elections take place in October 2007. Nominations open on 24 July for the positions of Mayor, Councillors and Community Board members and close on 24 August. The last day for receiving the postal votes is 13 October 2007. Information packs will be available for prospective candidates from early June.

The coming year will include:

- The implementation of improvements identified from the review of the Iwi Liaison Committee.
- A focus on familiarising new elected members with the local government environment and the Council's services around the district.
- The commencement of the district's representation review, where we look at how many elected members we need in the future and how they are elected.

Variations to the Ten Year Plan

No significant budget changes are sought for the Democratic Process activity. Funding of elected members' salaries and meeting allowances has increased by \$17,000 to take account of higher volumes of resource consent hearings and a higher salary pool made available by the Remuneration Authority. Also, the cost of the Council's Public Liability Insurance (\$62,000) has been transferred from the Corporate Overheads budget to Democratic Process.

Democratic Process (continued)



Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
1,535	Activity Expenses	1,687	1,963
-	Activity Revenue	21	21
<u>1,535</u>	Net Cost of Service/(Surplus)	<u>1,666</u>	<u>1,942</u>
	Expenditure		
816	Reallocated Overheads	914	882
719	Direct Costs	773	1,081
-	Interest Paid	-	-
-	Depreciation	-	-
<u>1,535</u>	Total Activity Expenditure	<u>1,687</u>	<u>1,963</u>
-	Renewals and Capital Improvements	-	-
-	Less Non Funded Depreciation	-	-
-	Loan Principal	-	-
<u>1,535</u>	Total Expenditure	<u>1,687</u>	<u>1,963</u>
	Funded By		
1,535	General Rates and Revenues	1,666	1,703
-	Grants and Subsidies	-	-
-	Targeted Rates	-	-
-	User Fees and Charges	21	21
-	Interest Received	-	-
-	Sundry Revenue	-	-
-	Transfers from Depreciation Reserve	-	-
-	Loans for Capital Expenditure	-	-
-	Utilising Other Reserves	-	239
-	Transfer from/(to) Operating Balances	-	-
<u>1,535</u>	Total Funding	<u>1,687</u>	<u>1,963</u>



Cultural Services

Cultural services include the following Council activities – cemeteries, libraries, arts and heritage services.

Cemeteries

We provide ten cemeteries around the district, at Opunake, Manaia, Kaponga, Eltham, Waihi, Ohawe, Hawera, Patea, Otakeho and Okaiawa and provide an annual grant to the Waverley Cemetery Board to assist with maintenance.

Libraries

We provide an extensive combined library and council service throughout the district, known as LibraryPlus facilities in Opunake, Eltham, Hawera, Kaponga, Manaia, Patea and Waverley. Council services available at LibraryPlus facilities include payment of rates and accounts, enquiries about pensioner housing, burials, building consent applications, property file requests and community facility bookings. Six of the libraries act as agencies for the dissemination of visitor information.

LibraryPlus users have access to the entire district library stock and can also interloan items from throughout New Zealand. We provide a free lending service to the community and books are delivered free of charge to those people who are housebound.

Arts

An Arts Co-ordinator has been employed by the Council to facilitate and promote community participation in creative activities by providing a point of coordination for the creative community, facilitating the increased visibility of the arts within the district and supporting creative activities and organisations. This new initiative has a total budget of \$40,000 which was adopted as part of the Council's new Arts, Culture and Heritage Policy in May 2006.

The Council, in partnership with the South Taranaki District Museum Trust, is to provide district heritage services which will involve the management of the South Taranaki District Museum, providing support and advice to individuals and communities that wish to preserve their taonga, objects and archives, as well as the promotion of the district's heritage, the Museum and its activities.

Performance Measures

- To achieve 90% resident satisfaction for these services.
- To attain library membership for 43% of the residents within the district by 30 June 2008 and 45% by 30 June 2009.
- Greenspace contract inspections for cemeteries to result in 96% compliance.
- The number of visitors to the South Taranaki District Museum in 2007/08 will increase by 10% on the previous year's volumes.
- One signature arts event staged annually.

Highlights

This is the first year of the Council's commitment to support the arts community with a co-ordinator and the formal partnership with the South Taranaki Museum Trust. The Council has also committed a grant of \$200,000 to the Museum Trust towards the upgrading of the Museum building.

Variations to the Ten Year Plan

No significant budget changes are sought for the Cultural Services activity.

Cultural Services (continued)



Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
Cemeteries			
397	Expenditure	413	417
73	Income	75	72
324	Net Cost of Cemeteries	338	345
Libraries			
1,849	Expenditure	1,905	2,067
26	Income	26	63
1,823	Net Cost of Libraries	1,879	2,004
Arts			
-	Expenditure	44	63
-	Income	-	-
-	Net Cost of Arts	44	63
South Taranaki Museum			
-	Expenditure	334	350
-	Income	-	-
-	Net Cost of South Taranaki District Museum	334	350
Total Group			
2,246	Activity Expenses	2,697	2,898
99	Activity Revenue	102	135
2,147	Net Cost of Service/(Surplus)	2,595	2,763
Expenditure			
597	Reallocated Overheads	625	705
1,386	Direct Costs	1,801	1,832
44	Interest Paid	47	56
219	Depreciation	224	305
2,246	Total Activity Expenditure	2,697	2,898
302	Renewals and Capital Improvements	239	228
-	- Less Non Funded Depreciation	-	(77)
21	Loan Principal	24	11
2,569	Total Expenditure	2,960	3,060



Cultural Services (continued)

Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
	Funded By		
2,174	General Rates and Revenues	2,425	2,506
-	Grants and Subsidies	-	-
-	Targeted Rates	-	-
99	User Fees and Charges	102	135
-	Interest Received	-	-
-	Sundry Revenue	-	-
221	Transfers from Depreciation Reserve	233	239
75	Loans for Capital Expenditure	-	-
-	Utilising Other Reserves	200	180
-	Transfer from/(to) Operating Balances	-	-
<u>2,569</u>	Total Funding	<u>2,960</u>	<u>3,060</u>

Recreation and Leisure



Swimming pools operated by the Council from December to March each year are situated in Waverley, Patea, Manaia, Eltham, Kaponga and Rawhitiroa. A paddling pool is situated at Opunake beach. An all year indoor pool, as well as a seasonal outdoor heated pool, is situated at Hawera. An annual contribution is made to the Opunake Baths Society which, in conjunction with the Opunake High School, provides a heated indoor pool for use by the public outside of school hours

We aim to provide a safe environment for swimming and, with the exception of the Hawera pool complex, offer free entry to all users.

Council-owned halls are provided in Opunake, Manaia, Kaponga, Eltham, Normanby, Hawera and Waverley. Bookings are made through the Council offices and LibraryPlus locations. We also assist rural halls throughout the district with an annual grant of \$1,500 per hall.

Parks and reserves - We maintain 695 hectares of sportsfields, open parks and reserves, as well as owning seven motorcamps throughout the district. Maintenance of the parks and reserves is contracted out and monitored regularly. The motorcamps are under a range of operations, from leasehold to freedom camping. There are 31 playgrounds around the district, which are being upgraded to meet appropriate safety standards.

Toilets - We provide 38 public toilets throughout the district, situated near the general business districts, sports grounds, beaches and recreational reserves. The toilets are kept clean and hygienic to the New Zealand Standards with safety of users a key priority.

Performance Measures

- Public satisfaction with these facilities is not less than 90%.
- Water quality for pools complies with New Zealand standards.
- The rural pool season will operate for at least ten weeks each year.
- No entry fee will be charged for rural pools, although a community charge may be agreed with the local Community Board.
- Attendance at the Hawera Aquatic Centre increases by 1% per year.
- Greenspace contract inspections to result in 96% compliance.
- A review of the Berm Mowing Policy will be completed by March 2008.
- Development plans will be completed for two of the premier parks by 30 June 2008.
- Improvements to the premier parks as contained in the Development Action Plans will be completed within budget and timeframes.
- The review of the halls sub-activity, as outlined in the Ten Year Plan, will be completed by 30 June 2008.
- Completion of all capital projects contained in Appendix 1 will be within the budget and timeframes allocated.
- Toilet contract inspections to result in 95% compliance for contract specifications.

Highlights about the service

Construction of The Hub sports, events and recreations facility in Hicks Park is expected to commence in early 2008. Fundraising is underway to secure up to \$8 million to supplement the Council's contribution of \$13.65 million.



Recreation and Leisure (continued)

In the coming year the Hawera Aquatic Centre upgrade will begin. The upgrade will focus on improving the “fun factor” and increasing family activities.

A partnership is to be formed with the Border Rugby Club to extend their clubrooms into a community space for Waverley residents. A Friends of the Waverley Town Hall group has been formed and is looking at ways to upgrade and maintain the existing Waverley Town Hall. A review of the remaining Council owned halls across the district has been postponed and will be undertaken in the latter half of 2007/08.

A parks curator will be appointed to develop and increase the heritage value of the premier parks across the district.

A feasibility study of a walkway around the South Taranaki coast has been completed and will inform future walkway development within the district. This aligns with the Taranaki Regional Council’s strategic direction for walkways and cycleways.

Variations to the Ten Year Plan

Following a review of the district-wide Berm Mowing Policy, service levels have been increased with berms not mown by residents to be mown by the Council nine times per year instead of four times. The berms on main roads leading to cemeteries will also be maintained to the parks standard for mowing. This means an increase in the budget of \$48,000 from that projected in the Ten Year Plan.

The following projects have been deferred or reprioritised:

- The upgrade of Rowe Reserve playground in Manaia is being brought forward to 2007/08 because of its condition. The Normanby Domain playground upgrade is postponed a year.
- In Naumai Park, the track work has been brought forward a year and the signage/information will be completed in the 2008/09 year instead.
- The new filtration system for Manaia pool has been deferred from 2006/07 to 2007/08.
- The Normanby Hall upgrade has been delayed to the 2008/09 year pending the outcome of the hall review.
- Replacement of the half pipe at the Hawera skateboard park planned for 2006/07 will be included as part of the total upgrade of the skateboard park in 2007/08 (these changes are supported by the skateboard park users).
- The Hawera motor camp relocation expense has been split across the next two years because of delays in purchasing land for the new site.
- The tree planting programme has additional expenditure from a carryover in 2006/07.

Now that design plans have been developed for The Hub we have determined that the timing of the development programme requires amendment. The capital works budget for 2007/08 has been increased to \$4 million (previously \$2.566 million) and the 2008/09 capital works budget has been reduced to \$8.424 million (previously \$9.858 million). A corresponding increase in revenue of \$700,000 from fundraising has been budgeted in 2007/08.

Recreation and Leisure (continued)



Financial Summary

Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
Halls			
293	Expenditure	303	387
29	Income	30	28
264	Net Cost of Halls	273	359
Parks and Reserves			
2,858	Expenditure	1,915	2,171
411	Income	962	182
2,447	Net Cost of Parks and Reserves	953	1,989
Pools			
661	Expenditure	857	1,080
15	Income	15	268
646	Net Cost of Pools	842	812
The Hub			
105	Expenditure	-	149
-	Income	-	1,500
105	Net Cost of The Hub	-	(1,351)
Toilets			
234	Expenditure	238	255
-	Income	-	-
234	Net Cost of Toilets	238	255
Cinema 2			
-	Expenditure	-	74
-	Income	-	39
-	Net Cost of Cinema 2	-	35
Total Group			
4,151	Activity Expenses	3,313	4,116
455	Activity Revenue	1,007	2,017
3,696	Net Cost of Service/(Surplus)	2,306	2,099



Recreation and Leisure (continued)

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
Expenditure			
283	Reallocated Overheads	294	307
3,319	Direct Costs	2,190	2,937
69	Interest Paid	289	314
480	Depreciation	540	558
4,151	Total Activity Expenditure	3,313	4,116
2,991	Renewals and Capital Improvements	8,897	9,330
(231)	Less Non Funded Depreciation	(242)	(286)
44	Loan Principal	100	63
6,955	Total Expenditure	12,068	13,223
Funded By			
2,339	General Rates and Revenues	2,689	2,682
-	- Grants and Subsidies	-	-
-	- Targeted Rates	-	-
230	User Fees and Charges	237	517
-	- Interest Received	-	-
225	Sundry Revenue	770	1,500
1,006	Transfers from Depreciation Reserve	522	272
3,050	Loans for Capital Expenditure	7,592	7,731
105	Utilising Other Reserves	258	521
-	- Transfer from/(to) Operating Balances	-	-
6,955	Total Funding	12,068	13,223

District Economy



The District Economy activity is delivered through Economic Development and Tourism functions. The Council offer a business advisory service to assist both new ventures and existing operations to expand or improve their competitiveness. Assistance is also available for businesses wishing to relocate to South Taranaki. We work in partnership with the regional economic development and tourism agency, Venture Taranaki, to deliver training, access business grants and sponsorship, and develop and promote the district's business and tourism services. The Council also works with government and education providers to support access to education and training to develop the capacity of individuals to participate in our economic growth.

We operate a centralised i-SITE office (which has Visitor Information Network (VIN) accreditation) near the Hawera Water Tower and satellite information services operate from six of the LibraryPlus facilities around the district to promote tourism within the area. The i-SITE is open seven days per week, every day of the year except for Christmas Day.

A minimum of 11 events, aimed to attract residents and visitors to the district, are managed or supported by the Council.

Performance Measures

- The performance measures relating to the Economic Development Strategy will be reviewed when the strategy is adopted.
- Tourism numbers will increase by 5% each year and will be measured by increased visitor enquiries.
- Biannual ranking of Visitor Information Network (VIN) accreditation for Information South Taranaki Office is maintained and improved from 86%.
- A minimum of 95% satisfaction in the service provided by the i-SITE, as determined by the continual customer survey.
- One delegation from our sister city in Harbin, China will be received every two years.
- An educational or business exchange to Harbin, China will be facilitated every two years.
- By managing break-even or better for Council-arranged premier venue shows.
- 90% of participants surveyed at key parks events are satisfied or very satisfied with the event.
- Organising committees are satisfied with the assistance provided by the Council for community based events.

Highlights about the service

The Council adopted its new Economic Development Strategy on 11 June 2007 and endorsed the level of support for the three initiatives proposed during the Annual Plan consultation by committing to progress investigations into all three initiatives. Copies of our new Economic Development Strategy are available if you are interested in more detail.

The Events programme funded by the Council will be managed in-house for the coming year, after being contracted for the last two years.

Variations to the Ten Year Plan

A small variation in funding has been included for the District Economy activity to cover additional resources and additional costs for the regional contract with Venture Taranaki and attendance at the tourism show, Trenz, in 2007.



District Economy (continued)

Financial Summary

Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
Economic Development			
393	Expenditure	294	617
-	Income	-	-
393	Net Cost of Economic Development	294	617
Tourism			
555	Expenditure	577	591
70	Income	73	74
485	Net Cost of Tourism	504	517
Total Group			
948	Activity Expenses	871	1,208
70	Activity Revenue	73	74
878	Net Cost of Service/(Surplus)	798	1,134
Expenditure			
120	Reallocated Overheads	114	116
752	Direct Costs	684	985
76	Interest Paid	73	107
-	Depreciation	-	-
948	Total Activity Expenditure	871	1,208
-	Renewals and Capital Improvements	-	-
-	Less Non Funded Depreciation	-	-
46	Loan Principal	46	22
994	Total Expenditure	917	1,230

District Economy (continued)



Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
	Funded By		
794	General Rates and Revenues	813	854
-	- Grants and Subsidies	-	-
-	- Targeted Rates	-	-
70	User Fees and Charges	73	74
-	- Interest Received	-	-
-	- Sundry Revenue	-	-
-	- Transfers from Depreciation Reserve	-	-
-	- Loans for Capital Expenditure	-	250
130	Utilising Other Reserves	31	52
-	- Transfer from/(to) Operating Balances	-	-
994	Total Funding	917	1,230





Community and Social Development

The Community and Social Development activity is made up of services aimed at supporting and involving the district's communities to achieve outcomes they desire for themselves. Support includes the development and realisation of community plans which recognise the communities' priorities, community capacity building, development of partnerships, funding assistance and the provision of affordable pensioner housing.

The Council has a nominated budget within the Ten Year Plan for grants and discretionary funding by the four Community Boards and the Iwi Liaison Committee. We administer the Rural Travel Fund on behalf of Sport and Recreation New Zealand and the Creative Community grants on behalf of Creative New Zealand.

Pensioner Housing

The Council has pensioner housing units in Opunake, Eltham, Manaia, Kaponga, Patea and Hawera. Presbyterian Support Central manages the occupancy of the units and the daily maintenance on behalf of the Council, and provides regular contact, advocacy and coordination of activities for the residents.

Regional Road Safety Programme

The Council delivers the regional road safety programme through a contract with Land Transport New Zealand and works with the community to identify and address local road safety issues.

Services to Young People

A Youth Development Facilitator has been appointed for two years to establish a network of youth project teams throughout the district who will complete projects of significance to youth. This position is funded by the Ministry of Youth Development.

Performance Measures

- The diversity of groups and individuals participating in community planning and completion of initiatives will be increased, with an additional three groups who would not normally participate in community planning being engaged each year.
- A minimum of two new partnerships which result in positive contributions to the district's cultural, social, economic and environmental outcomes will be established.
- The percentage of funding contributed by external agencies and funding providers to initiatives completed by the Council or by the Council in partnership with other agencies is increased by 3% per annum.
- 90% of projects and initiatives supported by Council funding contribute to the achievement of Community Outcomes.
- 90% pensioner housing tenant satisfaction, measured through an annual survey.
- At least 95% occupancy for pensioner housing.
- At least two external funding applications for capital upgrades of pensioner housing per year.
- The Regional Road Safety Programme is delivered in accordance with the contract with Land Transport New Zealand.

Highlights about the service

Passenger Transport – A district-wide passenger transport service is being trialled one day per week for an 18 month period. The Taranaki Regional Council has initiated and funded this service.

The District Community Development Plan will be developed. Individual communities throughout the district will be consulted and a district-wide plan developed which will ensure the vision of the community is accurately identified and Community Outcomes are confirmed. The completed plan will inform and guide the setting of priorities in relation to the activities of the Council and other organisations working within the district.

Community and Social Development (continued)



Variations to the Ten Year Plan

The Council plans to upgrade the amenities within the Dixon Court pensioner units in Hawera including changing them from bed-sit units to one-bedroom units, subject to receiving a government subsidy. The Council's share will be funded from the sale-of-assets reserve. Higher maintenance costs have been allowed for the pensioner units in the coming year.

Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
1,395	Activity Expenses	1,230	1,269
80	Activity Revenue	80	339
1,315	Net Cost of Service/(Surplus)	1,150	930
	Expenditure		
304	Reallocated Overheads	315	326
1,050	Direct Costs	872	897
-	Interest Paid	-	-
41	Depreciation	43	46
1,395	Total Activity Expenditure	1,230	1,269
56	Renewals and Capital Improvements	48	228
-	Less Non Funded Depreciation	-	-
-	Loan Principal	-	-
1,451	Total Expenditure	1,278	1,497
	Funded By		
1,185	General Rates and Revenues	1,150	932
-	Grants and Subsidies	-	325
-	Targeted Rates	-	-
80	User Fees and Charges	80	14
-	Interest Received	-	-
-	Sundry Revenue	-	-
56	Transfers from Depreciation Reserve	48	46
-	Loans for Capital Expenditure	-	-
130	Utilising Other Reserves	-	180
-	Transfer from/(to) Operating Balances	-	-
1,451	Total Funding	1,278	1,497



Environment and Development

Consents – Planning and Building

Consent activities cover the processing of applications for building and resource consents and monitoring of consent conditions, including enforcement functions. The Council issues approximately 1,300 building consents and 250 resource consents each year.

Environmental Policy

The Council's principal environmental document is the District Plan. The District Plan provides the planning framework for the protection and development of the district's environment. The Council has a District Plan review programme in place to ensure the Plan is reflecting the needs of the district. Other environmental policy responsibilities include Significant Natural Areas, Reserves and Bylaws.

Licensing

Licensing activities cover environmental health, liquor licensing, bylaw administration, noise control and environmental education functions. The Council processes about 220 food and health registrations and issues or renews about 150 Manager Certificates and about 200 liquor licenses each year for premises and special events.

Animal Control

Animal Control activities cover the registration of dogs, administration of the Dog Control Act, the Council's Dog Control Policy and bylaws. The Council registers approximately 5,000 dogs each year. This service also deals with some general nuisance issues.

Emergency Management

Emergency Management activities cover civil defence and rural fire control. The Council provides civil defence functions through the Taranaki Regional Council and must ensure the Council can respond to a civil defence emergency in respect of the services it provides to residents. The rural fire function provides for the control and response to rural vegetation fires, to ensure public safety and to reduce damage to property including native bush and commercially planted forests.

Performance Measures

Encourage Responsible Development

We will aim to reduce impediments to those people who want to responsibly develop land, buildings or businesses. In 2007/08 we will deliver this by

- Finalising the audit of the District Plan.
- Continuing with the adopted District Plan Change Programme.
- Reviewing the Council's Bylaws.

Provide a Safe Environment for our Residents

We aim to ensure that the requirements of environmental legislation, including monitoring of our environment, are met. In 2007/08 we will:

- Deliver services in accordance with legislative requirements.
- Monitor resource consents for compliance.
- Investigate measures to reduce dog incidents.
- Support the Regional Civil Defence Emergency Management Group.
- Ensure the Council can respond to a Civil Defence Emergency within the district in respect of key services the Council provides.

Environment and Development (continued)



Provide an Efficient and Consistent Customer Service

We will focus on our customers, with an emphasis on consistent advice, meeting timeframes, reducing 'surprises' and offering affordable costs. In 2007/08 we will:

- Focus on pre-application advice and provide a co-ordinated response to customers.
- Ensure all known dogs are registered and/or court action taken against dog owners who fail to register their dogs.
- Process applications and requests within the following timeframes.

Timeframe	Application/Request
10 minutes	Respond to Rural Fire Pager Notifications
1 hour	Attend Rural Fires (where significant)
4 hours	Investigate Dog Attack Incidents, Rushing Incidents, Stock on Roads
1 working day	Investigate Urgent Nuisance Customer Service Requests, Dog Roaming Incidents, Dog Barking Incidents
2 working days	Express Resource Consents
5 working days	Survey Plans, Fire Permits, Investigate General Nuisance Customer Service Requests
7 working days*	Liquor Licences
10 working days	Non-Notified Land Use Consents, LIMs, Food and Health Registrations
15 working days	Non-Notified Subdivision Consents, Building Consents, PIMs
70 working days	Notified Resource Consents

* From receipt of all required reports and information.

Develop Industry-Leading Initiatives and Products

In 2007/08 we will review our programmes for environmental education.

Increase Community Awareness of Environmental Issues

We aim to focus on educating the community on environmental issues and participate in regional and national environmental initiatives. In 2007/08 we will deliver this by:

- a) Implementing initiatives and projects in the Environmental Education Strategy.
- b) Educating landowners on rural fires.
- c) Educating the building industry on practitioner licensing, in conjunction with central government.

Variations to the Ten Year Plan

No variations to funding levels are proposed in the Annual Plan.



Environment and Development (continued)

Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Animal and Nuisance Control		
555	Expenditure	568	574
230	Income	236	236
325	Net Cost of Animal and Nuisance Control	332	338
	Consents		
878	Expenditure	895	952
450	Income	462	508
428	Net Cost of Consents	433	444
	Emergency Management		
283	Expenditure	288	319
25	Income	25	30
258	Net Cost of Emergency Management	263	289
	Environmental Policy		
241	Expenditure	250	226
2	Income	2	2
239	Net Cost of Environmental Policy	248	224
	Licensing		
288	Expenditure	295	308
95	Income	98	99
193	Net Cost of Licensing	197	209
	Total Group		
2,245	Activity Expenses	2,296	2,379
802	Activity Revenue	823	875
1,443	Net Cost of Service/(Surplus)	1,473	1,504

Environment and Development (continued)



Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Expenditure		
841	Reallocated Overheads	859	906
1,404	Direct Costs	1,437	1,473
-	- Interest Paid	-	-
-	- Depreciation	-	-
2,245	Total Activity Expenditure	2,296	2,379
-	- Renewals and Capital Improvements	-	35
-	- Less Non Funded Depreciation	-	-
-	- Loan Principal	-	-
2,245	Total Expenditure	2,296	2,414
	Funded By		
1,410	General Rates and Revenues	1,426	1,384
-	- Grants and Subsidies	-	-
-	- Targeted Rates	-	-
802	User Fees and Charges	823	875
-	- Interest Received	-	-
-	- Sundry Revenue	-	-
-	- Transfers from Depreciation Reserve	-	35
-	- Loans for Capital Expenditure	-	-
50	Utilising Other Reserves	50	120
(17)	Transfer from/(to) Operating Balances	(3)	-
2,245	Total Funding	2,296	2,414



Water Supply Services

The Council owns eight urban and five rural water supplies and aims to deliver potable quality water suitable for human, animal and industrial consumption 24 hours a day, seven days a week, taking into account outages for maintenance and breakdowns. The water supplies are maintained to appropriate standards to ensure public health standards are met for the district's residents and enable fire fighting capacity in Hawera. We substantially comply with the bacteriological criteria of the Drinking Water Standards for New Zealand 2005. To fully comply with the whole standard will require higher performance and significant improvements to our water supplies.

Performance Measures

- Compliance with 2005 Drinking Water Standards New Zealand for populations over 5,000 people by 2010.
- Compliance with 2005 Drinking Water Standards New Zealand for populations under 5,000 people by 2015.
- 100% compliance with resource consents held for water intake and discharges.
- 100% compliance with bacteriological criteria of Drinking Water Standards New Zealand 2005 until each water supply is upgraded to reach 100% compliance with the full 2005 Standard.
- Continuous supply, with fewer than two outages per year of less than ten hours duration.
- Completion of all capital projects within the allocated years and estimated budgets.
- We will maintain 20% reservoir storage at the Scott Street reservoir in Hawera for fire fighting.

Highlights about the Service

Bore exploration and development will continue in 2007/08 in pursuit of additional water to supplement the most critical water supplies within the district (Hawera, Eltham, Waimate West and Inaha).

Planning and design work for the Hawera Water Treatment Plant replacement will be a high priority. The new trunk mains will be built and the building of additional reservoirs has been brought forward to provide additional security of supply.

Replacement of meters and backflow preventers will be completed for the Waimate West and Inaha schemes in the coming year. Remedial work on trunk mains has been identified for both schemes. A reservoir at Waimate West is planned.

Variations to the Ten Year Plan

The staging of capital projects for a number of the water supplies has changed as the projects and estimates have been refined further. The financial impact is that planned significant increases to the Uniform Annual Charge for water and water by meter charges are not required at the level indicated in the Ten Year Plan. The Uniform Annual Charge will be \$370 instead of the \$430 projected in the Ten Year Plan. We will endeavour to ensure any increase to the cost of water services is matched to the completion of the planned capital projects.

The capital works budget for production bores has been increased because more costs have been identified than first estimated and additional pipework may be necessary due to the location of the bores.

Hawera Water Supply

- The new intake estimate is \$2.2 million now that designs are underway, an increase of \$1.2 million.

Water Supply Services (continued)



- The treatment plant design will continue to be refined during 2007/08. The initial scheduling of this project underestimated the amount of work involved. The capital expenditure has been postponed to years 2008 to 2010.
- New reservoirs at Skeet Road have been brought forward to the coming year to provide additional security of supply.
- Construction of the new trunk mains has been deferred six months, meaning the expenditure will be split over the next two years.

Eltham Water Supply

- The reservoir construction has been delayed a year to 2007/08.

Patea Water Supply

- The treatment upgrade expenditure includes carryovers from 2006/07 as a longer planning phase is required.

Waverley/Waverley Beach Water Supply

- The treatment upgrade expenditure includes carryovers from 2006/07 as a longer planning phase is required.

Waimate West Water Supply

- The treatment plant upgrade expenditure includes carryovers from 2006/07 as planning has identified a larger scope of work to maximise the water capacity for the supply.
- Reservoirs are now to be constructed in 2007/08 and 2008/09 to provide greater security of supply.
- The trunk mains expenditure includes carryovers for the replacement of the pressure reducing valves from 2006/07.
- Planning for the replacement of network meters and backflow preventers is nearing completion, allowing for the work to now be completed in the coming year.

Inaha Water Supply

- The trunk mains expenditure includes carryovers for the replacement of the pressure reducing valves from 2006/07.
- Planning for the replacement of network meters and backflow preventers is nearing completion, allowing for the work to now be completed in the coming year.

Cold Creek Water Supply

The capital works identified for the Cold Creek Water Supply are on hold while agreement is sought with the Cold Creek Water Supply Company directors on the ongoing management of the scheme. Divestment of the scheme by the Council is being pursued through a Parliamentary Local Bill process.



Water Supply Services (continued)

Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Urban Water Scheme		
3,863	Expenditure	4,585	3,929
3,617	Income	4,429	3,830
246	Net Cost of Urban Water Schemes	156	99
	Pope Water Scheme		
29	Expenditure	30	33
29	Income	30	33
-	Net Cost of Pope Water Scheme	-	-
	Inaha Water Scheme		
433	Expenditure	514	489
413	Income	514	419
20	Net Cost of Inaha Water Scheme	-	70
	Waimate West Water Scheme		
1,606	Expenditure	2,020	1,755
1,154	Income	1,810	1,475
452	Net Cost of Waimate Water Scheme	210	280
	Cold Creek and Nukumarū Water Schemes		
149	Expenditure	149	149
-	Income	-	-
149	Net Cost of Cold Creek and Nukumarū Water Schemes	149	149
	Total Group		
6,080	Activity Expenses	7,298	6,355
5,213	Activity Revenue	6,783	5,757
867	Net Cost of Service/(Surplus)	515	598

Water Supply Services (continued)



Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Expenditure		
1,055	Reallocated Overheads	1,091	1,059
2,411	Direct Costs	2,513	2,459
367	Interest Paid	1,209	427
	Depreciation	2,485	2,410
6,080	Total Activity Expenditure	7,298	6,355
14,265	Renewals and Capital Improvements	18,943	16,135
(149)	Less Non Funded Depreciation	(149)	(499)
252	Loan Principal	740	86
20,448	Total Expenditure	26,832	22,077
	Funded By		
-	General Rates and Revenues	-	-
-	Grants and Subsidies	-	-
5,213	Targeted Rates	6,783	5,757
-	User Fees and Charges	-	-
-	Interest Received	-	-
-	Sundry Revenue	-	-
567	Transfers from Depreciation Reserve	745	1,900
14,090	Loans for Capital Expenditure	18,938	14,319
-	Utilising Other Reserves	-	-
578	Transfer from/(to) Operating Balances	366	101
20,448	Total Funding	26,832	22,077

Water by Meter Charges

Water Supply (per cubic metre)	Ten Year Plan 2006/07	Ten Year Plan 2007/08	Annual Plan 2007/08
Urban	\$0.90	\$1.11	\$0.90
Waimate West	\$0.31	\$0.48	\$0.35
Inaha	\$0.45	\$0.56	\$0.51
Pope	\$0.79	\$0.81	\$0.70



Roading and Stormwater Network

As a Road Controlling Authority the Council is legally responsible for the control of the district's roading network. The daily management, operation and maintenance of the network is contracted out, with capital expenditure projects competitively tendered to ensure best value for money. Through the maintenance and annual improvement programme we aim to provide a sustainable roading system which allows for safe and efficient travel throughout the district at reasonable cost. We aim to have a concrete footpath on at least one side of streets within built-up areas and are renewing footpaths to ensure safe walking access around our towns.

We deliver the Regional Community Road Safety Programme as a contract with Land Transport New Zealand.

Performance Measures

- To complete the approved subsidised roading programme to Land Transport New Zealand's (LTNZ) technical and safety audit standards.
- To ensure public roads are closed for no longer than 24 hours, unless reopening is prevented by a natural disaster.
- Three kilometres of new footpaths completed each year.
- 2.4 kilometres of existing footpath are reconstructed.
- 75% customer satisfaction with the local roads, footpaths and stormwater network as measured by the National Research Bureau survey.
- General maintenance programme completed within the budget of \$3 million to contract specifications.
- 100 kilometres of reseal and second coat seal at an average price below \$18,925 per kilometre.
- Fifteen kilometres of area-wide pavement treatment within the budget of \$1.88 million, with a resulting roughness count less than 80.
- Three kilometres of seal widening within the budget of \$271,500.
- The number of fatal and injury accidents due to road conditions decreases each year.
- All new stormwater installations will comply with the '1 in 20 year' return period standard.
- Blockages to the stormwater network will be cleared within one day.
- Emergency work will be attended by the Council's contractors within two hours of reporting.

Highlights about the Service

Stormwater

Over the last year the Council has developed a district-wide Stormwater Management Plan and this work has identified the following stormwater improvement projects as priorities. The total available budget is \$565,000 and the individual projects will be confirmed to meet this budget once these estimates are refined further through the planning process. A project in Opunake, commenced in 2006/07, will have a portion to complete in 2007/08 worth \$40,000.

Waverley

Weraroa Road - \$218,000

Wilson Street, Brassey Street & Weraroa Road intersection – \$10,000

Corner of Gloag Street & Weraroa Road – \$106,000

Roading and Stormwater Network (continued)



Hawera

Detention pond in Union Street & Grey Street at the bend in Union Street - \$272,000

Roading and Footpaths

A list of the new footpaths planned, footpaths to be renewed, seal extensions and area-wide pavement treatment to take place in 2007/08 is included in the Ten Year Plan as Appendix 2.

Variations to the Ten Year Plan

An extra \$240,000 a year is budgeted to build up an Emergency Roding Reserve. Over recent years emergency roding work has been a constant, mainly because of regular flooding, and the amount the Council has had to contribute is increasing. The reserve will be capped at \$1 million, in the event that the funds are not utilised for a number of years and it is able to accumulate to that point.

The replacement bridge programme for 2007/08 has changed to bridges 125 and 126 on Wiremu Road instead of Bridge 132 on Opunake Road. The Wiremu Road bridges were recently assessed as having a higher cost benefit ratio so will take priority for funding.

Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Roding		
8,669	Expenditure	8,784	9,572
10,421	Income	10,937	11,351
(1,752)	Net Cost of Roding	(2,153)	(1,779)
	Stormwater		
655	Expenditure	714	744
-	Income	-	-
655	Net Cost of Stormwater	714	744
	Eltham Drainage Scheme		
13	Expenditure	14	13
-	Income	14	13
13	Net Cost of Eltham Drainage Scheme	-	-
	Total Group		
9,337	Activity Expenses	9,512	10,329
10,421	Activity Revenue	10,951	11,364
(1,084)	Net Cost of Service/(Surplus)	(1,439)	(1,035)



Roading and Stormwater Network (continued)

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
Expenditure			
326	Reallocated Overheads	355	342
4,919	Direct Costs	5,045	5,552
446	Interest Paid	483	524
3,646	Depreciation	3,629	3,911
9,337	Total Activity Expenditure	9,512	10,329
7,722	Renewals and Capital Improvements	7,525	7,708
(504)	Less Non Funded Depreciation	(501)	(635)
344	Loan Principal	369	106
16,899	Total Expenditure	16,905	17,508
Funded By			
2,250	General Rates and Revenues	2,161	2,348
5,053	Grants and Subsidies	5,213	5,889
5,368	Targeted Rates	5,738	5,475
-	- User Fees and Charges	-	-
-	- Interest Received	-	-
-	- Sundry Revenue	-	-
3,029	Transfers from Depreciation Reserve	3,023	3,276
1,186	Loans for Capital Expenditure	770	520
-	- Utilising Other Reserves	-	-
13	Transfer from/(to) Operating Balances	-	-
16,899	Total Funding	16,905	17,508



Wastewater

Wastewater services include the collection, piping, treatment and disposal of all wastewater from both residents and businesses served by the Council's wastewater systems located in Hawera (includes Normanby), Eltham, Patea, Waverley, Opunake, Manaia, Kaponga and Wai-inu Beach. The treated wastewater is discharged to natural waters (streams, rivers or the ocean) or onto land in accordance with resource consent conditions to ensure public health and environmental standards are met.

Performance Measures

- We will comply with our resource consents for all facilities 100% of the time, including the restoration of closed landfills.
- Completion of all capital projects in Appendix 1 within the budget and timeframes allocated.
- Scheduled maintenance of the piped network is completed by Council's contractors as per contract specifications and timeframes.
- Customer satisfaction for wastewater services will be greater than 90%.

Highlights about the Service

We are waiting on resource consent to commence the Eltham wastewater pipeline to the Hawera Wastewater Treatment Plant. A dedicated pipeline from the PPCS meat processing plant to the Hawera Wastewater Treatment Plant is planned for the coming year at a shared cost. This new pipeline and renewals work on the Western Trunk sewer over the next year will alleviate ongoing maintenance problems.

The Manaia and Wai-inu Beach wastewater plants are to be upgraded over the coming year.

Variations to the Ten Year Plan

The maintenance and operation contract for the wastewater network was renewed last year in October. The finalised contract price was \$140,000 higher than that estimated in the adopted Ten Year Plan.

Changes to a number of capital projects have resulted in changes to the wastewater budget for 2007/08:

- New PPCS pipeline will alleviate capacity issues for the Western Trunk sewer.
- Refined estimates lower the budgets for the Manaia and Wai-inu Beach upgrades.
- Additional urgent pipe renewals to the wastewater network have been identified.
- Various pump station upgrades planned for the coming year have been brought forward and completed in 2006/07.

As a result the Uniform Annual Charge for wastewater is set to increase to \$369 in 2007/08 from \$355, not the \$440 projected in the Ten Year Plan.

Solid Waste Management

This activity includes the kerbside collection services available to urban centres and houses en-route; transfer stations around the district for depositing recycling, refuse, hazardous substances and greenwaste, along with the disposal to recycling agencies; landfills and suitable space for greenwaste.

In managing the district's rubbish, the Council provides an urban collection service for refuse and recyclables, a voluntary greenwaste collection service, the disposal of rubbish through transfer stations around the district and the transfer of recyclables to appropriate facilities. The Council has a responsibility



Waste Services (continued)

to protect the public health of the district and maintain environmental standards for the region. Part of this role is to manage and restore the closed landfills around the district. Another key role for the Council is minimising the amount of refuse destined for landfills by encouraging recycling.

Performance Measures

- Customer satisfaction for solid waste collection services will be greater than 90%.
- Rubbish transferred to landfills will reduce by 5% each year.
- Recycling quantities will increase by 5% each year.
- Kerbside collections of refuse and recycling will occur as scheduled.
- We will comply with our resource consents for all facilities 100% of the time.
- Completion of capital projects in Appendix 1 within 2007/08 and within budget.

Highlights about the Service

During 2007/08 South Taranaki's last operating landfill will close so our refuse will be transported out of the district to New Plymouth's landfill. Transporting our refuse the extra distance and higher landfill charges increases the expenses for this activity so we are continuing to encourage further recycling and separation of greenwaste to reduce the rubbish destined for the landfill.

Collection Changes for Recycling

The Council has chosen to change the recycling kerbside collection to weekly.

New Transfer Station Fees

	General Refuse	Greenwaste	Recyclables
Cars and Station Wagons	\$11.00	\$4.00	Free
Vans, Utes and Trailers	\$25 per cubic metre	\$12.50 per cubic metre	Free
Whiteware Per Item	\$5.00	N/A	N/A
Others (per cubic metre)	\$25.00	\$12.50	Free

- Trucks and commercial loads of refuse in excess of two cubic metres volume are accepted at the Hawera transfer station but not at any of the other transfer stations.
- The charge for refuse accepted at the Hawera transfer station in excess of two cubic metres will be charged at \$68 per tonne.
- Car bodies will continue to be received at the Eltham transfer station and at the proposed Patea transfer station at a charge of \$25.

Variations to the Ten Year Plan

An administrative error in the Ten Year Plan omitted the operational budget for the Patea transfer station and maintenance and monitoring expenses for the closed Patea landfill (\$59,000) from the Ten Year Plan budget. However, these expenses have been more than offset by higher than budgeted revenue from transfer stations while savings from previous years have been utilised to keep the increase in the Uniform Annual Charge and General Rate contribution to a modest level.

The introduction of a weekly recycling collection from 16 July and lower refuse quantities mean the collection charge will be \$207 instead of \$247 projected in the Ten Year Plan. Solid waste disposal total expenditure drops to \$302,000 from \$828,000 indicated in the Ten Year Plan because of the lower volumes being transported to the landfill.

Waste Services (continued)



Additional capital expenditure of \$145,000 has been identified to complete the Patea transfer station and Patea landfill rehabilitation work.

Financial Summary

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
	Solid Waste Collection		
1,468	Expenditure	1,839	1,745
1,468	Income	1,838	1,599
-	Net Cost of Solid Waste Collection	1	146
	Solid Waste Disposal		
1,377	Expenditure	2,196	1,578
1,128	Income	1,465	1,215
249	Net Cost of Solid Waste Disposal	731	363
	Urban Wastewater Schemes		
3,160	Expenditure	4,216	3,644
6,471	Income	3,457	3,464
(3,311)	Net Cost of Urban Wastewater Schemes	759	180
	Total Group		
6,005	Activity Expenses	8,251	6,967
9,067	Activity Revenue	6,760	6,278
(3,062)	Net Cost of Service/(Surplus)	1,491	689
	Expenditure		
718	Reallocated Overheads	748	750
3,303	Direct Costs	4,488	4,166
860	Interest Paid	1,501	746
1,124	Depreciation	1,514	1,305
6,005	Total Activity Expenditure	8,251	6,967
15,876	Renewals and Capital Improvements	1,874	5,593
(76)	Less Non Funded Depreciation	(82)	(165)
687	Loan Principal	1,037	150
22,492	Total Expenditure	11,080	12,545



Waste Services (continued)

<u>Ten Year Plan 2006/07</u>		<u>Ten Year Plan 2007/08</u>	<u>Annual Plan 2007/08</u>
\$000's		\$000's	\$000's
	Funded By		
366	General Rates and Revenues	828	303
-	Grants and Subsidies	-	-
3,780	Targeted Rates	4,725	4,019
1,487	User Fees and Charges	1,829	1,391
-	Interest Received	-	-
3,800	Sundry Revenue	206	868
610	Transfers from Depreciation Reserve	940	1,653
11,596	Loans for Capital Expenditure	1,874	3,923
-	Utilising Other Reserves	-	-
853	Transfer from/(to) Operating Balances	678	388
<u>22,492</u>	Total Funding	<u>11,080</u>	<u>12,545</u>

Funding Impact Statement



Ten Year Plan Revenue	Funding Impact Statement			Ten Year Plan Revenue	Annual Plan Revenue
2006/07 (GST Excl)	Source	Categories	Explanation 2006/2007 Rates (Rates GST Incl)	2007/08 (GST Excl)	2007/08 (GST Excl)
RATES					
4,118,412	General	Diff Category 1	0.07023c per \$ of Capital Value	4,824,981	4,092,205
100,298	General	Diff Category 2	0.05267c per \$ of Capital Value	117,505	78,473
29,527	General	Diff Category 3	0.03512c per \$ of Capital Value	34,593	20,289
194,091	General	Diff Category 4	0.17558c per \$ of Capital Value	227,390	180,915
4,442,328	Sub Total General			5,204,469	4,371,882
3,556,374	UAGC		\$357.00 Per Separately Used or Inhabited Part of Rating Unit	4,022,347	3,805,091
7,998,702	Total General & UAGC Rates			9,226,816	8,176,973
Targeted Rates					
4,976,704	Roading	Diff Category 1	0.08775c per \$ of Capital Value	5,307,874	5,112,638
121,200	Roading	Diff Category 2	0.06581c per \$ of Capital Value	129,266	98,041
35,681	Roading	Diff Category 3	0.04387c per \$ of Capital Value	38,055	25,349
234,540	Roading	Diff Category 4	0.21936c per \$ of Capital Value	250,147	226,028
5,368,125	Sub Total Roothing Rates			5,725,342	5,462,055
13,366,827	Total General, UAGC and Roothing Rates			14,952,158	13,639,028
2,464,348	Urban Water	District Wide	\$370.00 per connected Rating Unit	3,019,255	2,610,151
	Urban Water	District Wide	\$185.00 per serviceable Rating Unit		
1,151,716	Urban Water	Metered Consumers	\$0.90c per cubic metre	1,411,053	1,219,858
	Urban Water	Riverlands	\$0.66c per cubic metre		
	Urban Water	Meter Charge	\$50.00 per Metered Property		
1,154,318	Rural Water	Waimate West	\$0.35c per cubic metre	1,809,697	1,474,580
	Rural Water	Kaponga Farmers	\$0.52c per cubic metre		



Funding Impact Statement (continued)

Ten Year Plan Revenue	Funding Impact Statement			Ten Year Plan Revenue	Annual Plan Revenue
2006/07 (GST Excl)	Source	Categories	Explanation 2006/2007 Rates	2007/08 (GST Excl)	2007/08 (GST Excl)
411,394	Rural Water	Inaha	\$0.51c per cubic metre	511,805	417,429
1,860	Loan Repayment Rates (Inaha only)	Identified Rating Units	\$0.0555c per \$ of Land Value	1,764	1,668
28,925	Rural Water	Pope	\$0.70c per cubic metre	29,586	33,400
5,212,561	Total Water			6,783,160	5,757,086
2,420,328	Wastewater	District Wide	\$369.00 per connected Rating Unit	2,994,186	2,546,256
	Wastewater	District Wide	\$184.50 per serviceable Rating Unit		
1,360,037	Refuse Collection	District Wide	\$207.00 Separately Used or Inhabited Part of Rating Unit	1,731,105	1,472,743
-	Eltham Drainage Rate	Class A Land	\$0.02894c per \$ of Land Value	13,560	13,200
	Eltham Drainage Rate	Class B Land	\$0.01881c per \$ of Land Value		
	Eltham Drainage Rate	Class C Land	\$0.01013c per \$ of Land Value		
8,992,926	Total Water, Wastewater and Kerbside Collection Targeted Rates			11,522,011	9,789,285
22,359,753	Total Rates Levied			26,474,169	23,428,313
120,000	Rates Penalties			120,000	120,000
22,479,753	Total All Rates			26,594,169	23,548,313
2,917,164	Fees and Charges			3,317,202	3,176,000
-	- Development Contributions			-	-
-	- Financial Contributions			-	-
7,141,644	Income from Investments			7,388,737	7,306,000
(1,948,186)	Less Internal Interest				
120,000	Dividends			120,000	120,000
5,382,500	Subsidies			5,543,172	6,439,000
4,307,000	Other			1,175,758	2,823,000
40,399,925	Total Operating Revenue			44,139,038	43,412,313
(33,057,069)	Less Operating Expenses			(38,295,462)	(38,816,000)
7,342,856	Operating Surplus/ (Deficit)		As per Statement of Financial Performance	5,843,576	4,596,313

Funding Impact Statement (continued)



Rating Policy

Introduction

All figures for Rates and Charges as shown are inclusive of GST. The revenue raised in each instance is the net revenue available to the Council after accounting for GST to central government.

The operating expenses of the Council for 2007/08 total \$38,816,000 and will be provided by the various mechanisms outlined within this Funding Impact Statement. In addition to operating expenditure, the Council has a capital works programme of \$39,552,000 programmed for 2007/08. The full programme is included as Appendix 1 in the Annual Plan.

A separately used or inhabited part of a rating unit is defined as any part of a rating unit that is, or is able to be, separately used or inhabited by the ratepayer, or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement. This definition applies to all rates assessed in this way. Council acknowledges however that specific circumstances can exist which may make the strict imposition of the definition inequitable for some ratepayers or contrary to other council policies. Council is currently reviewing the application of the definition to ensure it is applied fairly.

General Rate

The Council proposes to set a general rate based on the capital value of each rating unit within the district. The general rate will be set on a differential basis using land use to determine the categories. The differential categories, which also apply to the roading rate, are explained as follows:

Category 1 (differential 1.00)

- Residential - all rating units used primarily for residential purposes.
- Rural - all rating units used primarily or predominantly for the purposes of agriculture, viticulture, horticulture or silviculture.
- Rural Commercial - all rating units used for commercial or industrial purposes situated in any part of the district, except Hawera and areas of the former Hawera County situated within 500 metres of the former Hawera Borough boundary (this category includes the distribution networks of utility companies).
- Industrial - all rating units used for industrial purposes with a capital value of less than \$40 million.

Category 2 (differential 0.75)

- Industrial - all rating units used for industrial purposes with a capital value of \$40 million or more.

Reason for differential: properties greater than this value do not receive proportionately more services.

Category 3 (differential 0.50)

- Hydro-electric - all rating units used for the generation of hydro-electric power.

Reason for differential: this isolated site receives few benefits from Council services.

Category 4 (differential 2.5)

- Hawera Businesses - all rating units used for commercial or industrial purposes located within Hawera and including areas of the former Hawera County that are located within 500 metres of the former Hawera Borough boundary.

Reason for differential: these properties pay the additional urban upgrade loan required for the Hawera Central Business District urban upgrade.



Funding Impact Statement (continued)

Properties which have more than one use (or where there is doubt about the relevant primary use) will be placed in a category which is the highest differential factor. Note that subject to the rights of objection to the rating information database set out in Section 28 of the Local Government (Rating) Act 2002, the Council is the sole determiner of the categories.

The General Rates (in cents per dollar of capital value) for 2007/08 will be:

Category 1	(0.07023 in cents per dollar of capital value) raising	\$4,092,205
Category 2	(0.05267 in cents per dollar of capital value) raising	\$78,473
Category 3	(0.03512 in cents per dollar of capital value) raising	\$20,289
Category 4	(0.17558 in cents per dollar of capital value) raising	\$180,915
	Total	\$4,371,882

Comparative 2006/07, \$4,442,328, a decrease of 1.59%.

Uniform annual general charge

In addition to the general rate collected on a differential basis, the Council will set a uniform annual general charge on each separately used or inhabited part of a rating unit.

The uniform annual general charge for 2007/08 will be:

- \$357.00 per portion of rating unit.
- Raising \$3,805,091

Comparative 2006/07, \$432.00, an increase of 4.39%.

Targeted rates

Targeted rates are for roading, water, wastewater disposal and kerbside refuse collection.

Roading rate

The Council proposes to set a roading rate based on the capital value of each rating unit within the district. The roading rate will be set on a differential basis using land use to determine the categories. The differential categories are as defined for calculating the general rate.

The Roothing Rates (in cents per dollar of capital value) for 2007/08 will be:

Category 1	(0.08775 in cents per dollar of capital value) raising	\$5,112,638
Category 2	(0.06581 in cents per dollar of capital value) raising	\$98,041
Category 3	(0.04387 in cents per dollar of capital value) raising	\$25,349
Category 4	(0.21936 in cents per dollar of capital value) raising	\$226,028
	Total	\$5,462,055

Comparative 2006/07, \$5,368,125, an increase of 1.75%.

Funding Impact Statement (continued)



Differentials based on location

The Council will use this factor to:

- Assess rates on rating units for water supply, wastewater disposal and the refuse collection rates.

Availability of service

Urban water supply rate:

The differential categories for the uniform water supply rates are:

- Connected - any rating unit that is connected to a Council operated waterworks.
- Serviceable - any rating unit that is not connected to a Council operated waterworks, but is within 100 metres of such waterworks.

Wastewater disposal rate

The differential categories for the wastewater disposal rate are:

- Connected - any rating unit that is connected to a public wastewater disposal drain.
- Serviceable - any rating unit that is not connected to a public wastewater disposal drain, but is within 30 metres of such a drain.

Kerbside collection rate:

The categories for the kerbside refuse collection rates are:

- Urban - any rating unit situated within the urban area of Rahotu, Opunake, Kaponga, Eltham, Pungarehu, Manaia, Ohawe, Hawera, Patea and Waverley to which the Council is prepared to provide the service.
- Rural - any rating unit situated within the rural area that is on the collection route and which has requested the Council to provide the service.

Urban water targeted rate

Targeted on uniform basis

The Council proposes to set a targeted rate for water supply on the basis of a targeted rate for separately used or inhabited part of a rating unit throughout the district where rating units are connected to urban water supply schemes or for which connection is available.

The charge will be set on a differential basis based on the availability of service (the categories being 'connected' and 'serviceable'). Rating units that are not connected and which are not serviceable will not be liable for the rate.

The rates for 2007/08 are:

- Connected \$370.00
- Serviceable \$185.00
- Raising \$2,610,151

Comparatives for 2006/07, Connected \$349.50 and Serviceable \$174.75.



Funding Impact Statement (continued)

Metered Supply

The Council proposes to set a targeted rate for water supplied from these urban schemes that is based on volumes of water supplied through water meters. In accordance with a special agreement, the Council will set a targeted rate for water supplied to Riverlands Eltham that is based on volumes of water supplied via meter.

The rates for 2007/08 are as follows:

- Price per cubic metre from urban supplies 0.90c
- Price per cubic metre for Riverlands Eltham 0.66c
- Raising \$1,219,858

Comparatives for 2006/07 were, 0.90c (urban supplies), and Riverlands 0.66c.

Water Meter Servicing Charge

The Council proposes to set a targeted rate for maintaining water meters within the urban supplies. Every metered connection within Council's water billing system will be charged the annual fee, in conjunction with their periodic charge for water consumed. This charge is in addition to the rate per cubic metre charged for water consumed.

The rate for 2007/08 will be:

- Meter charge \$50.00
- Raising \$34,400

Comparative for 2006/07 was \$50.00.

Rural Water Supplies

The Council will set targeted rates for rural water supplies on the basis of volumes of water supplied through water meters.

The rates for 2007/08 are:

- Waimate West 0.35c per cubic metre raising \$1,474,580
- Waimate West – Kaponga Farmers 0.52c per cubic metre
- Inaha 0.51c per cubic metre raising \$417,429
- Pope 0.70c per cubic metre raising \$33,410

Comparatives for 2006/07, Waimate West 0.31c, Waimate West (Kaponga Farmers) 0.47c, Inaha 0.45c and Pope 0.79c.

Only properties directly connected to the supplies will be liable for these charges. The exception being in Kaponga, where certain farming properties are considered direct consumers of the Waimate West supply and are liable for the targeted rate of 0.52c, even though their properties are indirectly connected to that supply.

Inaha Targeted Rate for Loan Charge

The Council proposes to set a targeted rate on two specifically identified Eltham rural rating units. The Council has borrowed capital on their behalf, to fund the original construction of the Inaha rural water supply. The properties are situated on Rowan Road and Eltham Road and the Council proposes the targeted rate to be based on land value.

Funding Impact Statement (continued)



The rates for 2007/08 are:

- A rate in the dollar of 0.0555c on land value.
- Raising \$1,668.

Comparative for 2006/07 was 0.0902c, raising \$1,860.

Wastewater Targeted Rate

The Council proposes to set a targeted rate for wastewater for each separately used or inhabited part of a rating unit throughout the district where properties are connected to a scheme or for where connection is available.

The charge will be set on a differential basis based on the availability of service (the categories are 'connected' and 'serviceable'). Rating units not connected to the schemes and not serviceable will not be liable for these rates.

The rates for 2007/08 are:

- Connected \$369.00
- Serviceable \$184.50
- Raising \$2,546,256

Comparatives for 2006/07, Connected \$355.00 and Serviceable \$177.50.

Eltham Drainage Area

The Council proposes to set targeted rates to carry out Drainage Maintenance Works within the Eltham Drainage area.

There are three differentials for differing classes of land as follows:

1. All land classified Class A - Differential 1.00. A targeted rate in the dollar on land value of \$0.02894c per \$ of land value.
2. All land classified Class B - Differential 0.65. A targeted rate in the dollar on land value of \$0.01881c per \$ of land value.
3. All land classified Class C - Differential 0.35. A targeted rate in the dollar on land value of \$0.01013c per \$ of land value.

Total Raising \$13,200.

No rates were set for 2006/07 based on the recommendation of the 8 November 2005 meeting.

Kerbside Collection Rates

The Council proposes to set a targeted rate for kerbside collection on the following basis:

- Urban – on every separately used or inhabited part of a rating unit situated within the urban areas of Pungarehu, Rahoitu, Opunake, Kaponga, Eltham, Manaia, Ohawe, Hawera, Patea and Waverley to which Council is prepared to provide the service.
- Rural – on every separately used or inhabited part of a rating unit situated within the rural area which is on the collection route and which have requested Council to provide a service.



Funding Impact Statement (continued)

The rates for 2007/08 are:

- Urban \$207.00
- Rural \$207.00
- Raising \$1,472,743

Comparative for 2006/07 was \$194.00 rural and urban.

User Fees and Charges

Identified throughout various activities within this Annual Plan are User Fees and Charges totalling \$3,176,000. These are shown as funding mechanisms within the financial tables for certain activities.

District Income

Contained within the Prospective Income Statement on page 46 of the Annual Plan is income of \$8,246,000 that is designated as district-wide income and not directly attributable to any one specific activity of the Council.

The largest portion of this is earnings projected of \$7,306,000 on the Long Term Investment Fund. From those projected earnings, the Council applies \$3,870,000 as a direct subsidy on the Uniform Annual General Charge, the Rooding Rate and General Rates. Council also intends that \$2,448,000 from the earnings be invested back into the fund for the purpose of inflation-proofing for the year. The remaining \$987,000 will be transferred to the Community Projects Reserve.

Due Dates for Payment of Rates

All rates will be payable in four instalments due on:

- 1st instalment 29 August 2007
- 2nd instalment 28 November 2007
- 3rd instalment 27 February 2008
- 4th instalment 28 May 2008

Penalties

A penalty charge of 10% will be applied on so much of any instalment that has been assessed after 1 July 2007 on the day after the due date for each instalment on so much as remains unpaid on that date.

Early Payment Discount

The Council will allow a discount of 3% where a ratepayer pays the year's rates in full on or before the due date of the first instalment for the year. This will be 29 August 2007.

Funding Impact Statement (continued)



Payment Locations

The rates shall be payable at any of the following branches during normal business hours:

- Opunake LibraryPlus, Napier Street, Opunake
- Eltham LibraryPlus, High Street, Eltham
- Kaponga LibraryPlus, Egmont Street, Kaponga
- Hawera Administration Centre, Albion Street, Hawera
- Hawera LibraryPlus, High Street, Hawera
- Manaia LibraryPlus, South Road, Manaia
- Patea LibraryPlus, Egmont Street, Patea
- Waverley LibraryPlus, Weraroa Road, Waverley





Prospective Income Statement

Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
Income			
13,367	General Rates and Rooding Targeted Rates	14,952	13,639
6,245	Water, Wastewater and Kerbside Collection Targeted Rates	7,758	6,642
2,748	Water by Meter Rates	3,764	3,147
120	Penalties	120	120
	Other Income:		
2,917	User Charges & Fees	3,317	3,176
5,383	Subsidies & Grants	5,543	6,439
120	Dividends	120	120
4,057	Sundry Income	1,013	2,403
250	Interest - General	163	420
7,141	Earnings - Long Term Investment Fund	7,389	7,306
(1,948)	Less Internal Borrowing		
40,400	Total Income	44,139	43,412
Expenditure			
1,535	Democratic Process	1,687	1,963
2,246	Cultural Services	2,697	2,898
4,151	Recreation and Leisure	3,313	4,116
948	District Economy	871	1,208
1,395	Community and Social Development	1,230	1,269
2,245	Environment and Development	2,296	2,379
6,080	Water	7,298	6,355
9,337	Rooding & Stormwater Network	9,512	10,329
6,005	Waste Services	8,251	6,967
1,063	Other	1,140	1,332
(1,948)	Less Internal Borrowing		
33,057	Total Activities Expenditure*	38,295	38,816
7,343	Surplus before Tax	5,844	4,596
-	Taxation	-	
7,343	Surplus after Tax	5,844	4,596
*Specific Disclosure of Interest Paid and Depreciation included in Operating Expenditure			
-	Interest	3,692	2,276
8,570	Depreciation	9,318	9,611

Prospective Statement in Changes in Equity



Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
493,824	Opening Equity as at 1 July	501,167	537,077
7,343	Net Surplus (Deficit) for Year	5,844	4,596
<u>7,343</u>	Total Recognised Revenues and Expenses for the Year	<u>5,844</u>	<u>4,596</u>
-	Revaluations and Adjustments	-	-
<u>501,167</u>	Closing Equity as at 30 June	<u>507,011</u>	<u>541,673</u>



Prospective Balance Sheet

Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
Current Assets			
4,157	Cash and Bank	5,061	864
9,384	Other	9,384	3,853
13,541	Total Current Assets	14,445	4,717
Non Current Assets			
98,453	Investments	101,729	103,829
445,912	Property, Plant and Equipment	474,258	500,018
544,365	Total Non Current Assets	575,987	603,847
557,906	Total Assets	590,432	608,564
Current Liabilities			
4,477	Accounts Payable	4,477	4,225
400	Employee Entitlements	400	547
533	Other	533	533
5,410	Total Current Liabilities	5,410	5,305
Non Current Liabilities			
51,082	Term Liabilities	77,764	61,499
247	Landfill Aftercare Provision	247	87
51,329	Total Non Current Liabilities	78,011	61,586
56,739	Total Liabilities	83,421	66,891
501,167	Total Equity (Assets Less Liabilities)	507,011	541,673
501,167	Total Equity (Per Change in Equity)	507,011	541,673

Prospective Net Cash Flows from Operating, Investing and Financial Activities (continued)



Ten Year Plan 2006/07 \$000's		Ten Year Plan 2007/08 \$000's	Annual Plan 2007/08 \$000's
Cash Flows From Operating Activities			
Cash was provided from:			
22,480	Rates	26,594	23,548
1,320	Collection of Agency Rates	1,320	1,320
120	Dividends	120	120
12,357	Other Revenue	9,873	12,018
7,392	Interest on Investments	7,552	7,726
<u>43,669</u>		<u>45,459</u>	<u>44,732</u>
Cash was applied to:			
24,486	Payments to Suppliers & Employees	25,285	26,930
1,320	Agency Rates paid over	1,320	1,320
1,948	Interest paid on Term Debt	3,692	2,276
<u>27,754</u>		<u>30,297</u>	<u>30,526</u>
<u>15,915</u>	Net Cash from Operating Activities	<u>15,162</u>	<u>14,206</u>
Cash Flows From Investing Activities			
Cash was provided from:			
	Proceeds from the Sale of Fixed Assets		
	Net cash inflow from investment		
<u>-</u>		<u>-</u>	<u>-</u>
Cash was applied to:			
25,907	Net cash outflow to investment	3,277	5,734
41,778	Purchase and Development of Fixed Assets	37,664	39,552
<u>67,685</u>		<u>40,941</u>	<u>45,286</u>
<u>(67,685)</u>	Net Cash From Investing Activities	<u>(40,941)</u>	<u>(45,286)</u>



Prospective Net Cash Flows from Operating, Investing and Financial Activities

Ten Year Plan 2006/07		Ten Year Plan 2007/08	Annual Plan 2007/08
\$000's		\$000's	\$000's
	Cash Flows From Financing Activities		
	Cash was provided from:		
<u>52,631</u>	Loans Raised	<u>29,174</u>	<u>26,746</u>
<u>52,631</u>		<u>29,174</u>	<u>26,746</u>
	Cash was applied to:		
<u>1,549</u>	Repayment of Term Debt	<u>2,491</u>	<u>459</u>
<u>1,549</u>		<u>2,491</u>	<u>459</u>
<u>51,082</u>	Net Cash From Financing Activities	<u>26,683</u>	<u>26,287</u>
<u>(688)</u>	Net Increase/(Decrease) In Cash Held	<u>904</u>	<u>(4,793)</u>
<u>4,845</u>	Total Cash Resources at 1 July	<u>4,157</u>	<u>5,657</u>
<u>4,157</u>	Total Cash Resources at 30 June	<u>5,061</u>	<u>864</u>
	Made Up Of:		
<u>4,157</u>	Cash and Bank	<u>5,061</u>	<u>864</u>

Assumptions



General Information Considered when Preparing this Plan:

Item	Issue	Risk	Level of Risk and Uncertainty	Commentary and Financial Effect of the Uncertainty if Significant
Natural and biological disasters	No allowance has been made for the repair of infrastructure damaged by any future natural disasters occurring over the life of the plan.	That a disaster occurs.	Low	The Council is a member of the Local Authority Protection Programme - which provides cover up to 40% of damage to major infrastructure assets should a natural disaster occur. The Council also has sufficient cash resources to cope with the type of natural disasters most likely to occur - eg. flooding, storms. The Council has emergency plans in place and is currently formulating a plan to cope with any pandemic situation.
Changes in policy direction and priorities	Local government elections in October 2007.	That a change in direction will occur.	Low	The election of a new Council could affect the approach described in this plan. Changes would be addressed through variations to the plan if necessary or timed to coincide with the next plan review. A district-wide Economic Development Strategy was adopted on 11 June 2007. Any financial impact from this strategy will be addressed in subsequent Annual Plans and Long Term Plan reviews. Many of the significant capital projects within the plan are part of a long-term strategy to bring Council's infrastructure up to date to ensure compliance with legislative requirements.
External factors	Significant legislation affecting the Council will occur.	That the Council will be unable to plan for legislative changes as they occur.	Low	Limited impact as the Council will have time to plan and implement as required.



Assumptions (continued)

General Forecasting Assumptions:

Item	Issue	Risk	Level of Risk and Uncertainty	Commentary and Financial Effect of the Uncertainty if Significant
Inflation	To comply with FRS 42 - Prospective Financial Information, the Council must include an allowance for inflation in its Long Term Plan.	That inflation will be different from that predicted.	Low	<p>Inflation has been predicted using estimates provided by the Bureau for Economic Research (BERL) as approved by the Office of the Auditor-General.</p> <p>The inflation-adjusted estimates for years two and three will be reviewed each year during the Annual Plan process. Estimates for Year Four and beyond will be completely updated during the relevant Future South Taranaki long-term planning review which occurs every three years.</p>
Population growth	Nil or negligible population growth included.	That the population will decline.	Low	<p>The projects included in the plan reflect the expectation that the district will experience some localised growth in industry and residential units, but only limited population growth. We have assumed 20% growth for utility services and solid waste collection services in the Hawera area to accommodate increased subdivision connections and industrial growth, 5% added demand for services in the Opunake coastal area due to subdivision and an increase in holiday home owners and 5% required capacity in the Eltham area for industrial growth over the next 20 years.</p> <p>The outcomes from the 2006 census will be important in providing a better picture in this area.</p>

Assumptions (continued)



General financial forecasting assumptions:

Item	Issue	Risk	Level of Risk and Uncertainty	Commentary and Financial Effect of the Uncertainty if Significant
Borrowing interest rate and timing of drawdowns	The forecast of 7.4% reflects the low rate the Council can borrow at, due to the low risk attributed to local authority debt. Projects occur as forecast.	That interest rates will differ from those used. That project timing will change.	Low	As a number of the projects cover more than one year loans are planned to be drawn down at the end of each of the years they are planned to occur. Due to the significant size of planned Council debt, the Council will be utilising the services of professional debt managers to effectively manage debt and interest rate risk in accordance with the Liability Management Policy.
Earnings rate on Long Term Investment Fund	8% reflecting the diversified earnings capability for the Long Term Investment Fund.	That the earnings rate will not be achieved.	Medium	As the Council's Long Term Investment Fund grows in accordance with the policy to inflation-proof it, earnings on the diversified fund are expected to continue to exceed fixed rate returns.
Interest received general investments	5% reflecting the short-term nature of these deposits.	That the interest rate will not be achieved.	Low	The forecast interest rate is approximately 2-2.5% in excess of the forecast inflation rate. This is consistent with the current status of such deposits.
Apex Consultants Limited dividend	That the dividend will maintain historical and current levels.	That the dividend will be less than forecast.	Low	The Council has conservatively forecast this income area in accordance with current practice as future earnings for the company are not known to any great extent. Any excess earnings received from Apex are credited into the general fund.
Revaluation of non-current assets	Revaluations of fixed assets have been planned in a three yearly cycle in accordance with the Council's accounting policies and will occur in 2008/09, 2011/12 and 2014/15.	Actual revaluation differs from those in the forecast.	Low	The revaluations have been completed using the Bureau for Economic Research (BERL) price level adjustors approved by the Office of the Auditor-General. As the revaluations are timed to coincide with subsequent Ten Year Plan reviews, the impact during the life of this plan is negligible.



Assumptions (continued)

General financial forecasting assumptions:

Item	Issue	Risk	Level of Risk and Uncertainty	Commentary and Financial Effect of the Uncertainty if Significant
Capital expenditure projects	Projects have been identified and planned at a high level using the best information available as at the date of the forecast.	That project components will differ from those outlined in the plan.	Low	A significant part of the Council's Water Asset Programme from Year Two onwards is dependent upon the results of exploratory work during Year One. Accordingly some projects will require refining once the initial work is completed. These forecasts reflect the most likely known outcome as at the time of preparing this document and may vary up to 20% above or below the forecast amount. Any significant changes will be included in the relevant Annual Plan. Further detail relating to specific projects can be found in Appendix 1 as well as the relevant activity pages.
Useful asset life	The useful asset life reflects the best estimate available as at forecast date and is based upon current asset information held.	That the useful asset life information held is incomplete.	Medium	Details relating to the Council's current estimates of useful asset life are recorded within the depreciation note in the accounting policies. An updated identification, assessment and valuation was completed in March/April 2006 and the results are incorporated within this plan.
Depreciation	Depreciation has been calculated on the revalued asset values (updated and recalculated after each revaluation) as per the Council's accounting policies.	Revaluation adjustments are different to those forecast. That detailed components of new assets will be different from the average for the class, requiring different depreciation rates.	Medium	The depreciation cost will depend on the projects completed. Changes in project detail as highlighted in the capital expenditure projects' assumption will impact on the depreciation calculation. Depreciation of new assets has been calculated using the current average rate of depreciation for each asset class.

Assumptions (continued)



Item	Issue	Risk	Level of Risk and Uncertainty	Commentary and Financial Effect of the Uncertainty if Significant
Funding replacement assets	The availability of funds for future replacement of significant assets.	That the funds will not be available.	Low	The Council funds asset replacement through a variety of sources, as detailed in the Revenue and Financing Policy, with loans being utilised for major capital works. Throughout the plan, the Council operates within the prudent parameters of its Liability Management Policy.
Currency movements and related asset values	A moderate portion of the infrastructural capital projects involve components sourced directly from overseas.	That the exchange rate will decline adversely.	Low	It is considered that sufficient provision has been made in this area as likely exchange rate movements are included in the BERL inflation adjustors used in compiling the plan.

Activity Specific Assumptions and Other Information:

Levels of Service

A detailed explanation of levels of service is provided within each activity statement. Unless otherwise stated, Council's levels of service have remained the same.

Water Supply Services

The Council's water asset renewal and development programme is a very significant component of the plan. Over half of the district's population are connected to a Council provided water service. A significant portion of the work to be carried out over the next ten years relies on the outcomes of the exploratory work to be completed this year. The Council has prepared the capital programme on the basis of the most likely outcomes expected as at this time. Accordingly the actual project costs may vary up to 20% above or below estimates included in this plan. The Council will regularly update residents of progress through articles in SouthLink, the Council's fortnightly bulletin within the South Taranaki Star newspaper. Further information on projects can be found within the Water Activity section and the Capital Projects Appendix of the plan.

Future Operational Costs have been based on current levels (adjusted for expected inflation relevant to this activity) due to the reasons explained in the previous paragraph. As projects are finalised, revised expected operational costs will be calculated and included in the next Annual or Long Term plan.

As the majority of the capital projects will be funded through debt finance, the level of separate rates and water by meter rates charged to users will be impacted by the final cost of projects and the cost of the debt raised.

No significant increase in volume or number of connections has been included at this stage. However allowance has been made for a moderate level of water demand growth over the life of the assets constructed.

Roading

The plan assumes that the current Land Transport New Zealand subsidy level of 50% remains the same throughout the life of the plan and that the proposed work programme continues to be approved by Land Transport New Zealand. The Council's subsidy rate and areas of expenditure have remained constant over recent years and no change in funding has been indicated by Central Government.



Assumptions (continued)

Stormwater

The Council has developed a stormwater management plan over the past year which prioritises work into the future. These projects will be programmed to meet the yearly budget allocation.

Waste Services

The Eltham wastewater pipeline to the Hawera treatment plant is intended to be a jointly funded project between the Council and the major industries in Eltham. A project cost of \$7.2m has been included within the plan, with \$3.6m being a combined 50% contribution from the industries. This revenue is included as 'other revenue' within the Wastewater and Solid Waste activity financial statement. If it is decided not to proceed with this project, a smaller plant upgrade will be undertaken in relation to the domestic requirements for the town.

Democratic Process

There are no potential items of significant change or risk in this activity. It is assumed the activity will continue as it has done over recent years.

Leisure and Recreation

The Council will be reviewing its hall facilities during 2007/08 to assess costs and levels of service. No allowance has been made for any change to the current level of service or current financial forecasts other than for inflation.

Cultural Services

A Council grant of \$200,000 has been allocated in 2007/08 towards the upgrade of the South Taranaki District Museum but will only be transferred if all the funding required for the project is secured by the South Taranaki District Museum Trust.

Community Services and Development

We have assumed that the pensioner housing agreement with Presbyterian Support Central continues over the period of the plan, so no operating revenue or operating costs are included in the forecast. The capital upgrade of the Dixon Court pensioner units will only proceed if a half share funding contribution is received from central government.

Environment and Development

The increased cost in the administration of consent activities (Building and Planning) has been included, given greater consent numbers and complexity of consents being received. Revenue has been increased to reflect expected income received from consents. Increased costs in relation to the new national dog database have been assumed, but revenue will not be adjusted until final details are known.

Economic Development

A district-wide Economic Development Strategy is currently being developed. Any financial impact from this strategy will be addressed in subsequent Annual Plans and Long Term Plan reviews. There are no other potential items of significant change or risk in this activity. It is assumed the activity will continue as it has done over recent years.

Appendix 1 - Proposed Capital Projects for 2007/08



Activity	Subactivity	Area	Project	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan
Cultural Services	Library	District	Library books	184,000	173,000	Library Depreciation Reserves
			Building renewals programmed work	45,000	45,000	Property Depreciation Reserves
			Sub total Library	\$229,000	\$218,000	
Cemeteries			Various cemetery berms	10,000	10,000	Cemetery Depreciation Reserves
			Sub total Cemeteries	\$10,000	\$10,000	
			TOTAL CULTURAL SERVICES	\$239,000	\$228,000	
Recreation and Leisure	Pools		Upgrade	1,949,000	2,000,000	Pools - Loan repaid from CPR Reserve
			Plant and equipment renewals		50,000	Pools - Loan repaid from Depreciation Reserves
			Sandblast and repaint	41,000	41,000	Pools - Loan repaid from Depreciation Reserves
			Upgrade design work	26,000	26,000	Pools - Loan repaid from Depreciation Reserves
			Upgrade design work	21,000	21,000	Pools - Loan repaid from Depreciation Reserves
			Lifeguards seating	4,000		
			Lifeguard seating	4,000		
			Upgrade design work		4,000	Pools - Loan repaid from Depreciation Reserves
			Install sunshade areas/New entrance		30,000	Pools - Loan repaid from Depreciation Reserves
			New filtration plant, sandblast and repaint	103,000	103,000	Pools - Loan repaid from Depreciation Reserves
			New filtration system		50,000	Pools - Loan repaid from Depreciation Reserves
			Install sunshade areas	30,000	15,000	Pools - Loan repaid from Depreciation Reserves
			Upgrade design work		4,000	Pools - Loan repaid from Depreciation Reserves
			Sandblast and repaint	15,000	15,000	Pools - Loan repaid from Depreciation Reserves
			Sub total Pools	2,193,000	2,359,000	



Appendix 1 - Proposed Capital Projects for 2007/08

Activity Recreation and Leisure (cont'd)	Subactivity	Area	Project	2007/2008	2007/08	Source of Funds
				Ten Year Plan	Annual Plan	Ten Year Plan
Halls	Normanby Waverley	Interior decoration and install heating Dallison Park Facility		103,000	-	
				515,000	515,000	Halls - Loan repaid from Depreciation Reserves
Sub Total Halls				618,000	515,000	
Sportsfields and Parks	Hawera Waverley	Undersowing - Soccer Grounds Undersowing		5,000	5,000	Parks - Loan Repaid from Depreciation Reserves
				5,000	5,000	Parks Depreciation Reserves
Boatramps	Opunake Waverley	Removal of Kikuyu and undersowing Stream deviation to mitigate water erosion		10,000	10,000	Parks Depreciation Reserves
				8,000	-	
Lake Rotorangi	Eltham Hawera	Replace water tanks to increase toilet capacity Motorcamp development		26,000	-	
				2,565,000	1,250,000	Motorcamp - Loan repaid from CPR Reserve
Playground	Hawera Waverley Beach	Stage two and completion of skate park Beach Access Track		154,000	184,000	Parks - Loan Repaid from Depreciation Reserves
					25,000	Reserve Contributions
Playground	Soldiers Memorial Park	Playground equipment replacement and refurbishment		41,000	41,000	Parks Depreciation Reserves
				31,000	31,000	Parks Depreciation Reserves
Playground	Normanby Domain	Playground equipment replacement and refurbishment		51,000	-	
				62,000	62,000	Parks Depreciation Reserves
Playground	Evans Park, Normanby	Playground equipment replacement and refurbishment		62,000	62,000	Parks Depreciation Reserves
					50,000	Parks Depreciation Reserves
Reserve, Manaia	Rowe	Playground equipment replacement and refurbishment				Parks - Loan Repaid from Depreciation Reserves
					51,000	Reserves

Appendix 1 - Proposed Capital Projects for 2007/08 (continued)



Activity	Subactivity	Area	Project	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan
Recreation and Leisure (cont'd)	Parks	Opunake Lake	Playground equipment replacement and refurbishment	26,000	26,000	Reserve Contributions
		Naumai Park	Information/signage	10,000	-	
		Naumai Park	New tracks		10,000	Reserve Contributions
		Naumai Park	Seal High Road car park		150,000	Hawera Property Reserve
		District	Implement tree planting as per policy	51,000	81,000	Parks - Loan Repaid from Depreciation Reserves
			Renewals per planned programmed	154,000	154,000	Parks - Loan Repaid from Depreciation Reserves
			Sub Total Parks	3,199,000	2,135,000	
		District	Renewals per planned programmed	13,000	13,000	Property Depreciation Reserves
			Sub Total Toilets	13,000	13,000	
		Other	Patea Moles	308,000	308,000	Loan repaid from Patea Harbour Endowment Reserve
		The Hub	2,566,000	4,000,000	Fundraising \$1.5m and loan repaid from CPR fund \$2.5m	
		Sub Total Other	2,874,000	4,308,000		
		TOTAL RECREATION AND LEISURE	8,897,000	9,330,000		
Community Services and Development	Pensioner Housing	District	Planned Renewals to units	48,000	48,000	Property Depreciation Reserves
		District	Dixon Court upgrade		180,000	Subsidy from Central Government and Asset Sales Reserve
		TOTAL COMMUNITY SERVICES AND DEVELOPMENT		\$48,000	\$228,000	



Appendix 1 - Proposed Capital Projects for 2007/08

Activity	Subactivity	Area	Project	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan
Environment and Development	Animal and Nuisance Control		Roofing of dog pound		20,000	Property Depreciation Reserves
	Animal and Nuisance Control	District	Replacement of GPS System		15,000	Information Systems Depreciation Reserves
TOTAL ENVIRONMENT AND DEVELOPMENT				\$0	\$35,000	
Water Supply Services						
Waimate Rural Water West						
			Raw water source	1,040,000	1,480,000	Waimate West Water Loans/Depreciation Reserves
			Water treatment plant	208,000	466,000	Waimate West Water Loans/Depreciation Reserves
			Water supply storage	1,248,000	652,000	Waimate West Water Loans/Depreciation Reserves
			Water supply trunk mains	260,000	405,000	Waimate West Water Loans/Depreciation Reserves
			Water supply network	270,000	2,187,000	Waimate West Water Loans/Depreciation Reserves
			Sub total Waimate West	3,026,000	5,190,000	
Inaha						
			Raw water source	1,040,000	100,000	Inaha Water Loans/Depreciation Reserves
			Water treatment plant		40,000	Inaha Water Loans/Depreciation Reserves
			Water supply trunk mains		155,000	Inaha Water Loans/Depreciation Reserves
			Water supply network	200,000	650,000	Inaha Water Loans/Depreciation Reserves
			Sub total Inaha Water	1,240,000	945,000	
Pope						
			Water treatment plant		5,000	
			Sub total Pope Water	5,000	-	
Cold Creek						
			Raw water source	1,040,000		
			Sub Total Cold Creek Water	1,040,000	-	

Appendix 1 - Proposed Capital Projects for 2007/08 (continued)



Activity	Subactivity	Area	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan
Water Supply Services (cont'd)	Urban Water	Hawera			
		Raw water source	1,040,000	922,000	Urban Water Loans/Depreciation Reserves
		Water treatment plant	7,829,000	778,000	Urban Water Loans/Depreciation Reserves
		Water supply storage x 2		2,400,000	Urban Water Loans/Depreciation Reserves
			3,119,000	2,300,000	Urban Water Loans/Depreciation Reserves
			11,988,000	6,400,000	
		Sub total Hawera Water			
		Eltham			
		Raw water source		50,000	Urban Water Loans/Depreciation Reserves
		Water treatment plant		37,000	Urban Water Loans/Depreciation Reserves
		Water supply storage		1,335,000	Urban Water Loans/Depreciation Reserves
		Water supply trunk mains		100,000	Urban Water Loans/Depreciation Reserves
		Sub total Eltham Water	-	1,522,000	
		Opunake			
		Water treatment plant	31,000	80,000	Urban Water Loans/Depreciation Reserves
		Sub total Opunake Water	31,000	80,000	
		Patea			
		Raw water source		74,000	Urban Water Loans/Depreciation Reserves
		Water treatment plant	359,000	585,000	Urban Water Loans/Depreciation Reserves
		Water supply network		50,000	Urban Water Loans/Depreciation Reserves
		Sub total Patea Water	359,000	709,000	
		Waverley/ Waverley Beach			
		Water treatment plant	572,000	639,000	Urban Water Loans/Depreciation Reserves
		Sub total Waverley/ Waverley Beach Water	572,000	639,000	



Appendix 1 - Proposed Capital Projects for 2007/08

Activity	Subactivity	Area	Project	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan			
Water Supply Services (cont'd)		Urban District Renewals	Water supply network	682,000	650,000	Urban Water Loans/Depreciation Reserves			
			Total urban district water renewals	\$682,000	\$650,000				
TOTAL WATER SUPPLY SERVICES				18,943,000	16,135,000				
Roading & Stormwater Network	Roading	District Renewals and Capital programme	Area-wide pavement treatment	1,924,000	1,932,000	Roading Depreciation Reserves/Roading Rates			
			Maintenance chip seals	1,941,000	1,949,000	Roading Depreciation Reserves/Roading Rates			
			Bridge renewals and development	318,000	525,000	Loans repaid by Roading Rates			
			Other cyclic renewals	815,000	823,000	Roading Depreciation Reserves/Roading Rates			
			Footpaths, lighting and street improvements	743,000	752,000	Roading Depreciation Reserves/Roading Rates			
			Safety projects and seal widening	1,076,000	1,088,000	Roading Depreciation Reserves/Roading Rates			
			Other Capital Works	143,000	175,000	Roading Depreciation Reserves/Roading Rates			
			Sub total Roading	\$6,960,000	\$7,244,000				
			Stormwater Opunake District			Kerb & channel		40,000	Stormwater Loans/Depreciation Reserves
						Reticulation development	565,000	424,000	Stormwater Loans/Depreciation Reserves
Sub Total Stormwater	\$565,000	\$464,000							
TOTAL ROADING AND STORMWATER NETWORK				\$7,525,000	\$7,708,000				

Appendix 1 - Proposed Capital Projects for 2007/08 (continued)



		2007/2008	2007/08	Source of Funds
		Ten Year Plan	Annual Plan	Ten Year Plan
Waste Services	Area			
	Subactivity			
	Solid Waste Disposal			
	Project			
	Patea landfill new cell plus fence (9 months)		30,000	Solid Waste Loans/Depreciation Reserves
	Patea landfill closure/rehabilitation		337,000	Solid Waste Loans/Depreciation Reserves
	Patea transfer station		51,000	Solid Waste Loans/Depreciation Reserves
	Patea green waste fill rehabilitation		154,000	Solid Waste Loans/Depreciation Reserves
	Hawera transfer station		804,000	Solid Waste Loans/Depreciation Reserves
	Collection Bins		83,000	-
	Sub total Solid Waste	545,000	1,446,000	
	Hawera and Western Trunk Sewer (Including PPCS rising main)			Wastewater Industry contributions and Loans/Depreciation Reserves
	Maguire St pump station			Urban Wastewater Loans/Depreciation Reserves
	Sludge disposal	309,000	-	
	Rata St pump station	41,000	37,000	Urban Wastewater Loans/Depreciation Reserves
	Wastewater treatment plant pumping			Urban Wastewater Loans/Depreciation Reserves
	Inflow and infiltration			Urban Wastewater Loans/Depreciation Reserves
	Renewals		10,000	Urban Wastewater Loans/Depreciation Reserves
	Sub total Hawera Wastewater	350,000	1,995,000	
	Elitham			Wastewater Industry contributions and Loans/Depreciation Reserves
	Elitham/Hawera pipeline upgrade		220,000	Urban Wastewater Loans/Depreciation Reserves
	New aerators x 4		-	Urban Wastewater Loans/Depreciation Reserves



Appendix 1 - Proposed Capital Projects for 2007/08

Activity Waste Services (cont'd)	Subactivity	Area	Project	2007/2008	2007/08	Source of Funds Ten Year Plan
				Ten Year Plan	Annual Plan	
			Sludge Disposal		50,000	Urban Wastewater Loans/Depreciation Reserves
			Bridge St Pump Station	82,000	47,000	Urban Wastewater Loans/Depreciation Reserves
			General Renewals	21,000	20,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Eltham Wastewater	103,000	337,000	
		Kaponga	Treatment Plant Upgrade		25,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Kaponga Wastewater	-	25,000	
		Manaia	Treatment Plant Upgrade		250,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Manaia Wastewater	-	250,000	
		Opunake	General Renewals	41,000	80,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Manaia Wastewater	41,000	80,000	
		Patea	Pond Upgrade		246,000	Urban Wastewater Loans/Depreciation Reserves
			Victoria St Pump Station		37,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Patea Wastewater	-	283,000	
		Wai inu	Treatment Plant Relocation	258,000	133,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Wai Inu Wastewater	258,000	133,000	
		Waverley	Lupton St Pump Station		36,000	Urban Wastewater Loans/Depreciation Reserves

Appendix 1 - Proposed Capital Projects for 2007/08 (continued)



Activity	Subactivity	Area	Project	2007/2008 Ten Year Plan	2007/08 Annual Plan	Source of Funds Ten Year Plan
			Desludging lagoon and minor pipework		250,000	Urban Wastewater Loans/Depreciation Reserves
			Sub Total Waverley Wastewater	-	286,000	
			Condition assessments and remedials	268,000	260,000	Urban Wastewater Loans/Depreciation Reserves
			Pipe renewals	309,000	498,000	Urban Wastewater Loans/Depreciation Reserves
			Sub total District Wastewater	\$577,000	\$758,000	
			Sub total Urban Wastewater	1,329,000	4,147,000	
			TOTAL WASTE SERVICES	1,874,000	5,593,000	
Other Items			Computer Purchases	131,000	131,000	Information Systems Depreciation Reserves
			District archives/Information management		40,000	Information Systems Depreciation Reserves
			GIS aerial photography		76,000	Information Systems Depreciation Reserves
			Coastal structures		41,000	Property Depreciation Reserves
			Depot building renewals	7,000	7,000	Property Depreciation Reserves
			TOTAL OTHER ITEMS	\$138,000	\$295,000	
			CONSOLIDATED TOTAL	\$37,664,000	\$39,552,000	



Appendix 2 - Statement of Accounting Policies

Entity Statement

The South Taranaki District Council (the Council) is a territorial local authority governed by the Local Government Act 2002.

Statement of Compliance and Basis of Preparation

The financial statements have been prepared to comply with the requirements of the Local Government Act 2002 and generally accepted accounting practice in New Zealand. For reporting purposes, Council is a public benefit entity.

The 2006/07 financial year was the Council's first year in complying with the New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS) and NZ IFRS 1 was applied.

The financial statements in this 2007/08 draft Annual Plan 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.

Specific Accounting Policies

The following accounting policies, which materially affect the measurement of results and financial position, have been applied.

1. Revenue

Revenue from rates is recognised at the time the rates are levied.

Subsidies are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Revenue from other services is recognised when the services have been rendered to a third party.

Sales of goods are recognised when goods are delivered.

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

Dividends are recognised when the shareholders' rights to receive payment has been established and are recognised net of imputation credits.

Other grants, bequests and assets vested in Council are recognised when control over the asset is obtained.

Capital contributions for assets are recognised as revenue when received. Vested assets are recognised as revenue at the fair value of the assets at the time of vesting.

2. Allocation of Overheads

All support centre costs are passed onto activity centres as overheads. The basis of recovery is usage based on the step method.

3. Foreign Currency - Exchange Differences

Foreign currency transactions are converted into New Zealand dollars at the rate of exchange at the date of the transaction. Gains or losses on exchange have been recognised in the Income Statement.

4. Goods and Service Tax (GST)

GST has been excluded from all items in the financial statements except accounts receivable and accounts payable. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

Appendix 2 - Statement of Accounting Policies (continued)



5. Income Tax

Income tax expense is charged in the Income Statement in respect of the current year's surplus after allowance for permanent differences.

Deferred taxation is the amount of income taxes payable (or receivable) in future years in respect of temporary differences (i.e. where the accounting treatment differs from the Inland Revenue Department's requirements). Deferred taxation is determined using the full provision method. Deferred tax assets are only recognised when recovery is probable.

6. Financial Instruments

The Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and loans. All financial instruments are recognised in the Balance Sheet and all revenues and expenses in relation to the financial instruments are recognised in the Income Statement, with the exception of increases in the valuation of investments which are taken through to the revaluation reserves.

Unless otherwise covered by a separate policy, all financial instruments are shown at their fair value.

7. Accounts Receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost, less provision for doubtful debts.

8. Inventories

Inventories are valued at the lower of cost (determined on a first-in first-out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete inventories.

9. Investments

Investments in bank deposits are recognised at cost plus accrued interest. This is considered fair value.

Long term receivables are recognised at cost plus accrued interest.

Investments in associates are recognised at cost.

All other investments are considered available for sale financial investments.

- Council's interest in the Joint Wanganui District Council's Forestry Committee is valued at fair value, using the discounted cash flow method. Movements in fair value will be taken through the revaluation reserve.
- The ABN-AMRO Craig investments and all other shares are valued at fair value. Movements in fair value will be taken through the revaluation reserve.

10. Property, Plant and Equipment

Property, plant and equipment consist of operational assets, restricted assets and infrastructure assets.

All assets are recorded at cost/valuation less accumulated depreciation (with the exception of land which is not depreciated).

For those assets that are revalued, the change in valuation is credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Income Statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the Income Statement will be recognised first in the Income Statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset. Additions subsequent to revaluations are recorded at cost.



Appendix 2 - Statement of Accounting Policies (continued)

Council has taken advantage of the transitional provisions allowed in the implementation of NZ IFRS and have transferred all revaluation reserves to general equity. At 30 June 2006 the effect of this is approximately \$111 million.

Operational Assets

These include land, building, motor vehicles, plant and equipment and library books.

Land and buildings are valued at fair value by Andrew Parkyn, Registered Valuer of Quotable Value New Zealand Limited as at 30 June 2004.

Motor vehicles, library books and plant and equipment are valued at cost.

Restricted Assets

These are assets owned by the Council that cannot be disposed of because of legal or other restrictions and provide a benefit or service to the community.

Land and buildings are valued at fair value by Andrew Parkyn, Registered Valuer of Quotable Value New Zealand Limited, Registered Valuers, at 30 June 2004.

Parks and Recreation Assets were valued at fair value by Maunsell AECOM as at 1 July 2005. Valuations are carried out on a three-yearly cycle.

Heritage and Cultural Assets were valued at fair value by Ian J Burgess, Registered Valuer, Quotable Value New Zealand Limited, as at 1 July 2001. This is considered deemed cost.

Infrastructural Assets

These are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function.

Infrastructural assets (excluding land) have all been valued at optimised depreciated replacement cost by Maunsell AECOM as at 1 July 2005. Valuations are carried out on a three-yearly cycle.

Infrastructural land was valued at market value by Maunsell AECOM as at 1 July 2005. Valuations are carried out on a three-yearly cycle.

Certain infrastructural assets and land have been vested in the Council as part of the subdivisional consent process. The vested asset has been valued at the latest appropriately certified government valuation or at a mutually agreed market value or at a value determined through arbitration. Vested infrastructural assets have been based on the actual quantities of infrastructural components vested and current "in the ground" cost of providing identical services.

All other assets are valued at historical cost less accumulated depreciation.

11. Depreciation

Depreciation rates for fixed assets are as follows:

Operational Assets

Depreciation rates for Operational Assets are based on a straight line basis.

Buildings	1.11% - 6.67%
Motor Vehicles	12.50% - 20.00%
Plant and Equipment	6.67% - 20.00%
Information Systems Equipment	25.00%
Library Books	10.00% - 20.00%
Furniture and Fittings	20.00%
Office Equipment	10.00% - 33.33%

Appendix 2 - Statement of Accounting Policies (continued)



Infrastructural Assets

Roading

Provision has been made for depreciation of those significant components of the roading asset, based on their remaining lives.

The significant component depreciation rates are as follows:

Traffic Facilities, Signs and Markings	10 - 60 years	1.60% - 10.00%
Bridges	70 - 100 years	1.00% - 1.15%
Footpaths	5 - 50 years	2.00% - 20.00%
Pavement Surfacing	16 - 30 years	3.33% - 12.50%
Drainage and Culverts	50 years	2.00%
Roading Basecourse	50 - 80 years	2.00% - 1.25%

Water, Sewerage and Stormwater Reticulation Systems

Provision has been made for depreciation of components of the assets based on their remaining life.

Water Reticulation	40 - 80 years	1.25% - 2.50%
Water Treatment Plants	15 - 100 years	1.00% - 6.70%
Sewerage Reticulation	50 - 100 years	1.00% - 2.00%
Sewerage Treatment Plants	15 - 100 years	1.00% - 6.70%
Stormwater Pipes	50 - 70 years	1.40% - 2.00%

Restricted Assets

Heritage and Cultural Assets

Provision has been made for depreciation of components of the assets based on their remaining life.

5 - 250 years	0.40% - 20%
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Parks and Recreation Assets

Provision has been made for depreciation of components of the assets based on their remaining life.

2 - 80 years	1.25% - 50%
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Assets under Construction

Assets under construction are not depreciated. All costs are initially capitalised as work in progress. On completion, the cost is transferred to the relevant asset class and is then depreciated.

12. Intangible Assets

The Council has entered into an agreement with Fonterra for the disposal of effluent via the company's outfall. This has been recorded at cost and is amortised over the life of the agreement.

Software licences are recognised at cost, amortised over the life of the licence.

13. Impairment of Assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation or depreciation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

14. Financial Liabilities

Financial liabilities (creditors, income in advance, bonds and deposits) are recognised at fair value. Loans are held to maturity and are recognised at cost. Changes in value are reflected in the Income Statement.

15. Employee Entitlements

Provision is made for employee benefits accumulating as a result of services rendered.



Appendix 2 - Statement of Accounting Policies (continued)

Provision is made in respect of the Council's liability for annual leave and sick leave. Annual leave has been calculated on an actual entitlement basis at current rates of pay, while other provisions have been calculated on an actuarial basis at current rates of pay.

16. Landfill Post-Closure Costs

As operator of district landfills, the Council has a legal obligation to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised when the obligation for post-closure care arises.

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

When the Council does not own the land, the provision is recorded as a liability in the Balance Sheet. When the Council owns the land, amounts provided for landfill post-closure care are capitalised to the landfill asset where they give rise to future economic benefits to be obtained.

The estimated length of time needed for post-closure care is an additional 15 years for Hawera Landfill and four years for Opunake, Eltham, Patea, Waverley, Wai-inu and Manaia landfills as at 30 June 2007.

The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the Council.

17. Community Loans

The Council has acted as guarantor for a number of sports clubs. These are valued in Council's financial statements at fair value, taking into account the likelihood of Council being required to make payment on these loans.

18. Public Equity

Public equity is the community's interest in the Council, as measured by the value of total assets less total liabilities. Equity is dis-aggregated and classified to enable a clearer identification of the various components:

Accumulated balances comprise accumulated surpluses over the years.

Asset Revaluation Reserves comprise accumulated revaluation increments.

Restricted Reserves are those funds subject to external restrictions accepted as binding by the Council, which may not be revised by the Council without reference to the courts or a third party.

19. Leases

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Payments under these leases are charged as expenses in the periods in which they are incurred.

Leases which effectively transfer to the lessee substantially all the risks and benefits incidental to ownership of the leased item are classified as finance leases. These are capitalised at the lower of the fair value of the asset or the present value of the minimum lease payments. The leased assets and corresponding lease liabilities are recognised in the Balance Sheet. The leased assets are depreciated over the period the Council is expected to benefit from their use.

20. Statement of Cash Flows

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term and highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Appendix 2 - Statement of Accounting Policies (continued)



Operating Activities include cash received from all income sources and record the payments made for the supply of goods and services. Agency transactions (for example, the collection of regional council rates) are recognised as receipts and payments in the statement of cash flows given that they flow through the Council's main bank account.

Investing Activities are those activities relating to the acquisition and disposal of non-current assets.

Financing Activities comprise activities that change the equity and debt capital structure of the Council.



