

DRAFT PROSPECTIVE FINANCIAL STATEMENTS AND CAPITAL EXPENTITURE 2023-24

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ANNUAL PLAN DISCLOSURE STATEMENT

Annual plan disclosure statement for year ending 30 June 2024

What is the purpose of this statement?

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

Council is required to include this statement in its annual plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations).

Benchmark		Planned	Met
Rates affordability benchmark			
• income	Total rates revenue must not exceed 80% of operating revenues.	69.4%	Yes
• increases	LGCI + 2.5% which equals 6.8%	8.6%	No
Debt affordability benchmark			
	Gross external borrowing may not be more than 225% of annual operating income	152.8%	Yes
Balanced budget benchmark	> 100%	102.5%	Yes
Essential services benchmark	> 100%	154.9%	Yes
Debt servicing benchmark	< 10%	9.5%	Yes

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WHOLE OF COUNCIL - FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	51,015	54,657	57,600
Targeted rates	31,134	31,868	34,544
Subsidies and grants for operating purposes	3,085	2,881	3,864
Fees and charges	10,610	11,025	12,183
Interest and dividends from investments	3,323	1,972	6,849
Local authorities fuel tax, fines, infringement fees, and other receipts	1,220	1,232	1,145
Total operating funding (A)	100,387	103,635	116,185
Applications of operating funding			
Payments to staff and suppliers	68,785	69,181	79,556
Finance costs	9,395	7,955	11,681
Other operating funding applications	-	-	-
Total applications of operating funding (B)	78,180	77,136	91,237
Surplus (deficit) of operating funding (A – B)	22,207	26,499	24,948
Sources of capital funding			
Subsidies and grants for capital expenditure	3,196	3,827	3,899
Development and financial contributions	8,086	5,754	5,079
Increase (decrease) in debt	29,819	23,488	17,022
Gross proceeds from sale of assets	15,811	4,000	8,506
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	56,912	37,069	34,506
Application of capital funding			
Capital expenditure			
• to meet additional demand	3,248	4,309	2,309
• to improve the level of service	50,761	33,286	39,981
• to replace existing assets	20,551	18,847	15,898
Increase (decrease) in reserves	4,559	7,126	1,265
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	79,119	63,568	59,453
Surplus (deficit) of capital funding (C – D)	(22,207)	(26,499)	(24,948)
Funding balance ((A – B) + (C – D))	-	-	-

GROUPS OF ACTIVITIES

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

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

COMMUNITY SERVICES

What we do and why we do it

There are three activities that sit within the community services group of activities:

- Community engagement
- Regulatory services
- Emergency management.

Community engagement

The community engagement activity involves working with our communities and developing partnerships. This ensures people are supported and we understand their needs when we plan for and deliver our services.

We are going to be strengthening our relationships with our iwi partners so they can effectively engage in our decision making. We also want to work more through our representative groups to provide a way for communities to let us know how we are doing and what can be improved. Having that community input leads to be decisions.

Regulatory services

The regulatory activity includes:

- Registering, enforcing and ensuring compliance with regulatory functions relating to food premises, liquor outlets, electronic gaming machines
- Undertaking animal control
- Enforcing parking time restrictions
- Processing resource consents and ensuring compliance with the District Plan and resource consent conditions
- Processing building consent applications, inspecting buildings and enforcing the Building Act 2004.

These services are an important part of our legal responsibilities and ensure that our communities are safe and protected from nuisance.

Emergency management

Civil Defence Emergency Management (CDEM) is the key component of the emergency management group of activities. The CDEM role includes ensuring that our local communities and businesses are prepared when an emergency happens in our district. This includes undertaking public awareness and educational campaigns, training exercises and local response planning.

Community outcomes

The community services group of activities contributes to the following community outcomes:

- Economic: Our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environmental: Enhancing healthy and sustainable environments, and sharing responsibility for the places we are proud of
- Social: Enabling connected and safe communities
- Engagement: Council is connected with its communities, advocating for their social and cultural well-being.

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COMMUNITY SERVICES – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	6,505	5,700	10,483
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	2,938	2,968	2,957
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	396	491	466
Total operating funding (A)	9,839	9,159	13,906
Applications of operating funding			
Payments to staff and suppliers	9,637	8,930	13,647
Finance costs	48	44	51
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,685	8,974	13,698
Surplus (deficit) of operating funding (A – B)	154	185	207
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	72	411	30
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	72	411	30
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	165	501	111
• to replace existing assets	654	418	226
Increase (decrease) in reserves	(593)	(323)	(99)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	226	596	238
Surplus (deficit) of capital funding (C – D)	(154)	(185)	(207)
Funding balance ((A – B) + (C – D))	-	-	-

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COMMUNITY SERVICES SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
ILOS			
Access Steps x 2 Unimog	0	0	0
Additional CCTV Cameras for NZ Police	21	21	0
Dog Pound Refurbishment	144	111	111
Lone Worker Monitoring System	0	0	0
Potable Water Tanker	0	369	0
Mobile Flood Barriers	0	0	0
ILOS Total	165	501	111
Capex Total	165	501	111
Renewal	654	418	226
Grand Total	819	919	337

WATER

What we do and why we do it

We supply treated drinking water to 18 schemes throughout the district. This involves taking water from lakes, rivers and bores and treating it, storing it and then distributing it to our customers. We also supply untreated water for irrigation and industrial uses to businesses connected to the Centennial Road untreated water scheme in Taupō. This involves maintaining water treatment plants, water storage reservoirs, pump stations, hydrants and water pipes.

We are required to ensure that the water we supply complies with the Drinking Water Standards New Zealand (DWSNZ) to make sure our water supply is safe. As well as households, there are many businesses who rely on us to provide a safe, reliable water supply. Without it, there may be health impacts, significant disruptions to our tourist operations and economic development.

With objectives to support increased investment and provide more consistent and higher quality water services across the country, Central Government is progressing with a reform of Three Waters. The current proposal will mean a change in how drinking water, wastewater and stormwater are managed. The management of water services, assets, and existing debt is proposed to transfer into four new regional publicly owned water entities. The Government has started to introduce legislation with both the Water Services Entities Act and The Water Services Legislation Bill to make this mandatory for councils. The new water entities are anticipated to be in place by July 2024. In the meantime, Council remains responsible for delivering the three waters services during this Annual Plan.

Community outcomes

The water group of activities contributes to the following community outcomes:

- Social- providing safe water to our communities for their health and wellbeing.
- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment- a shared responsibility for places we are proud of.
- Cultural- Considering the integrated and holistic well-being of the water through Te Mana o te Wai may have cultural impacts.

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WATER – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	38	-	62
Targeted rates	12,347	13,481	13,370
Subsidies and grants for operating purposes	-	-	487
Fees and charges	299	118	313
Internal charges and overheads recovered	255	248	281
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	12,939	13,847	14,513
Applications of operating funding			
Payments to staff and suppliers	6,153	6,060	6,772
Finance costs	3,067	2,683	3,195
Internal charges and overheads applied	63	62	85
Other operating funding applications	-	-	-
Total applications of operating funding (B)	9,283	8,805	10,052
Surplus (deficit) of operating funding (A – B)	3,656	5,042	4,462
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,044	1,338	1,338
Increase (decrease) in debt	20,531	10,210	3,258
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	22,575	11,548	4,595
Application of capital funding			
Capital expenditure			
• to meet additional demand	1,263	2,761	761
• to improve the level of service	21,072	6,828	5,235
• to replace existing assets	7,597	6,064	5,938
Increase (decrease) in reserves	(3,701)	937	(2,877)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	26,231	16,590	9,057
Surplus (deficit) of capital funding (C – D)	(3,656)	(5,042)	(4,462)
Funding balance ((A – B) + (C – D))	-	-	-

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WATER SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
Growth			
Kinloch Low Zone Reservoir Construction	0	212	212
Taupo Water - Wairakei Rising Main Upgrade	0	902	0
Taupo water Tauhara Ridge Reservoir and Airport Connection	1,263	2,761	761
Growth Total	1,263	3,875	973
ILOS			
Atiamuri Water DWSNZ Bore Head Upgrade	0	0	0
Backflow protection on tanker fill points	0	0	350
Bonshaw Park DWSNZ Project	2,142	0	0
Centennial Treated Water DWSNZ Upgrade	104	1,062	725
Chlorine dosing improvements - large schemes	0	0	200
Hatepe water DWSNZ Upgrade	1,191	2,124	500
Kinloch water DWSNZ upgrade	5,976	0	0
Mangakino Water Treatment Improvements	0	80	80
Motuoapa water DWSNZ upgrade	1,993	1,912	1,912
Omori water DWSNZ upgrade	5,092	0	0
Taupo Water Decommissioning Programme	0	80	0
Tirohanga Water UV Upgrade	0	0	250
Turangi Water Treatment Improvements	0	106	106
Waihaha Water - Security of Supply	0	0	250
Water Loss Strategy Implementation	569	350	350
Whakamoenga Point DWSNZ Project	1,314	0	0
Whareroa Water DWSNZ Bore Head Upgrade	41	0	0
Mangakino Reservoir	250	0	0
Motuoapa Network Extension	900	0	0
Waihaha UV Prior Tranche 1 project. Tendered	1,000	0	0
Whareroa UV Prior Tranche 1 Project. Tendered	750	0	0
Whareroa Water UV Upgrade	0	0	50
ILOS Total	21,322	5,714	4,773
Capex Total	22,585	9,589	5,746
Renewal	7,347	6,064	6,188
Grand Total	29,932	15,653	11,934

TRANSPORT

What we do and why we do it

We provide a comprehensive local transport network which includes local roads, footpaths, street lights, cycle paths, bridges, bus shelters and carparking. We also focus on improving road safety and ensuring people enjoy easy access to different modes of transport, such as walking and cycling.

Public transport in the district is operated by Waikato Regional Council, however we provide funding towards this service to make it more accessible for our residents.

Waka Kotahi NZ Transport Agency is responsible for managing the state highways within the Taupō district, and they also partly fund some of our local transport costs. We have a programme of continuous improvement across our network, but we have prioritised improvement and renewal projects where we expect to secure funding support from the Agency.

Our transport network provides for the efficient movement of people and goods which is essential for the economic and social well-being of the community.

Community outcomes

The transport activity contributes to the following community outcomes:

- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment- a shared responsibility for places we are proud of.
- Social- our communities feel safe and connected.

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TRANSPORT – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	8,272	8,557	9,751
Targeted rates	-	-	-
Subsidies and grants for operating purposes	2,515	2,564	2,417
Fees and charges	170	181	172
Internal charges and overheads recovered	510	542	510
Local authorities fuel tax, fines, infringement fees, and other receipts	427	478	421
Total operating funding (A)	11,894	12,322	13,271
Applications of operating funding			
Payments to staff and suppliers	6,458	6,609	6,956
Finance costs	1,164	689	1,572
Internal charges and overheads applied	519	551	510
Other operating funding applications	-	-	-
Total applications of operating funding (B)	8,141	7,849	9,038
Surplus (deficit) of operating funding (A – B)	3,753	4,473	4,232
Sources of capital funding			
Subsidies and grants for capital expenditure	3,099	3,295	3,374
Development and financial contributions	1,550	1,102	1,102
Increase (decrease) in debt	4,091	(12)	399
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	8,740	4,385	4,875
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	11,078	4,328	6,646
• to replace existing assets	3,954	3,858	3,543
Increase (decrease) in reserves	(2,539)	672	(1,081)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	12,493	8,858	9,107
Surplus (deficit) of capital funding (C – D)	(3,753)	(4,473)	(4,232)
Funding balance ((A – B) + (C – D))	-	-	-

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TRANSPORT SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
Growth			
Whangamata Road improvements	851	1,726	1,726
Poihipi Road seal widening	412	467	0
Growth Total	1,263	2,193	1,726
ILOS			
Acacia Bay cycle path	0	0	0
Anzac Memorial Drive	284	0	0
Broadlands Road widening	722	0	0
Bus infrastructure	5	64	64
Cycle facilities	90	85	170
Footpath on Lake Terrace	464	0	0
Horomatangi Street additional parking	0	0	0
Kiddle Drive and Arrowsmith Ave	0	0	0
Lighting along footpaths	170	175	175
Low cost low risk programme	0	0	21
Mangakino streets - upgrade program	41	0	0
Minor improvements	240	250	229
New signs & road marking	26	48	48
On street parking	41	42	42
Paetiki Suburban Shopping Centre enhancements	0	0	0
Parking Demand Management	0	228	0
Pedestrian facilities	206	212	200
RSA carpark	0	0	0
School bus shelters	8	0	0
Seal extension	567	584	584
Second bridge requirements analysis and concept solutions	0	0	250
Tirohanga Road improvements	309	319	164
Two Mile Bay Carpark	0	127	0
Wairakei Drive and Huka Falls Rd (north)	321	0	0
Wairakei Road and Karetoto Road	0	0	0
Ute for cycle skills instructors and bikes	0	0	0
Tauhara Ridge Drive Lake Terrace Roundabout	1,100	0	0
Wairenga Road, Mangakino Footpath	150	0	0
Install bus shelters and associated infrastructure	20	0	60
Tongariro Street, Roberts Street transformation	2,200	0	0
Huka Falls Footpath Stage 3	630	0	558
Turangi Kerb & Channel	2,200	0	2,200
Local road improvements	20	0	155
ILOS Total	9,815	2,134	4,920
Capex Total	11,078	4,327	6,646
Renewal	3,954	3,858	3,543
Grand Total	15,032	8,185	10,189

COMMUNITY FACILITIES

What we do and why we do it

We operate and maintain community facilities for both residents and visitors to the district.

- Libraries in Taupō, Tūrangi and Mangakino
- The Taupō Museum and Art Gallery
- The Great Lake Centre, Taupō Events Centre, and community halls
- Parks, reserves, playgrounds, and gardens
- Sportsgrounds including Owen Delany Park and Tūrangitukua Park
- AC Baths, the Tūrangi Aquatic Centre, and the Mangakino Community Pool
- Community gyms
- Housing for the elderly
- Public toilets, including the Superloo
- Cemeteries

We provide these facilities to ensure that there are sporting, aquatic and recreational opportunities and exercise facilities for the community. These facilities help to provide for the physical and mental well-being of everyone who spends time in the district.

The recently completed Tūrangitukua Park sports facility will enable visiting sports teams to be hosted and provide a place for community groups. Work on the Tūrangi Recreation Events Centre was signaled in the Long-term Plan 2021-31, and while the project will not get to construction stage this year as planned, work to understand how best to meet Tūrangi's changing needs will continue.

Funding received through the 'better off' initiative from Central Government will provide upgrades and improvements to Owen Delany Park, including new lighting, grandstand renovations and landscaping.

Community outcomes

The community facilities activity contributes to the following community outcomes:

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

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COMMUNITY FACILITIES – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	20,225	21,004	21,950
Targeted rates	-	-	-
Subsidies and grants for operating purposes	190	148	140
Fees and charges	2,342	2,676	2,532
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	1	9	2
Total operating funding (A)	22,758	23,837	24,624
Applications of operating funding			
Payments to staff and suppliers	16,138	16,835	17,360
Finance costs	1,579	1,255	1,749
Internal charges and overheads applied	423	431	545
Other operating funding applications	-	-	-
Total applications of operating funding (B)	18,140	18,521	19,654
Surplus (deficit) of operating funding (A – B)	4,618	5,316	4,970
Sources of capital funding			
Subsidies and grants for capital expenditure	97	532	525
Development and financial contributions	2,378	1,591	916
Increase (decrease) in debt	3,136	9,249	3,248
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	5,611	11,372	4,689
Application of capital funding			
Capital expenditure			
• to meet additional demand	1,985	1,547	1,642
• to improve the level of service	5,355	12,049	5,836
• to replace existing assets	2,268	2,561	1,909
Increase (decrease) in reserves	621	531	272
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	10,229	16,688	9,659
Surplus (deficit) of capital funding (C – D)	(4,618)	(5,316)	(4,970)
Funding balance ((A – B) + (C – D))	-	-	-

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COMMUNITY FACILITIES SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23	LTP 2022/23 (\$000)	Annual Plan 2022/23 (\$000)
Capex			
Growth			
<u>Cemeteries - District</u>			
Cemeteries Interment Infrastructure	44	95	95
<u>Parks Development Contribution</u>			
New playgrounds on neighbourhood reserves	123	126	126
New neighbourhood reserves	1,862	1,421	1,421
Growth Total	2,029	1,642	1,642
ILOS			
<u>Community Halls - District</u>			
Turangi Events Centre	1,027	6,581	0
<u>Facilities Management</u>			
Minor building projects	0	0	250
<u>Libraries - District</u>			
Digitisation of local history material	21	21	21
External signage at Taupo Library	0	0	0
Library books	318	316	316
TV screens for Meeting Rooms at Taupo and Turangi Libraries	14	0	0
<u>Owen Delany Park Venue</u>			
Owen Delany Park Upgrades	0	3,543	3,543
<u>Parks & Reserves - District</u>			
Fencing contributions (Fencing Act requirement)	21	21	21
Mangakino - Fix Boat Ramp	0	0	0
Playground Improvements	257	263	263
Public Art	26	26	25
Taupo Skatepark Repairs	330	0	0
Te Kapua Park Playground upgrade	656	0	0
Tongariro Street, Roberts Street Transformation	2,200	0	0
Turangi Cemetery Toilet	0	0	0
Waikato River Erosion Control	154	0	0
<u>Project Watershed</u>			
Erosion Control - Kuratau Foreshore	73	75	75
Erosion Control - Taupo Bay including Lake Terrace Cliffs	46	1,002	1,002
Lakewide Soft Options	103	105	0
<u>Taupo Events Centre - Stadium</u>			
Accessibility Ramp	67	0	0
<u>Turangi Turtle Pools</u>			
Turangi Turtle Pools - dual HVAC/pool heating upgrade	0	0	320
ILOS Total	5,311	11,952	5,836
Capex Total	7,340	13,594	7,478
Renewal	2,268	2,561	1,909
Grand Total	9,608	16,155	9,387

WASTEWATER

What we do and why we do it

We collect and dispose of treated wastewater from residential, commercial and industrial properties located in our urban areas. We operate 12 wastewater schemes across the district and maintain the pipe network, pump stations and treatment plants associated with each network.

The safe treatment and disposal of wastewater is essential to protecting the health of our environment and communities. We operate under resource consents from Waikato Regional Council to ensure that we are treating and disposing of the wastewater in a way that protects our environment.

Community outcomes

The wastewater activity contributes to the following community outcomes:

- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Social- providing safe options for wastewater disposal to ensure our communities are kept healthy and safe.
- Environment- a shared responsibility for places we are proud of.
- Cultural- appropriate management our wastewater in a culturally sensitive way for our communities

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WASTEWATER – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	-	-	-
Targeted rates	15,806	15,943	17,859
Subsidies and grants for operating purposes	-	-	-
Fees and charges	245	282	301
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	16,051	16,225	18,160
Applications of operating funding			
Payments to staff and suppliers	8,165	7,457	8,486
Finance costs	2,123	2,337	3,446
Internal charges and overheads applied	190	186	207
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,478	9,980	12,139
Surplus (deficit) of operating funding (A – B)	5,573	6,245	6,022
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	2,114	1,723	1,723
Increase (decrease) in debt	(1,151)	4,510	1,124
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	963	6,233	2,847
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	6,234	7,859	8,540
• to replace existing assets	4,440	4,356	3,723
Increase (decrease) in reserves	(4,138)	263	(3,395)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	6,536	12,478	8,868
Surplus (deficit) of capital funding (C – D)	(5,573)	(6,245)	(6,022)
Funding balance ((A – B) + (C – D))	-	-	-

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WASTEWATER SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
Growth			
Motutere Wastewater WWTP Upgrade	0	106	0
Taupo Wastewater - WWTP Primary Clarifier 3	0	212	1,000
Taupo wastewater Southern trunk main upgrade (stage 1)	2,000	4,779	4,779
Taupo wastewater Control gate bridge siphon	0	0	0
Growth Total	2,000	5,097	5,779
ILOS			
Atiamuri WWTP Upgrade	0	0	0
Taupo wastewater irrigation UV disinfection, effluent filtration and transfer pump station capacity increase	2,484	2,761	2,761
Motutere WWTP Upgrade and Retic for the Point Community	1,500	0	0
Botanical Garden Sewer Connection	250	0	0
ILOS Total	4,234	2,761	2,761
Capex Total	6,234	7,858	8,540
Renewal	4,440	4,356	3,723
Grand Total	10,674	12,214	12,263

SOLID WASTE

What we do and why we do it

We provide a comprehensive solid waste management system for refuse and recyclables. This includes operating the landfill and recovery centre at Broadlands Road and five transfer stations throughout the district. We also collect refuse and recyclables from our urban settlements.

We provide the solid waste activity to ensure that our district looks attractive and prevent harm to our communities and environment from the inappropriate disposal of our waste.

The Broadlands Road landfill operates under a resource consent from the Waikato Regional Council which is due for renewal in 2027. Work is underway to investigate whether we should renew that consent or look at alternative ways to manage the waste. Until we make those decisions we propose delaying the purchase of a gas flare.

Community outcomes

The solid waste activity contributes to the following community outcomes:

- Social- providing safe options for solid waste disposal to ensure our communities are kept healthy and well.
- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment- a shared responsibility for places we are proud of.
- Cultural- appropriate management of solid waste in a culturally sensitive way for our communities.

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SOLID WASTE – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	751	805	821
Targeted rates	2,781	2,177	3,130
Subsidies and grants for operating purposes	160	168	540
Fees and charges	3,923	4,095	5,275
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	7,615	7,245	9,766
Applications of operating funding			
Payments to staff and suppliers	7,101	6,559	9,295
Finance costs	126	113	151
Internal charges and overheads applied	11	10	14
Other operating funding applications	-	-	-
Total applications of operating funding (B)	7,238	6,682	9,460
Surplus (deficit) of operating funding (A – B)	377	563	306
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(298)	(331)	(401)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(298)	(331)	(401)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	113	251	11
• to replace existing assets	174	139	139
Increase (decrease) in reserves	(208)	(158)	(245)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	79	232	(95)
Surplus (deficit) of capital funding (C – D)	(377)	(563)	(306)
Funding balance ((A – B) + (C – D))	-	-	-

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SOLID WASTE SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
ILOS			
Big Belly, refuse, recycling bins	17	0	0
Gas Flare and Liner cover	26	42	0
New Lined Cell build Broadlands Rd Landfill	0	0	0
New street recycling bins	10	11	11
New Sewer Pipe Broadlands Rd Landfill	0	198	0
Concrete pad for greenwaste - Turangi Transfer Station	30	0	0
Glass bay extension - Turangi Transfer Station	30	0	0
ILOS Total	113	251	11
Capex Total	113	251	11
Renewal	174	139	139
Grand Total	287	390	150

STORMWATER

What we do and why we do it

We dispose of the stormwater that is collected as run-off from our transport networks and dispose of the stormwater in the ground and in lakes and rivers.

We test the contaminants present in our stormwater and have installed 'downstream defenders' in many locations in the district to prevent contaminants from entering our lakes and rivers.

Council also disposes of stormwater in order to prevent the run-off from our transport network flooding homes and businesses.

Community outcomes

The stormwater activity contributes to the following community outcomes:

- Economy- our communities prosper in a thriving local economy with a diverse range of rewarding employment opportunities.
- Environment- a shared responsibility for places we are proud of.
- Social- providing options for stormwater disposal to ensure our communities are kept safe, healthy and well.
- Cultural- appropriate management of stormwater in a culturally sensitive way for our communities.

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STORMWATER – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	2,218	2,201	2,375
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	2,218	2,201	2,375
Applications of operating funding			
Payments to staff and suppliers	1,056	949	1,125
Finance costs	131	103	164
Internal charges and overheads applied	-	-	0
Other operating funding applications	-	-	-
Total applications of operating funding (B)	1,187	1,052	1,289
Surplus (deficit) of operating funding (A – B)	1,031	1,149	1,085
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(349)	467	(243)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	(349)	467	(243)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	383	605	329
• to replace existing assets	110	107	107
Increase (decrease) in reserves	189	904	406
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	682	1,616	842
Surplus (deficit) of capital funding (C – D)	(1,031)	(1,149)	(1,085)
Funding balance ((A – B) + (C – D))	-	-	-

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STORMWATER SCHEDULE OF CAPITAL EXPENDITURE

Stormwater Schedule of Capital Expenditure			
Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
ILOS			
Hawai Gully Flood Mitigation	0	21	21
Kohineheke Reserve 2nd Stormwater Improvement Device	0	308	308
Mangakino Stormwater Flood Mitigation	55	0	0
Paenoa Rd Pipe diversion	0	276	0
Redoubt Street Stormwater Improvement Device	298	0	0
Chad Street Stormwater Gully Footpath	30	0	0
ILOS Total	383	605	329
Capex Total	383	605	329
Renewal	110	107	107
Grand Total	493	712	436

DEMOCRACY AND PLANNING

What we do and why we do it

There are two activities that sit within this group of activities: democracy and planning.

Democracy

The democracy activity includes:

- Running local government elections every three years in accordance with the Local Electoral Act 2001 requirements.
- Facilitating Council and committee meetings including the preparation of agendas and minutes for these meetings.
- Overseeing the processing of Official Information Requests.
- Acting as the district's advocate with regional and national governments to ensure that the needs of our communities are considered when policies and plans are being developed.
- Working with a range of other governing bodies, including Central Government, other councils, such as Waikato Regional Council, our mana whenua, iwi and local hapū, and many others.

We undertake the democracy activity so that the decision making for our local communities is timely, democratic and transparent.

Planning

Council plans for the future to ensure that we will be able to anticipate the changing needs of our communities and deliver the infrastructure and services they will need.

We prepare and maintain the District Plan which sets out where and how land is used across the district. With substantial reform of the Resource Management Act underway, we are focusing on changes to the District Plan which will make the biggest impact for our communities. We are also starting to get ready for the transition to the new planning regime with its proposed shift of planning functions to new regional planning committees.

There is also a suite of other policies and plans that are developed and maintained to ensure that Council's decision making is consistent and integrated, such as reserve management plans and bylaws to control nuisances

Community outcomes

The democracy and planning group of activities contributes to the following community outcomes:

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

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DEMOCRACY AND PLANNING – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	10,272	11,424	10,638
Targeted rates	21	88	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	5	2	3
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	10,298	11,514	10,641
Applications of operating funding			
Payments to staff and suppliers	10,270	11,512	10,627
Finance costs	-	-	-
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	10,270	11,512	10,627
Surplus (deficit) of operating funding (A – B)	28	2	14
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	-	-	-
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	-	-	-
• to replace existing assets	65	-	-
Increase (decrease) in reserves	(37)	2	14
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	28	2	14
Surplus (deficit) of capital funding (C – D)	(28)	(2)	(14)
Funding balance ((A – B) + (C – D))	-	-	-

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DEMOCRACY AND PLANNING SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Renewal	65	0	0
Grand Total	65	0	0

INVESTMENTS

What we do and why we do it

Council holds a number of investments where there is a community, social, physical or economic benefit from holding the investment. The type of investments that we have include property and cash which we invest to generate a return. Many of the investments generate income which can be used on projects and initiatives. These benefit our residents without impacting on rates.

Community outcomes

The investment activity contributes to the following community outcomes:

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

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INVESTMENT – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	(1,076)	109	(2,868)
Targeted rates	-	-	-
Subsidies and grants for operating purposes	-	-	-
Fees and charges	676	703	614
Internal charges and overheads recovered	658	641	816
Local authorities fuel tax, fines, infringement fees, and other receipts	3,724	2,226	7,106
Total operating funding (A)	3,982	3,679	5,668
Applications of operating funding			
Payments to staff and suppliers	(399)	(758)	(129)
Finance costs	1,152	731	1,347
Internal charges and overheads applied	219	191	247
Other operating funding applications	-	-	-
Total applications of operating funding (B)	972	164	1,465
Surplus (deficit) of operating funding (A – B)	3,010	3,515	4,203
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,753	(1,010)	9,613
Gross proceeds from sale of assets	15,811	4,000	8,506
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	19,564	2,990	18,119
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	6,322	866	13,179
• to replace existing assets	1,276	1,339	313
Increase (decrease) in reserves	14,976	4,300	8,830
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	22,574	6,505	22,322
Surplus (deficit) of capital funding (C – D)	(3,010)	(3,515)	(4,203)
Funding balance ((A – B) + (C – D))	-	-	-

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INVESTMENTS SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
ILOS			
204 Crown Road - subdivision earthworks & civil	0	0	3,500
Civic Administration Building - Fitout	800	0	178
Customer Experience Improvement programme	135	36	0
Digitisation of paper record books	10	10	0
Digger McEwen Park - resource consent	0	0	200
EUL Stage 1 Lot 20 - earthworks & civil	0	0	7,646
Fire Detection & Gas Suppression System for Archive Building	0	0	0
Fleet - EBike & EScooter	0	0	0
Land development	495	495	608
Lone Worker Monitoring System	0	0	0
Motutere Campground DWSNZ Upgrade	758	308	0
Preserving our Information	0	257	0
Core Systems Improvements	1,000	51	1,005
Technology Hardware Refresh Programme (capex)	110	103	42
Turangi Depot Refurbishment	257	258	0
Venture Centre Storage	0	0	0
Waiora House	2,722	2,722	0
District Service Centre signage	35	0	0
ILOS Total	6,322	4,239	13,179
Capex Total	6,322	4,239	13,179
Renewal	1,276	1,339	313
Grand Total	7,598	5,578	13,492

ECONOMIC DEVELOPMENT

What we do and why we do it

As part of the economic development activity, Council undertakes a number of services including:

- An in-house events function that supports event organisers to run both community and commercial events.
- Promotion of the Taupō district as a holiday and visitor destination through Destination Great Lake Taupō (a Council controlled organisation), information centres in Taupō and Tūrangi, and an information desk at Mangakino.
- Contracting Amplify, an independent Trust, to provide business development services throughout the district.
- Supporting the activities of TownCentre Taupō – a member-based organisation focused on enhancing the social and development wellbeing of the Taupō Central Business District by developing a vibrant, well-managed and innovative town centre.

We undertake the economic development activity to support our local economy. We want to ensure that there are employment opportunities available to our residents so that they can remain living here.

Community outcomes

The economic development groups of activities contribute to the following community outcomes:

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

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ECONOMIC DEVELOPMENT – FUNDING IMPACT STATEMENT

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Sources of operating funding			
General rates, uniform annual general charge, rates penalties	3,810	4,856	4,388
Targeted rates	179	179	185
Subsidies and grants for operating purposes	220	-	280
Fees and charges	13	-	16
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-
Total operating funding (A)	4,222	5,035	4,869
Applications of operating funding			
Payments to staff and suppliers	4,211	5,027	5,417
Finance costs	5	1	6
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
Total applications of operating funding (B)	4,216	5,028	5,423
Surplus (deficit) of operating funding (A – B)	6	7	(554)
Sources of capital funding			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	34	(5)	(5)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
Total sources of capital funding (C)	34	(5)	(5)
Application of capital funding			
Capital expenditure			
• to meet additional demand	-	-	-
• to improve the level of service	39	-	-
• to replace existing assets	12	4	-
Increase (decrease) in reserves	(11)	(2)	(560)
Increase (decrease) of investments	-	-	-
Total applications of capital funding (D)	40	2	(560)
Surplus (deficit) of capital funding (C – D)	(6)	(7)	554
Funding balance ((A – B) + (C – D))	-	-	-

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ECONOMIC DEVELOPMENT SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
ILOS			
Barge remedial/upgrade works	39	0	0
ILOS Total	39	0	0
Capex Total	39	0	0
Renewal	12	0	0
Grand Total	51	0	0

FINANCES

PROSPECTIVE SCHEDULE OF RATES

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Total District			
General rates	52,054	55,851	57,917
Targeted rates	31,389	32,116	34,825
Total rates	83,443	87,967	92,742
Less internal rates	914	889	1,098
Less rates remission	819	1,053	1,155
Add rates penalties	438	500	500
Rates revenue per statement of comprehensive revenue and expense	82,148	86,525	90,989
% Change total rates	7.29%	4.47%	11.14%
% Change general rates	3.81%	4.22%	11.26%
% Change targeted rates	13.59%	4.91%	10.95%
Number of properties	23,325	23,644	23,478
Growth in property numbers	167	166	570
Number of properties to be rated	23,492	23,810	24,048
Costs to be recovered (GST excl)	83,444	87,968	92,742
All rateable properties included			
Average rates per property	3,552	3,695	3,857
Average property % increase	7.07%	3.74%	8.57%
Average property increase GST excl	(9)	133	305
Average property increase GST incl	(11)	153	350

The projected number of rating units within the district for 30 June 2023 is 28,863

The projected total capital value of rating units within the district for 30 June 2023 is \$30.573 billion

The projected total land value of rating units within the district for 30 June 2023 is \$16.547 billion

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PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Revenue			
Rates	82,149	86,525	90,989
Subsidies and grants	6,281	6,707	7,763
Development and financial contributions	8,086	5,754	5,079
Fees and charges	10,610	11,025	12,183
Finance revenue	3,323	1,972	6,849
Other revenue	19,117	13,173	8,153
Total revenue	129,566	125,156	131,016
Expenses			
Personnel costs	26,824	27,971	30,353
Depreciation and amortisation expense	24,859	29,334	29,804
Finance costs	9,395	7,955	11,681
Other expenses	42,353	41,207	48,048
Total operating expenses	103,431	106,467	119,887
Surplus/(deficit) before tax	26,135	18,689	11,130
Income tax (expense)/credit	-	-	-
Surplus/(deficit) after tax	26,135	18,689	11,130
Other comprehensive revenue and expense			
Property, plant & equipment revaluations	27,044	35,690	35,690
Total other comprehensive revenue and expense	27,044	35,690	35,690
Total comprehensive revenue and expense	53,179	54,379	46,820
Reconciliation to Summary Funding Impact Statement			
Sources of operational funding			
General rates, uniform annual general charges, rates penalties	51,015	54,657	57,600
Targeted rates	31,134	31,868	34,544
Total rates revenue	82,149	86,525	92,144
Subsidies and grants for operating purposes	3,085	2,881	3,864
Fees and charges	10,610	11,025	12,183
Interest and dividends from investments	3,323	1,972	6,849
Local authorities fuel tax, fines, infringement fees, and other receipts	1,220	1,232	1,145
Total operating funding	100,387	103,635	116,185
Add asset development and other gains / (losses)			
Subsidies and grants for capital expenditure	3,196	3,827	3,899
Development and financial contributions	8,086	5,754	5,079
Other dedicated capital funding	-	-	-
Add vested and first time recognition of assets	4,382	3,862	3,068
Add gain on sale	8,507	2,468	3,273
Add unrealised gains/(losses)	4,616	5,612	668
Total asset development and other gains / (losses)	28,787	21,523	15,987
Total revenue	129,174	125,158	132,171
Applications of operating funding			
Payments to staff and suppliers	68,785	69,180	79,556
Finance costs	9,395	7,955	11,681
Total applications of operating funding (B)	78,180	77,135	91,237
Add depreciation expense	24,859	29,334	29,804
Total operating expenses	103,039	106,469	121,042
Surplus/(deficit) after tax	26,135	18,689	11,130
Add other comprehensive revenue and expenses	27,044	35,690	35,690
Total comprehensive revenue and expense	53,179	54,379	46,820

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PROSPECTIVE STATEMENT OF FINANCIAL POSITION

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
ASSETS			
Current assets			
Cash and cash equivalents	4,367	3,182	4,271
Other financial assets	134,985	102,275	117,259
Trade and other receivables	5,473	7,031	6,116
Inventories	369	424	226
Prepayments	1,179	841	1,239
Non current assets held for sale	6,885	8,384	10,831
Total current assets	153,258	122,137	139,942
Non-current assets			
Other financial assets	20,622	22,609	20,933
Investment in CCO and other similar entities	8,515	9,827	9,453
Intangible assets	5,975	3,706	7,394
Investment properties	13,810	11,144	22,184
Investments in associates	-	-	-
Biological assets - forestry	7,845	6,636	7,952
Property plant and equipment	1,439,418	1,515,191	1,732,946
Total non-current assets	1,496,185	1,569,113	1,800,862
Total assets	1,649,443	1,691,250	1,940,804
LIABILITIES			
Current liabilities			
Trade and other payables	16,364	13,556	10,794
Employee benefit liabilities	3,442	3,752	3,225
Derivative financial instruments	-	-	-
Borrowings	48,085	51,555	50,251
Total current liabilities	67,891	68,863	64,270
Non-current liabilities			
Provisions	160	177	168
Derivative financial instruments	16,951	14,047	519
Borrowings	144,957	170,000	150,000
Employee benefit liabilities	4	31	173
Total non-current liabilities	162,072	184,255	150,860
Total liabilities	229,963	253,118	215,130
Net assets (assets minus liabilities)	1,419,480	1,438,132	1,725,674
EQUITY			
Accumulated funds	898,813	885,730	921,963
Council created reserves	127,451	123,497	122,389
Revaluation reserves	393,216	428,905	681,322
Total equity	1,419,480	1,438,132	1,725,674

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PROSPECTIVE WHOLE OF COUNCIL SCHEDULE OF CAPITAL EXPENDITURE

Description	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Capex			
Growth			
Community Facilities	1,985	1,642	1,642
Solid Waste	0	0	0
Transport	0	2,193	1,726
Wastewater	0	5,098	5,779
Water	1,263	3,875	974
Growth Total	3,248	12,808	10,120
ILOS			
Community Facilities	5,355	11,954	5,836
Community Services	165	501	111
Economic Development	39	0	0
Investments	6,322	866	13,179
Solid Waste	113	251	11
Stormwater	383	605	329
Transport	11,078	2,135	4,920
Wastewater	6,234	2,761	2,761
Water	21,072	5,714	4,773
ILOS Total	50,761	24,787	31,920
Capex Total	54,009	37,595	42,040
Renewal			
Renewal			
Community Facilities	2,268	2,561	1,909
Community Services	654	418	226
Democracy and Planning	65	0	0
Economic Development	12	4	0
Investments	1,276	1,339	313
Solid Waste	174	139	139
Stormwater	110	107	107
Transport	3,954	3,858	3,543
Wastewater	4,440	4,356	3,723
Water	7,597	6,064	6,188
Renewal Total	20,550	18,846	16,148
Grand Total	74,559	56,441	58,188

ACCOUNTING POLICIES

1 STATEMENT OF ACCOUNTING POLICIES**1.1 Reporting entity**

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

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

The main purpose of prospective financial statements in the Annual Plan is to provide users with information about core services that Council intends to provide to ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries, except to the extent Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements presented. The primary objective of Council is to provide goods and services to the community for social benefit, rather than for making financial return. Accordingly, Council has designated itself as a public benefit entity (PBE) for financial reporting purposes.

2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**2.1 Statement of compliance and basis of preparation**

The prospective financial statements of Council have been prepared in accordance with the requirements of the Local Government Act 2002 which includes the requirement to comply with New Zealand generally accepted accounting practice (NZGAAP). The prospective financial statements have also been prepared in accordance with Tier 1 PBE accounting standards. The statements comply with PBE FRS 42 Prospective Financial Statements and other applicable Financial Reporting Standards as appropriate for public benefit entities. The prospective financial statements use opening balances from the period ending 30 June 2023; estimates have been restated accordingly if required. The prospective financial statements are prepared using the historical cost basis, except for assets and liabilities, which are recorded at fair value. These are detailed in the specific policies below.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements. The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000). The functional currency of Council is New Zealand dollars.

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

2.2 Foreign Currency Transactions

Foreign currency transactions (including those subject to forward foreign exchange contracts) are translated into NZ\$ (the functional currency) using the spot exchange rate at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such

transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the surplus or deficit.

2.3 Goods and Services Tax (GST)

Items in the financial statements are stated exclusive of GST except for receivables and payables, which are shown on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST recoverable from, or payable to, the IRD, is included as part of receivables or payables in the statement of financial position. The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

2.4 Cost Allocation

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below: Direct costs, are costs directly attributable to a significant activity, and are charged directly to that significant activity; and Indirect costs are costs which cannot be identified in an economically feasible manner, with a specific significant activity, and are charged to significant activities using appropriate cost drivers such as staff time, computer devices, staff numbers and floor area.

2.5 Critical Accounting Estimates and Judgements

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates, judgements and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are:

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

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

2.6 Revenue

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below.

Rates revenue

General rates, targeted rates (excluding water by meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.

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Rates arising from late payment penalties are recognised as revenue when the rates become overdue.

Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis. Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remissions policy.

New Zealand Transport Agency roading subsidies

Council receives funding assistance from the New Zealand Transport Agency, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other subsidies and grants

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

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developers, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (for example, land that must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Sales of goods

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

Building and resource consent revenue

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

Entrance fees

Entrance fees are fees charged to users of Council's local facilities, such as pools and museum. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill Fees

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

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

Development and financial contributions

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

Interest and dividends

Interest revenue is recognised using the effective interest method. Dividends are recognised when the shareholder's right to receive payment is established.

Third party transfer payment agencies

Council collects monies for many organisations. Where collections are processed through Council books, any monies held are shown as trade payables in the statement of financial position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

2.7 Borrowing Costs

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

2.8 Superannuation Schemes

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

2.9 Grant Expenditure

Council's awarded grants have no substantive conditions attached.

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

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

2.10 Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as expense reduction of rental expense over the lease term.

2.11 Income Tax

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

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Income tax expense includes components relating to current tax and deferred tax. Current tax is the expected tax payable on the taxable income for the year, and any adjustment to income tax payable in respect of prior years.

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

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

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit or taxable profit. Current and deferred tax are measured using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

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

2.12 Equity

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

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

Council-created reserves

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

Asset revaluation reserves

These reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets and restricted assets. The treatment of revaluation movements is detailed in 2.18 of the policies.

Available-for-sale revaluation reserves

These reserves arise from available-for-sale investments being revalued to current fair value. The treatment of revaluation movements is detailed in 2.16 of the policies.

2.13 Cash and Cash Equivalents

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

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Bank overdrafts are included as a component of cash and cash equivalents for the purpose of the statement of cash flows, and within borrowings in current liabilities on the Statement of Financial Position.

2.14 Receivables

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

A receivable is considered uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

2.15 Inventory

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

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

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

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition. Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down. When sections of land for sale are transferred from non-current assets held for sale, investment property or property, plant and equipment to inventory, the fair value of the land at the date of transfer is its deemed cost.

2.16 Financial Assets

Financial assets (other than shares in subsidiaries) are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Term deposits and community loans (loans and receivables)

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

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

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

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

Listed bonds (held-to-maturity)

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

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

Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit. Council does not use this category presently.

Listed shares (fair value through surplus or deficit)

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

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

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

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

After initial recognition these investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses which are recognised in the surplus or deficit. On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit. Council's shareholding in Civic Assurance and the holdings of Government and corporate bonds are currently classified as available for sale.

2.17 Non-current Assets Held for Sale

An asset is held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. On classification as "held for sale", non current assets and disposal groups are recognised at the lower of carrying amount and fair value, less costs to sell.

Any impairment losses for write downs of the asset are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised. Non-current assets are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group).

2.18 Property, Plant and Equipment

Property, plant and equipment consist of:

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

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

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

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

Revaluation

Land and buildings (operational and restricted), land under roads and infrastructural assets (roads, water, wastewater and stormwater) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. Revaluation movements are accounted for on a class-of-asset basis.

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

Additions

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

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

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

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

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

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

Disposals

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

Depreciation

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

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Class of asset depreciated	Estimated useful life	Depreciation rates
Operational assets		
Land	not depreciated	nil
Site value	13 years	7.69%
Structure	20 - 80 years	1.3% - 5%
Roof	20 - 40 years	2.5% - 5%
Services	20 - 45 years	2.5% - 5%
Internal fit-out	15 - 35 years	2.9% - 6.7%
Plant	20 - 30 years	3.3% - 5%
Machinery	2 - 20 years	5% - 50%
Computer equipment	4 years	25%
Office equipment	4 - 10 years	13.33% - 25%
Leased assets	3 - 5 years	20% - 33.3%
Furniture and fittings	2 - 10 years	10% - 50%
Park furniture	2 - 25 years	4% - 50%
Motor vehicles	4 - 10 years	10% - 25%
Library books	6.5 years	15.5%
Infrastructural assets		
Buildings	40 - 75 years	1.3% - 2.5%
Roading network		
Top surface (seal)	3 - 20 years	5% - 33.3%
Pavement (base course)	45 - 65 years	1.5% - 2.2%
Formation	not depreciated	nil
Culverts	50 - 80 years	1.25% - 2%
Footpaths	30 - 80 years	1.3% - 3.3%
Kerbs	60 - 80 years	1.25 - 1.67%
Signs	15 years	6.7%
Streetlights	15 - 30 years	3.3% - 6.7%
Bridges	60 - 100 years	1% - 1.67%
Structures	15 - 50 years	2% - 6.7%
Land under roads	not depreciated	nil
Water system		
Pipes	45 - 120 years	1% - 2.2%
Valves, hydrants	40 years	2.5%
Pump stations	20 - 60 years	1.7% - 10%
Tanks	25 - 80 years	1.3% - 4%
Sewerage system		
Pipes	65 - 120 years	1% - 1.5%
Manholes	80 years	1.3%
Treatment plant	10 - 80 years	1.3% - 20%
Stormwater systems		
Pipes	50 - 120 years	0.83% - 2%
Manholes, cesspits	75 - 100 years	1% - 1.3%
Flood control systems	50 - 100 years	1% - 2%
Solid waste	4 - 24 years	4.166% - 25%

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

Impairment of property, plant and equipment

Property, plant and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's

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carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

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

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

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

2.19 Forestry Assets

Forestry assets are predominantly standing trees which are managed on a sustainable yield basis. Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle. Gains or losses arising on initial recognition of forestry assets at fair value less cost to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

The costs to maintain forestry assets are included in the surplus or deficit.

2.20 Intangible Assets

Computer Software

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software

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

Costs that are directly attributable to the development of identifiable and unique software products for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and appropriate portion of relevant overheads.

Software as a service (SaaS) costs are componentised, with development and configuration activities recognised as part of the software asset, and all other costs expensed as they are incurred in accordance with the April 2021 agenda decision from the International Financial Reporting Interpretations Committee (IFRIC) on Configuration or Customisation costs in a Cloud Computing Arrangement.

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

Amortisation

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

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

Computer software 3-8 years 12.5% - 33.33%

Impairment of intangible assets

For further details, refer to the policy for impairment of property, plant and equipment in 2.18. The same approach applies to the impairment of intangible assets.

Carbon Credits

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

2.21 Investment Property

Properties leased to third parties under operating leases and properties held for capital appreciation are classified as investment property unless the property is held to meet service delivery objectives. Investment property is measured initially at its cost, including transaction costs. After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

2.22 Payables and Deferred Revenue

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

2.23 Employee Entitlements

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken, at balance date.

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

Long-term employee entitlements

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

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

Presentation of employee entitlements

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

2.24 Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event it is probable that an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessment of the time value of money and the risk specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in “finance costs”.

2.25 Borrowings and Other Financial Liabilities

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

Finance leases

A finance lease transfers to the lessee substantially all of the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments. The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability. The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

2.26 Derivative Financial Instruments and Hedge Accounting

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

2.27 Prospective Financial Information

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

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continually evaluated and are based on historical experience and other factors including expectations of future events that are believed to be reasonable under the circumstances.

1. INTRODUCTION

This Funding Impact Statement details the Rating Policy and the rates funding requirements.

2. RATING AREAS

Council has one rating area for the whole district. Where services benefit the whole community, these services will be paid from general rates. Where services benefit individuals or identifiable groups in the community, user charges or targeted rates may be assessed. The rating system used by Council is capital value, and the property valuations are produced by Opteon Technologies Limited. The effective date of the valuations is 1 July 2022.

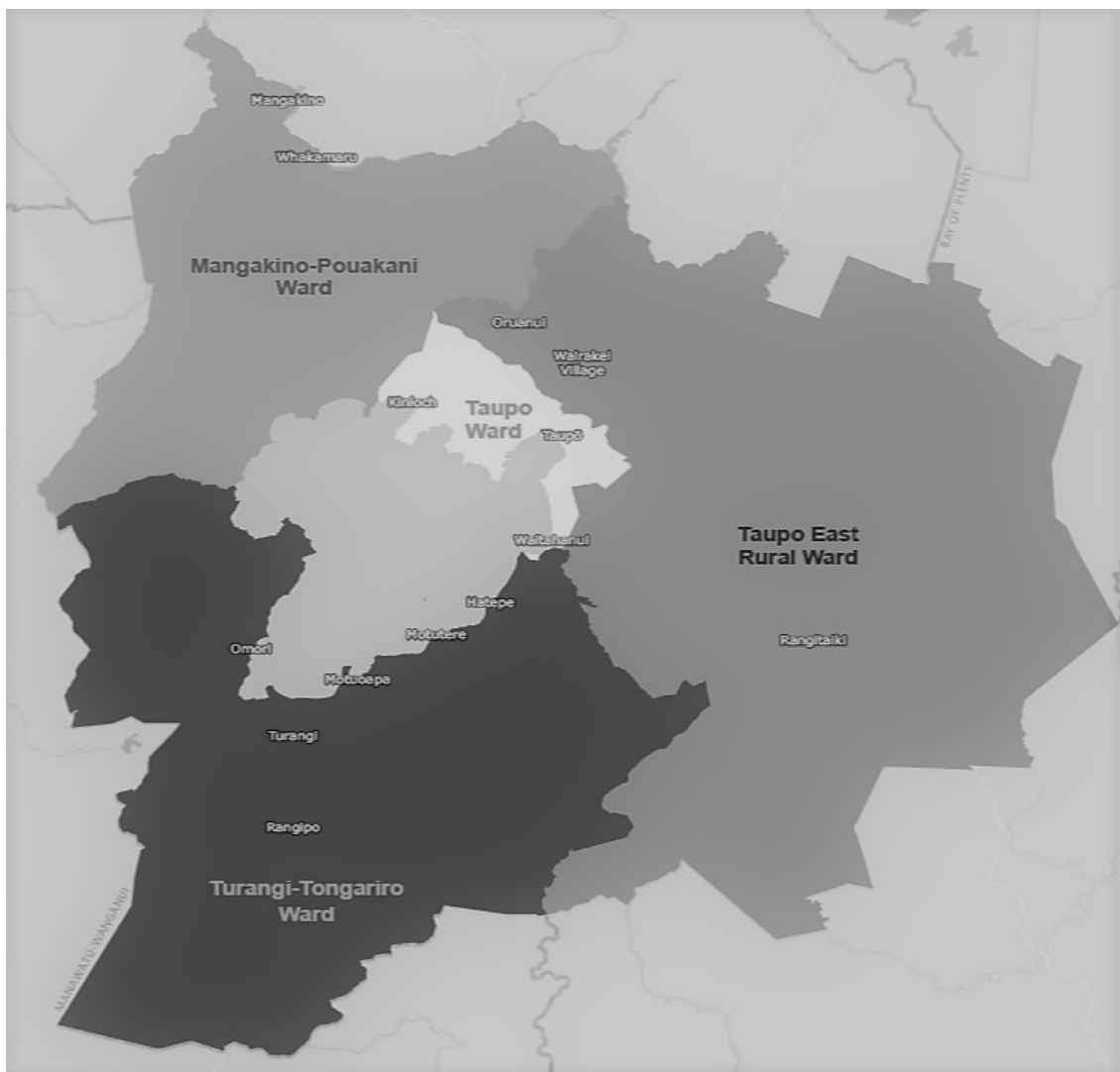


Figure 1 Taupō District and Wards

3. CATEGORIES OF RATEABLE LAND

The Council adopts the following as its definitions of categories of rateable land. These categories are used as described elsewhere in this policy, and as required, for setting some of the targeted rates. The categories are defined using the use to which the land is put (clause 1 of schedule 2 of the Local Government (Rating) Act 2002) or the zoning of the land under the Council's Operative District Plan (clause 2 or 3 of schedule 2 of the Local Government (Rating) Act 2002). The categories are:

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

3.1 It should be noted that:

- (a) Vacant land – the differential classification will be determined by the underlying zone classification of the rating unit.
- (b) Targeted rates are a source of funding as outlined in this document. Lump sum contributions are not invited in respect of any of the targeted rates.
- (c) Separately used or inhabited part (SUIP) – this refers to separate parts of a rating unit; whether or not actually occupied at any particular time, which are provided by the owner for rental (or other form of occupation) on an occasional or long term basis by someone other than the owner as an independent residence/household; or in the case of a rating unit used for commercial or industrial business, the availability for use of part or parts of the rating unit for independent trading operations. In a residential situation a separately used or inhabited part will only be classified if all of the following apply - separate kitchen including a bench top and sink, separate living facilities, separate toilet and bathroom facilities and separate access (including access through a common area such as a lobby, stairwell, hallway or foyer etc.). In a business situation a separately used or inhabited part will be classified where the property has been set up to accommodate, or is accommodating separate lessees, tenants or the like for separate premises within the same rating unit. A rating unit with one use or part is one separately used or inhabited part.
- (d) Where separate parts of a rating unit fit within more than one category of rateable land (3 above) for setting rates or where separate parts of a rating unit qualify for a rates remission a rating division may be created to accurately assess rates and/or apply remission. It should be noted that a rating division will not be created to allow the avoidance of rates for rating units that operate in an open-market commercial environment. i.e. pockets of unproductive Māori Freehold land on farming or forestry blocks.
- (e) Rates payments are allocated to the earliest invoice.

3.2 Targeted Rates Based on Land Use

Council will target rates based on land use to assess:

- District Refuse Disposal Rate (1 and 2 below)
- Sewage Disposal Rate (3 below)

The following categories will apply:

1. All industrial, commercial, accommodation, utilities assets and utility networks, and electricity generator rating units (assessed twice the charge per separately used or inhabited part of a rating unit).
2. All residential, rural and other rating units (assessed with one charge per separately used or inhabited part of a rating unit).
3. Schools – per pan or urinal

3.3 Targeted Rates Based on Location

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

- Town Centre Taupō Management Rate (1 below).
- Whareroa Refuse Rate (2 below).

The following categories will apply:

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

3.4 Targeted Rates Based on Availability of Service

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

- Water supply (1, 4, and 6 below)
- Sewage disposal (2, 3, and 5 below)

The following categories will apply:

1. connected – each separately used or inhabited part of a rating unit that is connected to a Council operated water scheme
2. connected – each rating unit or residence/household that is connected to a Council sewerage drain
3. connected per pan or urinal – each rating unit with more than one pan or urinal (with the exception of rating units used as a single residence/household)
4. serviceable (available to be connected) – any separately used or inhabited part of a rating unit that is not connected to an accessible Council operated water scheme but is within 100 metres of any part of the waterworks
5. serviceable (available to be connected) – any rating unit that is not connected to an accessible Council operated sewerage scheme but is within 30 metres of such a drain
6. metered water supply – rating units with a water meter

4. GENERAL AND TARGETED RATES

The Council adopts the following rates under the Local Government (Rating) Act 2002, on rating units in the district.

4.1 General Rate

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

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

Valuation basis for general rates

Council uses capital value as the basis for general rates.

Rating Unit Category	Rate per \$ of CV	Rate per \$ of CV
	2022/23	2023/24
	GST incl	GST incl
Residential	0.0026425/\$	0.0019155/\$
Rural	0.0026425/\$	0.0019155/\$
Utility Assets and Networks	0.0026425/\$	0.0019155/\$
Electricity Generators	0.0026425/\$	0.0019155/\$
Industrial/Commercial	0.0047565/\$	0.0034479/\$
Accommodation	0.0047565/\$	0.0034479/\$
Other	0.0026425/\$	0.0019155/\$

4.2 Differentials

Council applies differential factors greater than 1.0 to some categories of rateable land when assessing the general rate to recognise that there are differences in the level of service and therefore the benefits each differential rating category derives from the various services provided by Council. In some cases, costs to provide some services are higher for some rating categories and this is considered when setting differentials and applying them to rating categories. Rating units are categorised based on land use or the zoning of the land.

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

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

4.3 Uniform Annual General Charge

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

Per SUIP	2022/23	2023/24
	GST incl	GST incl
Uniform Annual General Charge	\$250.00	\$250.00

4.4 Sewage Disposal

A targeted rate to fund sewage disposal, as outlined in the Groups of Activities – Wastewater section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit connected or available to be connected (serviceable) to an accessible Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household – which shall be assessed only one charge) for connected rating units and per rating unit for serviceable rating units. For the avoidance of doubt the words ‘a single household’ do not restrict the charge to one pan/urinal in the situation where a rating unit has separately used or inhabited parts (as defined in section 3.1.c of this document). In such a situation each separately used or inhabited part is regarded as a single residence/household, and the pan charge applied will be at the cumulative per pan rate multiplied by the number of separate households. The sewage disposal rate, including for Schools, is assessed based on the use to which the land is put, including that the number of pans is a proxy for land use. Serviceable – rating units within 30 meters of an accessible sewerage drain.

Targeted Sewer Disposal charges per rating unit are:

Rating Unit Connected	Factor of Liability	2022/23 GST incl (per pan)	2023/24 GST incl (per pan)
1 pan/urinal	per pan/urinal	\$865.72	\$964.22
2 pans/urinal	per pan/urinal	\$649.29	\$723.17
3 or more pan/urinals	per pan/urinal	\$432.86	\$482.11
Schools	per pan/urinal	\$216.43	\$241.06
Rating Unit Serviceable - within 30 meters of an accessible sewerage drain	Factor of Liability	2022/23 GST incl	2023/24 GST incl
Available to be connected	per rating unit	\$432.86	\$482.11

4.5 Water Supply – District Wide

Water Schemes with fixed charge targeted rates.

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

The water schemes are: Taupō, Kinloch, Whakaroa, Bonshaw Park, Whakamoenga Point, River Road, Mangakino, Tirohanga, Turangi, Motuoapa, Tokaanu, Hatepe, Omori/Kuratau/Pukawa, Whakamaru, Atiamuri, Rakaunui Road, Waihaha, Whareroa, Centennial Drive

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

Water Scheme	2022/23	2022/23	2023/24	2023/24
	GST incl	GST incl	GST incl	GST incl
	Serviceable	Connected	Serviceable	Connected
District wide water supply rate	\$291.73	\$583.46	\$310.87	\$621.74

4.6 Metered Water Supply

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

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

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

The rates per cubic metre are:

Water Supply	2022/23 GST incl Cents/ m ³	2023/24 GST incl Cents/ m ³
Taupō (includes Taupō township, Waitahanui, Wairakei Village, Acacia Bay, Five Mile Bay and the wider Mapara area).	227	227
Kinloch	173	173
Whakaroa	229	229
Bonshaw Park	291	291
Whakamoenga Point	161	161
River Road	194	194
Mangakino	178	178
Tirohanga	93	93
Turangi	69	69
Motuoapa	110	110
Tokaanu	131	131
Hatepe	259	259
Omori/Kuratau/ Pukawa	148	148
Whareroa	227	227
Whakamaru	152	152
Atiamuri	178	178
Rakaunui Road	63	63
Centennial Drive (untreated)	51	51
Waihaha	93	93

4.7 District Refuse Disposal Charge

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

The targeted District Refuse Disposal Charge is:

	2022/23	2023/24
	GST incl	GST incl
Accommodation, Industrial/Commercial, Electricity Generators, Utility Assets & Networks	\$234.24	\$258.70
Residential, Rural or Other	\$117.12	\$129.35

4.8 Whareroa Refuse Rate

A targeted Whareroa Refuse Rate, to fund the 24-hr turnstile access to the Whareroa refuse station, as outlined in the Groups of Activities – Solid waste section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on all rating units in the Whareroa rating area (see Figure 2 below) as a fixed amount per rating unit.

The targeted Whareroa Refuse Rate is:

	2022/23	2023/24
	GST incl	GST incl
Whareroa Refuse Rate	\$90.90	\$90.90



Figure 2 Whareroa Refuse area

4.9 Town Centre Taupō Management Rate

A targeted Town Centre Taupō Management Rate, to fund services to enhance and develop the social and economic wellbeing of the Taupō central business district, as outlined in the Groups of Activities – Economic Development section of this document, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately used or inhabited part (as defined in section 3.1.c of this document) of industrial/commercial rating units within the defined Taupō Town Centre boundary (see Figure 3 below).

The targeted Town Centre Taupō Management Rate is:

	2022/23	2023/24
	GST incl	GST incl
Town Centre Taupō Management	\$384.46	\$398.41



Figure 3 Taupō Town Centre

5. Examples of rates per type of property

Sample Properties

Capital Value	UAGC	General Rate	Water Rate	Sewage Rate	Refuse Rate	Taupō Town Centre	Turangi Community Board	Total Proposed Rates 2023/24	Total Rates			
									2022/23	\$ Change	% Change	
Residential properties - Taupo												
705,000	250	1,350	622	964	129	0	0	3,316	2,900	416	14.3%	
1,053,000	250	2,017	622	964	129	0	0	3,982	3,362	620	18.4%	
1,170,000	250	2,241	622	964	129	0	0	4,206	3,745	461	12.3%	
1,580,000	250	3,026	622	964	129	0	0	4,992	4,459	533	12.0%	
Residential properties - Turangi												
460,000	250	881	622	964	129	0	0	2,846	2,540	307	12.1%	
500,000	250	958	622	964	129	0	0	2,923	2,619	304	11.6%	
545,000	250	1,044	622	964	129	0	0	3,009	2,703	306	11.3%	
915,000	250	1,753	622	964	129	0	0	3,718	3,433	285	8.3%	
Residential properties - Mangakino												
465,000	250	891	622	964	129	0	0	2,856	2,411	445	18.5%	
535,000	250	1,025	622	964	129	0	0	2,990	2,561	429	16.7%	
600,000	250	1,149	622	964	129	0	0	3,115	2,696	418	15.5%	
740,000	250	1,417	622	964	129	0	0	3,383	3,032	351	11.6%	
Residential properties - Kinloch												
810,000	250	1,552	622	964	129	0	0	3,517	2,939	578	19.6%	
575,000	250	1,101	311	482	129	0	0	2,274	1,898	376	19.8%	
1,260,000	250	2,414	622	964	129	0	0	4,379	3,798	581	15.3%	
1,690,000	250	3,237	622	964	129	0	0	5,203	4,485	717	16.0%	
Industrial Commercial properties												
1,150,000	250	3,965	622	964	259	0	0	6,060	4,716	1,344	28.5%	
1,100,000	250	3,793	622	964	259	398	0	6,286	6,741	-455	-6.8%	
1,800,000	250	6,206	622	1,446	259	398	0	9,181	9,719	-538	-5.5%	
4,530,000	250	15,619	622	1,446	259	398	0	18,594	19,161	-567	-3.0%	
Rural properties												
1,380,000	250	2,643	0	0	129	0	0	3,023	2,574	449	17.5%	
2,115,000	250	4,051	0	0	129	0	0	4,431	3,882	549	14.1%	
6,285,000	250	12,039	0	0	129	0	0	12,418	16,090	-3,672	-22.8%	
11,425,000	1,000	21,885	0	0	517	0	0	23,402	25,753	-2,351	-9.1%	

Schedule to Funding Impact Statement

	Annual Plan 2022/23 (\$000)	LTP 2023/24 (\$000)	Annual Plan 2023/24 (\$000)
Revenue			
General rate	43,171	44,871	48,663
Targeted rates			
Uniform annual general charge	7,406	9,286	8,437
Water	12,343	13,478	13,370
Sewage disposal	15,806	15,943	17,859
Refuse disposal	2,766	2,162	3,114
Whareroa refuse collection rate	16	16	16
Turangi Tongariro Community Board rate	21	88	-
Taupo Town Centre management rate	179	179	185
Whakamaru fire protection	4	4	-
Rates penalties	438	500	500
Fees and charges	10,913	11,025	12,096
Other revenue	1,220	1,232	1,142
Operating subsidies	3,085	2,881	3,864
Interest	3,323	1,972	6,849
Capital contributions			
Development contributions	8,086	5,754	5,079
Other gains & losses	13,212	8,080	4,030
Vested assets	4,382	3,862	3,068
Capital subsidy	3,196	3,827	3,899
Other Capital Funding	-	-	-
Total operating revenue	129,567	125,160	132,171
Operating expenditure			
Operating expenses	69,177	69,180	79,556
Interest expense	9,395	7,955	11,681
Depreciation	24,859	29,334	29,804
Total operating expenses	103,431	106,469	121,042
Operating surplus/(deficit) before asset development and other gains/(losses) and tax	26,136	18,691	11,130
Other expenses			
Capital expenditure	74,560	56,442	58,188
Debt repayments	28,956	16,644	28,356
Transfers to special reserves	25,898	18,961	15,154
Recognition of vested assets	4,382	3,862	3,068
Capex Other Funding	-	-	-
Depreciation not funded	(4,144)	(4,135)	(7,091)
Total net cost	103,516	73,083	86,544
Funded by:			
General rates	-	-	-
Loans raised	58,775	40,132	45,378
Development, financial & other contributions	-	-	-
NZTA and other subsidies	2,664	3,295	2,698
Capex Other Funding	532	532	485
Transfers from reserves	64	41,545	37,983
Total net funding	103,516	73,083	86,544