

Financial Statements

The following financial statements contain budgets for the 2005/2006 financial year and the subsequent year. The statements show the short-term direction of Council and must be read in conjunction with the summarised Revenue and Financing Policy on pages 69 to 71 and the long-term financial statements in the LTCCP 2004 / 2014.

Council's Financial Statements show:

- Its ability to meet operating expenses from operating revenues (Statement of Financial Performance)
- How Council's net resources are increasing over time (Statement of Movement in Equity)
- What Council owns and owes (Statement of Financial Position)
- The turnover of cash experienced by Council each year (Statement of Cash Flows)

Basis and Assumptions for Financial Information

The financial statements that are contained on pages 58 to 61 show the forecast of next years budgets compared against last years actual, this year's budget and the Long-Term Council Community Plan budget adopted in 2004.

The major assumptions are:

1. No population growth;
2. No increasing levels of service are budgeted;
3. No inflation above 2005/2006 dollars is included;
4. Borrowings are planned to be repaid over 25 years;
5. Council will continue to review its LTCCP.

Financial Statements *Financial Performance*

STATEMENT of FINANCIAL PERFORMANCE

Budget				
For the Year Ending 30 June				
2004		2004/05	2005/06	2006/07
Council		Council	Council	Council
Actual		Budget	Budget	Budget
\$'000		\$'000	\$'000	\$'000
Operating Revenue				
9,028	Rates	9,776	10,673	12,122
99	Petroleum Tax	90	90	90
5,530	Government Grants & Subsidies	4,549	4,821	6,200
512	Interest	402	400	400
981	User Charges	1,116	1,731	1,733
16	Other Income	28	28	28
180	Dividends	100	100	100
16,346	Total Operating Revenue	16,061	17,843	20,673
Operating Expenses				
603	Leadership and Governance	896	875	869
751	Regulatory	792	783	770
10,422	Land Transport	8,811	9,271	9,944
163	Solid Waste	1,149	1,297	1,297
3,666	Services	2,941	3,388	3,651
1,587	Recreation and Community Facilities	1,845	1,791	1,800
	Other	-	-	-
17,865	Total Operating Expenses	16,434	17,405	18,331
(1,519)	Operating Surplus/(Deficit) Before Taxation	(373)	438	2,342
	Less Taxation			
(1,519)	Operating Surplus/(Deficit) After Taxation	(373)	438	2,342
(1,519)	Net Surplus/(Deficit)	(373)	438	2,342

Financial Statements *Movements in Equity*

Statement of Movements in Equity				
Budget				
For the year ending 30 June				
2004 Council Actual \$'000	Notes	2004/05 Council Forecast \$'000	2005/06 Council Forecast \$'000	2006/07 Council Forecast \$'000
463,604	Public Equity at Beginning of Year (1)	463,604	463,231	463,669
569	Net movements in Reserves			
(1,493)	Asset Revaluation Reserves			
(1,519)	Net Surplus/(Deficit) for the Year	(373)	438	2,342
(2,443)	Total Recognised Revenue and Expenses for the Year	(373)	438	2,342
<u>461,161</u>	Public Equity at end of year	<u>463,231</u>	<u>463,669</u>	<u>466,011</u>

Notes to Statement of Movements in Equity

(1) Public Equity at Beginning of Year

Estimated Public Equity at the beginning of the 2004 year has been revised to reflect Council's current position which differs from estimated Public Equity at the end of the 2003 budget year.

Financial Statements *Financial Position*

STATEMENT of FINANCIAL POSITION

	As at 30 June			
Actual 2004 Council \$'000		2004/05 Council Budget \$'000	2005/06 Council Budget \$'000	2006/07 Council Budget \$'000
ASSETS				
Current Assets				
3,087	Accounts Receivable	2,700	2,195	2,735
856	Cash & Short Term Investments	(276)	215	7,783
	Current Portion of Mortgages	0	0	0
54	Prepayments	20	59	59
3,997	Total Current Assets	2,444	2,469	10,577
Non Current Assets				
4,516	Investments	4,801	4,801	4,801
4,303	Shares in Infracon	4,123	4,123	4,123
469	Work in Progress			
11,759	Property Plant & Equipment			
444,652	Infrastructural Assets	470,669	472,806	479,312
465,699	Total Non Current Assets	479,593	481,730	488,236
469,696	TOTAL ASSETS	482,037	484,199	498,813
LIABILITIES				
Current Liabilities				
3,153	Accounts Payable & Accrued Expenses	2,600	2,500	2,800
139	Employees Entitlements			
1,487	Current Portion of Public Debt	1,485	0	0
4,779	Total Current Liabilities	4,085	2,500	2,800
Non Current Liabilities				
3,664	Public Debt	7,532	10,486	14,140
92	Provision for Landfill post-closure Costs	90	103	116
3,756	Total Non Current Liabilities	7,622	10,486	14,140
8,535	TOTAL LIABILITIES	11,707	12,986	16,940
PUBLIC EQUITY				
4,536	Special Funds	3,771	3,652	3,714
177	Trust Funds	160	171	171
215,421	Asset Revaluation Reserve	216,914	216,914	216,914
241,027	Ratepayers' Equity	249,485	250,476	261,074
461,161	Total Public Equity	470,330	471,213	481,873
469,696	TOTAL LIABILITIES AND PUBLIC EQUITY	482,037	484,199	498,813

Financial Statements *Cashflows*

STATEMENT OF CASH FLOWS			
Budget			
For the year ending 30 June			
2004 Council Actual \$'000		2004/05 Council Budget \$'000	2005/06 Council Budget \$'000
		2006/07 Council Budget \$'000	
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from			
8,930	Rates	9,776	10,673
4,866	Government Grants & Subsidies	4,549	4,821
	Other Income	28	28
500	Interest	402	400
1,076	User Charges	1,116	1,731
99	Petroleum Tax	90	90
102	Dividends	100	100
15,573		16,061	17,843
			20,673
Cash was applied to			
(7,907)	Payments to Suppliers of Goods & Services	10,177	10,735
(2,097)	Payments to employees	1,940	2,104
328	Interest paid	727	1,040
	Goods and Services Tax	7	5
(10,332)		12,851	13,884
5,241	Net Cash from Operating Activities	3,210	3,959
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from			
2	Proceeds from Sale of Assets		
-	Realisation of Investments	0	
2		-	-
Cash was applied to			
(5,543)	Purchase of Fixed Assets	10,144	2,605
331	Purchase of Investments		
(5,212)		10,144	2,605
(5,210)	Net Cash from Investing Activities	(10,144)	(2,605)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from			
738	Loans Raised	3,893	1,763
738		3,893	1,763
Cash was applied to			
(168)	Repayment of Public Debt	194	278
(168)		194	278
570	Net Cash from Financing Activities	3,699	1,485
(601)	NET INCREASE/(DECREASE) IN CASH HELD	(3,235)	2,839
255	TOTAL CASH RESOURCES AT 1 JULY	611	-2,624
856	TOTAL CASH RESOURCES AT 30 JUNE	-2,624	215
Represented by			
856	Cash & Short-Term Investments		7,783

Statement of Accounting Policies

1. Reporting Entity

Central Hawke's Bay District Council is a territorial local authority governed by the Local Government Act 2002. These financial statements are prepared in accordance with the requirements of Section 98 (e) of the Local Government Act 1974, and subsequent amendments, in accordance with generally accepted accounting practice, including standards approved by the Accounting Standards Review Board and the Institute of Chartered Accountants of New Zealand.

These financial statements include the financial results and position of the significant activities of the Central Hawke's Bay District Council.

2. Measurement System

The measurement system adopted is that of historical cost, modified by the revaluation of certain non current assets.

3. Accounting Policies

3.1 Financial Statements

The financial statements include the following for Council;

- Statement of Financial Performance (including Cost of Services Statement for each significant activity of Council);
- Statement of Movements in Equity;
- Statement of Financial Position;
- Statement of Cash Flows.

3.2 Investment in Associate

Associates are entities in which the council has significant influence, but not control, over the operating and financial policies of the associate. The Council's share of the net surplus of the associate is recognised as a component of the operating revenue in the Statement of Financial Performance. Dividends received from the associates are credited to the carrying amount of the investment in the associate. The Council's share of post acquisition increases or decreases in net assets are reflected in the investment in the associate.

3.3 Overhead Allocations

Administration overheads and indirect costs have been fully allocated to all significant activities, based on significant activity expenditure.

3.4 Revenue

Rates are recognised as revenue income when they are levied. Government grants and subsidies are recognised as income when entitlement has been established by the grants agency. Other income is recognised when an invoice is issued or cash received.

Statement of Accounting Policies

3.5 Valuation

3.5.1 Current Assets

Accounts receivable are stated at net realisable value, after providing for doubtful debts.

All other current assets are stated at cost.

3.5.2 Non Current Assets

(a) Investments:

Shares in the New Zealand Local Government Insurance Corporation Limited are stated at cost, being \$1 per share. Shares in New Zealand Counties Investment Company Limited are stated at estimated market value.

Investments in Local Government Stock are held at net realisable value.
All other investments are stated at cost.

(b) Work In Progress

Work in progress is treated as a non current asset on the basis that there is a high likelihood that it will be capitalised. This covers work on plant, property or equipment that is incomplete at balance date.

(c) Property, Plant and Equipment (Fixed Assets)

On acquisition, all fixed assets are initially stated at cost.

Land and Buildings are revalued on a three yearly cycle to comply with FRS3. The values of the assets have been considered on their fair value basis in accordance with FRS-3 under a highest and best use scenario. "Fair Value" as defined under FRS-3 is the amount for which an asset could be exchanged, or a liability settled between knowledgeable, willing parties in an arms length transaction.

Furniture and Equipment owned by the Council at 30 June 1991, was valued by the Council's Senior Managers at that time in order to establish their carrying cost. They are stated in the financial statements at the deemed written down historical cost as at 30 June 1991 less accumulated depreciation to date.

Plant and Machinery are stated at cost less accumulated depreciation.

Library Books are valued by Council staff annually using the depreciated replacement cost method. The valuations are in accordance with guidelines established by the New Zealand Libraries Association.

Statement of Accounting Policies

(d) **Infrastructural Assets:**

Infrastructural Assets: water, stormwater, and waste/sewerage are revalued every three years using the depreciated replacement cost method, based on currently accepted valuation methodology.

The Landfill is stated at cost less accumulated depreciation.

Roading and its networks are revalued every three years using the depreciated replacement cost method. All subsequent additions to Infrastructural Assets are stated at cost.

3.6 Depreciation

3.6.1 Property, Plant and Equipment: (Excluding Infrastructural Assets)

Council's fixed assets, with the exception of infrastructural assets and land, are depreciated on a straight line basis at rates, which will write off their cost or value over their estimated useful economic lives. This depreciation charge is reflected in the appropriate cost of service statement.

The expected lives of major fixed asset classes are:

	Years
• Buildings	50
• Plant & Machinery	4 - 5
• Furniture & Equipment	4 - 10
• District Landfill	50
• Land is considered to have an indefinite useful life and is not depreciated.	
• Council's Waste Management Plan for 2005 is to extend District landfill life up to 150 years. Based on usage estimates of first eight months of operation an extra 50-100 years have been added	

3.6.2 Infrastructural Assets

(a) **Water, Sewerage and Stormwater Assets**

Water, Sewerage and Stormwater Assets are the utility systems, which provide continuing services to the community and are not generally regarded as tradeable. The renewal of these assets will be funded via decline in service potential calculations using Straight Line Depreciation.

Depreciation has been calculated using useful life of components as provided by Opus International Consultants Asset Valuation Report as at 30 June 2003 and in accordance with the standard NZ Infrastructure Asset Valuation and Depreciation Guidelines (NZIAVDG).

Statement of Accounting Policies

The expected lives of major fixed asset classes are:

	Years
Water Systems	
• Pipes	40 - 100
• Valves, Hydrants, Meters, Tobies	20 - 60
• Pump Stations	15 - 90
• Reservoirs	60 - 90
Sewerage Systems	
• Pipes	50 - 120
• Manholes	100
• Valves	25 - 40
• Pump Stations	25 - 90
• Treatment Plant	15 - 100
Stormwater Systems	
• Pipes	50 - 125
• Manholes	100
• Open Channels	50
• Service Laterals	80
• Sumps	75

(b) **Roading Assets**

Roading Assets is the roading network, which provides continuing services to the community and is not generally regarded as tradeable. The renewal of these assets will be funded via decline in service potential calculations using Straight Line Depreciation.

The expected lives of major fixed asset classes are:

	Years
• Pavement Maintenance - Unsealed	7
• Pavement Maintenance - Sealed	70
• Chip Seals	10
• Area Wide Pavement Treatment	
Surface	10
Base course	70
Sub base not depreciated	
Wearing Course	7
• Bridges	50
• Traffic - pavement marking	1
• Traffic - signs	15
• Footpaths	50-70

Statement of Accounting Policies

Depreciation on bridges is being charged but is not being funded. Council will consult the community at the time a decision is made to replace these assets.

(c) **Landfill**

Landfill is the individual facility which provides continuing services to the community and it not generally regarded as tradeable. The renewal of assets will be funded via a decline in service potential calculations using Straight Line Depreciation. Council is to establish a Waste Asset Management Plan to come into effect in 2005.

3.7 Taxation

The income tax expense for the year is the estimated liability in respect of the profit. It is calculated after allowance for permanent differences and timing differences not expected to reverse in future periods. This is the partial basis for the calculation of deferred taxation. The Council uses the liability method of accounting for deferred taxation. Future tax benefits attributable to tax losses or timing differences are only recognised when there is a virtual certainty of realisation.

3.8 Goods and Services Tax

Amounts stated in the financial statements are exclusive of GST except for accounts receivable and accounts payable. Where GST is not recoverable as an input tax, then it is recognised as part of the related asset or expense.

3.9 Employee Entitlements

Provision is made in respect of the Council's liability for annual leave and long service leave. Wages, Salaries and Annual leave are measured at nominal values on actual entitlement basis at current rates of pay. Entitlements that are payable beyond twelve months, such as long service leave, have been calculated on a probability basis, which takes into consideration the likelihood that the Council will be obligated to make the payments.

3.10 Financial Instruments

Financial Instruments are limited to bank balances, investments, accounts receivable, accounts payable, and public debt; all of which are included in the financial statements at their estimated fair value.

Statement of Accounting Policies

3.11 Cash

The following definitions have been used for the preparation of the Financial Statements:

Cash – Cash and investments which are at call.

Operating Activities – Transactions and other events that are not investing or financing activities

Investing Activities – Activities relating to the acquisition, holding and disposal of fixed assets and of investments such as securities, not falling within the definition of cash.

Financing Activities – Activities which result in changes in the size and composition of the capital structure of the Council, both equity and debt not falling within the definition of cash.

3.12 Budget Figures

The budget figures are those approved by Council at the beginning of the year after consultation with the public in the Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by Council for the preparation of the financial statements.

3.13 Operating Leases

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

3.14 Landfill Post-closure Provision

Council as operator of the district landfill has a legal obligation to apply for resource consents when the landfill reaches the end of its operating life. The resource consents will set out the closure requirements and requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure arises. The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including known changes to legal requirements and technological improvements. The provision includes all costs associated with landfill post-closure: final cover application and vegetation, fencing off, completing facilities for leachate collection and the monitoring of gas systems, stormwater systems, and vegetation systems. Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits or if they are incurred to enable future economic benefits to be obtained. The capitalised landfill asset is depreciated over the life of the landfill based on the anticipated capacity used.

Statement of Accounting Policies

4. Changes in Accounting Policies

There have been no changes in accounting policies.

NB: The Statement of Accounting Policies forms part of, and should be read in conjunction with the Financial Statements.

Revenue and Financing Policy *overview*

Introduction

The Local Government Act 2002 requires all local authorities to adopt a revenue and financing policy and include this policy in the Long Term Council Community Plan. This purpose of this policy is to provide predictability and certainty about the sources and levels of funding.

Funding Sources

The Central Hawke's Bay District Council will fund operating and capital expenditure from the following sources:

Capital Expenditure

- General rates
- Loans
- Reserves
- Grants and subsidy schemes
- Financial Contributions
- Proceeds from asset sales

Operating Expenditure

- General rates
- Uniform annual general charges
- Targeted rates
- User fees and charges
- Interest and dividends

The purpose of the Funding Policy is to use economic principles and local considerations to ensure the efficient cost allocation for each of Council's functions. The Local Government Amendment Act (no.3) 1996 identified a three-step process which local authorities must use to determine how these functions are to be funded. The Local Government Act 2002 requires local authorities to take into account the Community Outcomes to which each activity primarily contributes when making these decisions, and benefits must also be considered not simply in terms of public and private, but in terms of the distribution of benefits between the whole community, any identifiable parts of the community, and individuals. The period in which those benefits will occur must also be taken into account (known as intergenerational equity), as must the extent to which the actions or inactions of particular individuals or groups contribute to the need to undertake the activity.

Many of these aspects require judgements to be made and these can be highly subjective. However such judgements have been recognised by the Courts as matters for elected representatives to decide upon.

The Local Government Act 2002 specifies that each local authority must consider the following things when selecting the sources of funding:

1. the community outcomes to which each activity contributes;
2. the distribution of benefits accruing to the community, part of the community, or individuals;
3. the period over which these benefits are expected to occur;
4. the extent to which the actions or inactions of particular groups or individuals contribute to the need to undertake the activity;
5. the costs and benefits of funding the activity separately.

The funding policies for each activity are provided in the Council's Long-Term Council Community Plan. A summary is provided in the tables over the following pages.

Revenue and Financing Policy *overview*

Finally we must take into account the overall impact of funding the activity on the current and future social, economic, environmental and cultural wellbeing of the community pursuant to s.101 (3)(b) Local Government Act 2002. Accordingly, the Council recognises that the affordability of its services, applied through rates and charges, can have a significant impact on the wellbeing of households and business across the District. Particular concerns that Council holds include:

- Inappropriateness and inequality of using an asset tax based on property ownership and value to fund services that have no inherent connection with property ownership or use.
- The need to ensure funding mechanisms do not prevent access to Council goods and services for the less well-off.
- The need for rates to remain in line with those of neighbouring Districts.
- The need to ensure finance mechanisms are appropriate for future funding needs.

Revenue and Financing Policy *funding policy summary*

ACTIVITY		Beneficiaries			How Funded			
		Public	Private	Exacerbator	General Rates	Separate Rates	User Charges, Fees or Fines	External Subsidies
Leadership, Governance & Consultation		100%	0%		Capital Value			
Economic Development		100%	0%		Capital Value	Economic Development UC District Promotion UC		
Landuse Planning & Management		100%	0%		Capital Value			
Resource and Subdivision Consents		95%	5%		Capital Value		Resource Consent Fees	
Building Control		0%	100%		Capital Value		Consent and Additional Inspection Fees	
Public Health & Hazardous Substances	Environmental Health	72%	28%		Capital Value		Licence Fees	
	Liquor Licensing	13%	87%		Capital Value		Licence Fees	
	Hazardous Substances	34%	66%		Capital Value		Licence Fees	
Animal Control	Dog Control	20%	65%	15%	Capital Value		Registration Fees	
	Stock Control	9%	5%	5%	Capital Value		Infringement Fees	
Bylaws Litter & Parking Control		100%	0%		Capital Value			
Emergency Management		98%	0%	2%	Capital Value		Cost recovery	
Land Transport	Subsidised Roading	40%	60%		Land Value			Transfund
	Footpaths, vehicle crossings, unsubsidised corridor maintenance	95%	5%			Ward Land Value	Vehicle Crossing Cost recovery	
	Seal Extension	100%	0%			Ward Land Value		
Solid Waste	Waste Management	0%	100%			Uniform Charge		
	Refuse Collection	0%	100%			Uniform Charge		
	Recycling	100%	0%			Uniform Charge		
Water		0%	100%			Uniform Charge		
Wastewater		98%	2%			Uniform Charge		
Stormwater		100%	0%			Ward capital Value		
Parks, Reserves & Swimming Pools		99.5%	0.5%		Capital Value	Uniform Charge		

Revenue and Financing Policy *funding policy summary*

ACTIVITY		Beneficiaries			How Funded			
		Public	Private	Exacerbator	General Rates	Separate Rates	User Charges, Fees or Fines	External Subsidies
Public Toilets		100%	0%		Capital Value	Uniform Charge		
Pensioner Housing		0%	100%				Rentals	
Libraries		90%	10%		Capital Value	Uniform Charge	Book charges	
Theatres & Halls	District Halls	80%	20%		Capital Value		Hall Rental Charges	
	Ward Halls	100%	0%			Ward Amenities	Hall Rental Charges	
Cemeteries		80%	20%		Capital Value	Uniform Charge	Interment and Plot Fees	
Property & Buildings		100%	0%		Capital Value	Uniform Charge		

Funding Impact Statement *rating policy*

MISSION STATEMENT

Council will endeavour to provide quality services and amenities at sustainable costs.

OBJECTIVES

- That the rating system be based on property information including values and/or user classifications provided by the contracted rating valuation service providers.
- That rates and charges be levied to fund activities across the whole of the District.
- User charges are applied wherever possible.
- That the system is transparent so that ratepayers see where money is being spent; Revenue collected for one purpose or activity is spent on that activity.

Council acknowledges that Rating is a Tax. As such Council accepts that it is difficult to design the perfect tax system. Council has made judgements about fairness and equity but difficulty does arise where benefit allocations have to be made taking into account the complexities of economic, social and political judgements concerning rating and funding generally.

BACKGROUND

Central Hawke's Bay District Council will consult with the community about the policies proposed for the 2005/2006 year. It will consider amending these policies as a result of submissions received during the special consultative procedure and will move to set and assess the rates described in the following pages.

ACTIVITY FRAMEWORK

The activity framework within which the Council undertakes its rating Activity is as follows:
Local Government Act 2002 and the Local Government (Rating) Act 2002.

RATING BASE

The rating base will be the database determined by the contracted rating service provider. Because this database is constantly changing due to change of ownership, subdivision, regular revaluations, change of status from rateable to non-rateable (and reverse), the rating base is not described in detail in this policy, but the policies following describe who will be rated.

RATING INFORMATION DATABASE AND RATES RECORDS

Councils rating information database and rates records are available for public inspection at the Council offices in Waipukurau and Waipawa during normal office hours (Monday – Friday 8.00am to 4:30pm).

Funding Impact Statement *rating policy continued*

DUE DATES FOR RATE PAYMENTS

Pursuant to Section 24 of the Local Government (Rating) Act 2002 the following shall apply for assessing the amount of each instalment of rates for the year 1 July 2004 to 30 June 2005. Each instalment will be levied in four equal amounts, rounded.

Instalment number	Due date	Last day of payment without additional charge	Additional charges added
1	6 July 2005	24 August 2005	25 August 2005
2	5 October 2005	23 November 2005	24 November 2005
3	11 January 2006	22 February 2006	23 February 2006
4	5 April 2006	24 May 2006	25 May 2006

PAYMENT OPTIONS

Rate payments on instalments are to be received by council no later than 4:30pm on the last day of payment detailed above. Payment options include:

- Cheque sent by Post
- At Council Offices in Waipukurau or Waipawa (Hours Monday – Friday 8am to 4:30pm). We accept Cash, Cheque and Eftpos. We do not accept payment by Credit Cards.
- Direct Debit (Form available from Rates Officers) Monthly or Quarterly.
- Automatic Payments (includes E-bill and Telephone Banking). Please include the valuation number of the property you are paying for in the reference section.

PENALTY CHARGES

(Additional Charges on Unpaid Rates)

Pursuant to Section 58(1)(a) of the Local Government (Rating) Act 2002, an additional charge of 10% will be added to all rates remaining unpaid for each instalment after the last day of payment, shown above.

A further additional charge of 10% will be added on 1 July 2005 to the amount of rates levied in previous financial years and remaining unpaid as at 30 June (Section 58(1)(b)).

Funding Impact Statement *discount policy*

DISCOUNT POLICY

(Early payment of rates in the current financial year)

Under Section 55 of the Local Government (Rating) Act 2002, a discount policy may be adopted for the payment of some or all rates that are identified in the rates assessment before the due date or dates for those rates in the current year. This discount policy must be adopted using the special consultative process and may be included in the annual plan.

DISCOUNT POLICY FOR 2005/2006:

The policy is based on existing practice. The proposed discount policy assumes that there is only a single discount rate.

OBJECTIVE:

To provide a consistent and fair basis for the application of discount for the early payment of rates in the current financial year.

CONDITIONS AND CRITERIA:

Ratepayers will qualify for the discount if all due rates are paid in full, together with any outstanding prior years' rates and penalties, on the due date for payment of the first instalment in the current year (in accordance with Section 55 of the Local Government (Rating) Act 2002).

The amount of the discount for 2005/2006 will be 2.5 % of the annual rates.

The due date for the first instalment is 24 August 2005.

The discount rate will be reviewed annually, taking into consideration current borrowing interest rates and will be calculated to be fiscally neutral. The overall discount policy will be reviewed as required, but no more often than annually.

Funding Impact Statement *rate factors*

REVENUE AND FINANCING MECHANISMS

Information that discloses the revenue and financing mechanisms to be used by the Council for each year covered by the Long-Term Council Community Plan and an indication of the level or amount of funds to be produced by each mechanism can be found in the Council's Revenue and Financing Policy on page 167 of the LTCCP.

RATE FACTORS

Listed below are the rate factors for 2005/06 year (1 July 2005 to 30 June 2006) set by Central Hawke's Bay District Council under the Local Government (Rating) Act 2002:

Key	Description	Differential	Rateable Basis	Factor	Amount Sought GST inc \$
General Rates					
101	General Rate	District	Capital Value	0.04856	\$1,248,030
102	Land Transport Rate	District	Land Value	0.22643	\$3,958,711
104	Cultural Facilities Rate (Rate)	District	Capital Value	0.02466	\$654,146
105	Cultural Facilities Rate (UAGC)	UAGC	Uniform Amount	\$76.65	\$436,097
108	Waste Management (UAGC)	UAGC	Uniform Amount	\$165.95	\$944,471
167	Swimming Facilities (UAGC)	UAGC	Uniform Amount	\$36.20	\$206,034
168	Library Facilities (UAGC)	UAGC	Uniform Amount	\$66.50	\$378,591
171	District Promotions (UAGC)	UAGC	Uniform Amount	\$9.00	\$51,231
Targeted Rates					
103	Amenities Rate	Ruahine Ward	Land Value	0.01949	\$201,132
106	Amenities Rate	Ruataniwha Ward (Urban)	Land Value	0.81339	\$514,963
112	Amenities Rate	Ruataniwha Ward (Rural)	Land Value	0.08940	see above
107	Amenities Rate	Aramoana Ward	Land Value	0.05799	\$357,361
109	Ward Loan	Waipawa Urban	Land Value	0.05034	\$5,523
113	Ward Loan	Waipawa Rural	Land Value	0.00347	see above
166	Waipukurau Mainstreet Rate	Property Usage - Waipukurau	Land Value	0.23172	\$19,999
140	Stormwater Operations Rate	Catchment Area	Capital Value	0.05345	\$167,970
141	Waipukurau Stormwater Loans Rate	Catchment Area	Capital Value	0.04956	\$113,997
142	Waipawa Stormwater Loans Rate	Catchment Area	Capital Value	0.02393	\$19,935
165	Te Aute Drainage Rate	Te Aute	Factor	0.13196	\$9,714
150	Water Supply Operations Rate	Service Available	Uniform Amount	\$240.30 *	\$920,983
151	Water Supply Loans	Otane	Uniform Amount	\$166.45 *	\$36,289
152	Water Supply Loans	Takapau	Uniform Amount	\$108.60 *	\$28,611
153	Water Supply Loans	Waipukurau	Uniform Amount	\$25.30 *	\$53,203
154	Water Supply Loans	Waipawa	Uniform Amount	\$40.40 *	\$37,964
155	Water Supply Loans	Te Paerahi	Uniform Amount	\$463.35 *	(See Porangahau)
156	Water Supply Loans	Kairakau	Uniform Amount	\$89.95 *	\$5,217
157	Water Supply Loans	Porangahau	Uniform Amount	\$463.35 *	\$93,640
120	Sewerage Operations Rate	Service Available - Connection(s)	Uniform Amount	\$157.25 *	\$622,093
121	Sewer Loan	Otane	Uniform Amount	\$10.45 *	\$2,236
122	Sewer Loan	Takapau	Uniform Amount	\$79.20 *	\$16,025
123	Sewer Loan	Waipukurau	Uniform Amount	\$99.60 *	\$233,969
124	Sewer Loan	Waipawa	Uniform Amount	\$203.50 *	\$184,619
125	Sewer Loan	Porangahau	Uniform Amount	\$12.20 *	\$2,310
126	Sewer Loan	Te Paerahi	Uniform Amount	\$12.20 *	(See Porangahau)
129	Sewer Loan	Kairakau	Uniform Amount	\$105.45	\$5,217
110 & 115	Refuse Collection Rate	Service Available	Uniform Amount	\$76.50	\$256,500
169	Recycling Collection	Service Available	Uniform Amount	\$29.75	\$77,063
111	Beach Refuse	Beach Location	Uniform Amount	\$56.25	\$8,156
172	Economic Development	Property Usage - District	Uniform Amount	\$84.40	\$28,266
Total Sought					\$11,900,267

*includes half-charges

Funding Impact Statement *rates*

All of the following rates are set and assessed on a District-wide basis on all rateable property within the District.

1. GENERAL RATE

A uniform general rate is set based on the rateable capital value of all rateable property within the District for the purposes of providing administration, cost of democracy, community initiatives, planning, health inspection, dangerous goods, litter control, animal ranging, fire control, traffic safety, building & general inspection, civil defence, sewerage monitoring and miscellaneous property costs.

2. DISTRICT LAND TRANSPORT RATE

A uniform targeted rate for the Council's land transport facilities is set based on the land value of all rateable land in the district. This rate is set for the purpose of funding the operation and maintenance of the land transport system.

3. CULTURAL FACILITIES RATE

A uniform targeted rate for the Council's cultural facilities. This rate is for the purpose of funding the operation and maintenance of parks and reserves, halls, cemeteries, public conveniences, and the Civic Theatre. This rate is set on the capital value.

Funding Impact Statement *uniform charges*

There is no uniform annual general charge. The Uniform Charges below are targeted rates. These are rated on each separately used or inhabited part of a rating unit within the District. They are set:

- To ensure a minimum rate on all properties
- As a charge for services which have an equal element of private benefit but where it is not practical to apply specific user charges.

RATE DESCRIPTION	AMOUNT	AMOUNT (INCLUDING GST)	CHANGE ON PREVIOUS YEAR
Cultural Facilities UC	68.10	76.65	4.16%
Library UC	59.12	66.50	4.01%
Swimming Facilities UC	32.17	36.20	3.57%
Waste Management UC	152.32	171.40	6.47%
District Promotions UC	8.00	9.00	nil

Funding Impact Statement *targeted rates*

Definitions:

"Ruatanuihwa Urban", "Ruatanuihwa Rural", "Waipawa Urban", "Waipawa Rural", and "Waipukurau Urban" are each defined by maps held by the Council.

"Non Residential" is defined by reference to land use codes in the valuation database, being every code other than "residential" or "lifestyle".

"Non Rural" is defined by reference to land use codes in the valuation database, being every code other than farming.

1. WATER SUPPLY OPERATIONS RATE

The Council proposes to set a differential targeted rate for water supply operations of a fixed amount per separately used or inhabited part of a rating unit as follows:

- (a) a charge of \$213.60 excluding GST (\$240.30 including GST) per separately used or inhabited part of a rating unit; for Otane, Takapau, Waipukurau, Waipawa, Kairakau, Porangahau, and Te Paerahi Beach connected;
- (b) a half charge per separately used or inhabited part of a rating unit which is serviceable for the above locations.

For this rate:

"Connected" means a rating unit to which water is supplied.

"Serviceable" means a rating unit to which water can be but is not supplied being a property situated within 100 metres of the water supply.

2. SEWERAGE OPERATIONS RATE

The Council proposes to set a differential targeted rate for the Council's sewage disposal function. These rates, which are set in relation to all land in the district to which the Council's sewage disposal service is provided or available, are:

- (a) a charge of \$150.41 excluding GST (\$169.20 including GST) per rating unit connected; and
- (b) a charge of \$150.41 excluding GST (\$169.20 including GST) per water closet or urinal within the rating unit, after the first one; and
- (c) a charge of \$84.60 including GST per rating unit which is serviceable.

For the purposes of this rate:

- "Connected" means the rating unit is connected to a public sewerage drain;
- "Serviceable" means the rating unit is not connected to a public sewerage drain but is within 30 metres of such a drain;
- a rating unit used primarily as a residence for one household is treated as not having more than one water closet.

Funding Impact Statement *targeted rates continued*

3. KERBSIDE RECYLING RATE

The Council proposes a uniform targeted rate for the Council's collection of household recyclables, for the defined areas of Waipawa Urban and Waipukurau Urban of \$26.45 excluding GST (\$29.75 including GST) on each separately used or inhabited part of a rating unit to which the Council is prepared to provide the service.

4. REFUSE COLLECTION RATE

The Council proposes a uniform targeted rate for collection of household and commercial refuse, for Otane, Onga Onga, Takapau, Tikokino, Waipukurau, Waipawa, Porangahau and Te Paerahi Beach of \$68.01 excluding GST (\$76.50 including GST) on each separately used or inhabited part of a rating unit to which the Council is prepared to provide the service.

5. BEACH REFUSE RATE

The Council proposes a uniform targeted rate for provision of refuse collection facilities/services for Blackhead Beach, Kairakau, Mangakuri and Pouterere of \$50.00 excluding GST (\$56.25 including GST) on each separately used or inhabited part of a rating unit to which the Council is prepared to provide the service.

6. ECONOMIC DEVELOPMENT RATE

The Council proposes a uniform targeted rate to assist in the funding of Economic Development Activities within the district. This rate is a charge of \$75.00 excluding GST (\$84.40 including GST) on each separately used or inhabited part of a rating unit that is Non Residential and Non Rural.

Funding Impact Statement *other targeted rates*

1. WARD AMENITIES SEPARATE RATE

For the purpose of funding roading improvements, new road works, roadside weed control, footpaths, minor ward amenities and ward halls within each ward, targeted rates as follows:

- A uniform targeted rate of 0.02263 cents in the dollar (including GST) of the land value on all rateable land within the Ruahine Ward;
- A uniform targeted rate of 0.06747 cents in the dollar (including GST) of the land value on all rateable land within the Aramoana Ward;
- A differential targeted rate in the Ruataniwha Ward of:
 - (a) 0.82094 (including GST) cents in the dollar of the land value on all rating units that are Ruataniwha Urban;
 - (b) 0.09023 (including GST) cents in the dollar of the land value on all rating units that are Ruataniwha Rural.

2. STORMWATER DRAINAGE RATES

Targeted rates for the purpose of funding operations, improvements, and maintenance and loan charges on the stormwater drainage as follows:

- A uniform targeted rate for stormwater drainage operations of 0.05382 cents in the dollar (including GST) on the capital value of all rateable land in the Waipawa and Waipukurau Stormwater Drainage Areas;
- A uniform targeted rate for the Waipukurau Stormwater loan of 0.04955 cents in the dollar (including GST) on the capital value of all rateable land in the Waipukurau Stormwater Drainage Area;
- A uniform targeted rate for the Waipawa Stormwater loan of 0.02539 cents in the dollar (including GST) on the capital value of all rateable land in the Waipawa Stormwater Drainage Area.

The Waipukurau and Waipawa Stormwater Drainage Areas are defined by reference to stormwater drainage area plans held by the Council.

Funding Impact Statement *other targeted rates continued*

3. LOAN CHARGES SEPARATE RATES

Targeted rates are set for the purpose of paying certain loan charges that parts of the District were responsible for, prior to 1 November 1989.

A differential targeted rate for all historical debt in the Waipawa Ward on the rateable land value. The differentials for Waipawa Urban and Waipawa Rural reflect the distribution of historical debt in those areas as follows:

- (a) 0.05034 cents in the dollar (including GST) on the land value within Waipawa Urban; and
- (b) 0.00347 cents in the dollar (including GST) on the land value within Waipawa Rural.

Loan charges are also made for the funding of capital upgrades to water supplies and sewerage systems. The following differential targeted rates will be made per rating unit connected*:

Targeted Rate	Town	Rate (excl GST)	Rate (incl GST)
Water Supply Loans	Otane	\$147.97	\$166.45
Water Supply Loans	Takapau	\$96.52	\$108.60
Water Supply Loans	Waipukurau	\$22.47	\$25.30
Water Supply Loans	Waipawa	\$35.64	\$40.40
Water Supply Loans	Kairakau	\$79.96	\$89.95
Water Supply Loans	Porangahau/Te Paerahi	\$411.85	\$463.35
Sewerage Loan Charge(s)	Otane	\$9.29	\$10.45
Sewerage Loan Charge(s)	Takapau	\$70.37	\$79.20
Sewerage Loan Charge(s)	Waipukurau	\$135.20	\$152.10
Sewerage Loan Charge(s)	Waipawa	\$227.59	\$256.05
Sewerage Loan Charge(s)	Porangahau/Te Paerahi	\$10.83	\$12.20
Sewerage Loan Charge(s)	Kairakau	\$93.72	\$105.45

* for each targeted rate above, a half charge is set per rating unit serviceable.

For this rate:

“Connected” means a rating unit connected to the water supply or sewerage system, as applicable.

“Serviceable” means a rating unit to which the relevant service can be but is not provided being a property situated within 100 metres of the water reticulation or 30 metres of the sewerage reticulation.

Funding Impact Statement *other targeted rates continued*

4. TE AUTE DRAINAGE RATE

Te Aute Drainage rates are set on all rateable area of all rateable property within the designated area subject to a graduated scale for the purpose of funding the operations, loan charges and the repayment of loans of the Te Aute Drainage Scheme Area. Each hectare of land in each property is classified according to the susceptibility of that hectare to flooding as follows:

A (100 points), B (80 points), C (15 points), F (3 points), and G (0 points).

The total number of points is 73614. The total amount of funding required each year determines how much each of these points are worth. In this way, the total amount required is apportioned on a pro rata basis using the weightings on each hectare. The total amount of funding required for 2005/2006 is \$9714.00.

The Te Aute drainage scheme area is defined by reference to the classification list establishing the graduated scale.

5. WAIPUKURAU MAINSTREET RATE

Waipukurau Mainstreet Rate is to fund a specific project in a specific commercial area and pay for the area's share of the main street upgrade debt servicing costs. The rate is a uniform targeted rate of \$0.23172 cents in the dollar (including GST) of land value on all rateable Non- Residential land within Waipukurau.

Funding Impact Statement

community contribution remission policy

OBJECTIVE OF THE POLICY

To facilitate the ongoing provision of non-commercial community services and recreational opportunities for the District.

CONDITIONS AND CRITERIA

The Council may remit 50% of the general rates where the application meets the following criteria:

- 1) Where land is owned by the Council or owned and occupied by a society or association of persons, and the land is used exclusively or principally:
 - (a) as a showground or place of meeting which is incorporated under the Agricultural and Pastoral Societies Act 1908; or
 - (b) for games or sports, except galloping, harness or greyhound races; or
 - (c) for the purposes of any branch of art.
- 2) The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 3) The policy will not apply to organisations that engage in the above mentioned sporting or community services, as a secondary purpose only.
- 4) The policy shall apply to such organisations as approved by the Financial Services Manager (through the Staff Management Team) and the General Manager, as meeting the relevant criteria.
- 5) The extent of any remission to any qualifying organisation shall be as determined by the Financial Services Manager (through the Staff Management Team) and the General Manager.
- 6) No remission will be granted in respect of those rates referred to in Section 9 of the Local Government (Rating) Act 2002 (i.e. targeted rates for water supply, sewage disposal or waste collection).
- 7) Organisations making application should include the following documents in support of their application:
 - statement of objectives;
 - full financial accounts;
 - information on activities and programmes;
 - details of membership or clients.

The Community Contribution Remission Policy will be reviewed every 3 years.

Funding Impact Statement

club rebate remission policy

OBJECTIVE OF THE POLICY

To assist clubs that provide their own facilities and enable them to facilitate the ongoing provision of non-commercial community services and recreational opportunities to the District.

CONDITIONS AND CRITERIA

The Council may remit 50% of the general rates where the application meets the following criteria:

- 1) Where land is owned by the Council or owned and occupied by a society or association of persons, and the land is used exclusively or principally:
 - a) as a showground or place of meeting which is incorporated under the Agricultural and Pastoral Societies Act 1908; or
 - b) for games or sports, except galloping, harness or greyhound races; or
 - c) for the purposes of any branch of art.
- 2) The policy will not apply to organisations operated for private pecuniary profit, or which charge commercial tuition fees.
- 3) The policy will not apply where a club licence under the Sale of Liquor Act 1989 is in force.
- 4) The policy will not apply to organisations that engage in the above mentioned sporting or community services, as a secondary purpose only.
- 5) The policy shall apply to such organisations as approved by the Financial Services Manager (through the Staff Management Team) and the General Manager, as meeting the relevant criteria.
- 6) The extent of any remission to any qualifying organisation shall be as determined by the Financial Services Manager (through the Staff Management Team) and the General Manager.
- 7) No remission will be granted in respect of those rates referred to in Section 9 of the Local Government (Rating) Act 2002 (i.e. targeted rates for water supply, sewage disposal or waste collection).
- 8) Organisations making application should include the following documents in support of their application:
 - a) statement of objectives;
 - b) full financial accounts;
 - c) information on activities and programmes;
 - d) details of membership or clients.

The Community Contribution Remission Policy will be reviewed every 3 years.

Funding Impact Statement

remission of additional charges policy

OBJECTIVE OF THE POLICY

The objective of the additional charges remission policy is to enable the Council to act fairly and reasonably in its consideration of rates, which Council have not received by the penalty date, due to circumstances outside the ratepayer's control.

CONDITIONS AND CRITERIA

The Council grants to the Financial Services Manager or their nominee delegated authority in the following circumstances to approve on receipt of an application, the remission of such additional charges which have been incurred by any ratepayer as a consequence of their payment being received after the due date:

- 1) Where the rate payment history of the property over the last 3 years (or back to purchase date where the property has been owned by the offending ratepayer less than 3 years) shows no previous evidence of late payment and the instalment was received by Council no later than 3 working days after the day of adding the instalment additional charge;
- 2) Where the balance to clear the rest of the years rates (undiscounted and including any arrears) are paid before penalties are added for the next instalment;
- 3) Where payment has been late due to significant family disruption i.e. in the case of death, illness, or accident of a family member, as at the due date;
- 4) Where the ratepayer is able to provide evidence that their payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control;
- 5) Where a property changes hands (sale or lease) and the new owner/lessee is responsible for an instalment, when the original account was issued in the name of the previous owner/lessee;
- 6) Where a direct debit authority is commenced in time for the next instalment;
- 7) Where an error has been made on the part of Council staff, or arising through error in the general processing or levying, which has subsequently resulted in an additional charge being imposed.

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

Funding Impact Statement

uniform annual charges on contiguous properties remission policy

OBJECTIVE OF THE POLICY

To enable Council to act fairly and reasonably and provide for the possibility of rates remission where two or more Uniform Annual Charges (UAC) are levied on rating units which are occupied or used by the same ratepayer being a lessee/owner using the rating units jointly as a single property for the same farming or horticulture purposes.

CONDITIONS AND CRITERIA

Section 20 of the Local Government (Rating) Act 2002, stipulates that there shall be one property for the purposes of levying the UAC, where two or more separately rateable properties are:

- (a) occupied by the same ratepayer (owner or person with right to occupy by virtue of lease for more than 10 years); and
- (b) used jointly as a single property (for the same purpose); and
- (c) contiguous or separated only by road, railway, drain, water race, river or stream, they shall be deemed to be one property for the purposes of any Uniform Annual Charges.

Council will allow, without further enquiry (except for clarification) applications made by ratepayers in the form of a statutory declaration to the effect that two or more separately rated properties are occupied by the same ratepayer and are used jointly for the same purpose and the Uniform Annual Charges levied on the second and subsequent assessments will be cancelled.

The Council may remit the rates where the application meets the following criteria:

- 1) The rating units must be contiguous and occupied by the same ratepayer who is the lessee/owner of each unit and who uses them jointly as a single property contiguous or separated only by road, railway, drain, water race, river or stream and used for the same purpose;
- 2) Where farming or horticultural operations conducted on separate blocks of land are so far apart as to indicate that there is no possible continuity between them, full charges may be levied on each. Factors such as stock rotation, stock driving, property size, and the number of properties affected will be taken into account;
- 3) The Council may consider reducing or cancelling any targeted rates for sewerage or waste management on such rating units, where each of the rating units are not connected to the public sewerage drain;
- 4) The Council may, on written application from a ratepayer of such rating units, reduce or cancel any separate Uniform Annual Charge levied on the rating units if it considers it to be reasonable in the circumstances to do so;
- 5) The Council grants to the Financial Services Manager or their nominee delegated authority in the above circumstances to approve on receipt of an application, the cancellation of Uniform Annual Charge and any other relevant Separate Uniform Annual Charge levied on the second and subsequent assessments.

Funding Impact Statement

postponement - rates holiday policy

OBJECTIVE OF THE POLICY:

To assist ratepayers who undertake economic development that benefits the District as a whole.

CONDITIONS AND CRITERIA:

- 1) The ratepayer must be the current owner of the rating unit;
- 2) The Council must be satisfied that economic benefits will flow to the district from the development;
- 3) The ratepayer must make application to the Council;
- 4) Applications for the postponement of rates will be considered by the Council's Finance and Services Committee.

Funding Impact Statement

remission of school sewerage charges

OBJECTIVE OF THE POLICY

To ensure that schools are not disproportionately charged for sewerage services based on the number of connections. Charges will be based on the school's staff and student numbers.

CONDITIONS AND CRITERIA

The policy will apply to the following educational establishments:

- established as a special school under Section 98(1) of the Education Act 1964; or
- a state school under Section 2 (1) of the Education Act 1989; or
- An integrated school under Section 2 (1) of the Private Schools Conditional Integrated Act 1975; or
- A special institution under Section 92 (1) of the Education Act 1989; or
- An early childhood centre under Section 308 (1) of the Education Act 1989, but excluding any early childhood centre operated for profit.

The policy does not apply to school houses occupied by a caretaker, principal or staff.

1. An amount levied using the same mechanism as are applying to other separately rateable rating units within the District and reduced in accordance with the following formula:-
 - (a) divided by the number of toilets as determined in accordance with condition 3 below (the full charge); and reduced in accordance with the following graduated formula:
 - (i) the full charge for each of the first 4 toilets or part thereof;
 - (ii) 75% of the full charge for each of the next 6 toilets or part thereof;
 - (iii) 50% of the full charge for each toilet after the first 10.
 - (b) For the purpose of 1 (a) above the number of toilets for a rating unit used for the purposes of an educational establishment is 1 toilet for every 20 students and staff or part thereof, irrespective of the actual number of toilets contained in the qualifying part of the rating unit.
 - (c) The number of students in an educational establishment is the number of students on its roll on 1 March in the year immediately before the year to which the charge relates.
 - (d) The number of staff in an educational establishment is the number of teaching staff and administration staff employed by that educational establishment on 1 March immediately before the year to which the charge relate.

Funding Impact Statement

remission of school sewerage charges continued

2. Calculation of Councils standard sewerage charge (based on the number of water closets/urinals).
3. Calculation of the number of full time equivalent on-site students and staff divided by 20 and multiplied by the Uniform Annual Charge for Sewerage
4. The amount to be remitted is the difference between the amount calculated under 1 and the amount that would have applied, had the rating unit not been used by an educational institution.
5. That the Financial Services Manager be delegated authority to approve remission of the sewage charges in excess of the charges payable according to the policy.

Example

Green Intermediate School is situated in Maa District Council. Maa collects its rates by way of a pan charge of \$100 per pan. At 1 March 2002, Green Intermediate has 500 students, 30 staff and 28 toilet pans. How much will it pay in sewage disposal rates?

Answer: Green School would be levied \$1762.93.

The total charge in this case would be $\$100 \times 28 \text{ pans} = \2800 . *Local Government New Zealand* has a legal opinion which holds that the actual number of pans should be used for this part of the calculation.

The number of rateable pans is $530/20 = 26.5$ pans which gets rounded to 27 pans for the purposes of reducing the rates.

The council calculates that the full charge on each toilet would be $\$2800/27 = \103.70 per pan.

The total charge is then calculated with reference to the scale e.g.

4 pans at the full charge ($\$103.70 \times 4 = \414.80)

6 pans at 75 percent of the full charge ($\$77.78 \times 6 = \466.68)

17 pans at 50 percent of the full charge ($\$51.85 \times 17 = \881.45).

Total = $(414.8 + 466.68 + 881.45) = \1762.93

Funding Impact Statement

remission and postponement of rates on Māori freehold land

Council is treating all ratepayers the same, as such, there is no specific policy on Maori Freehold Land. Between now and 2006 Council will undertake a review of this policy in line with the Local Government Act and the LTCCP to be adopted at that time.

Funding Impact Statement

Remission of rates for QEII Trust and Land for Natural, Historic or Cultural Conservation

OBJECTIVE OF THE POLICY

To recognise and support the environmental value of such protected areas and to acknowledge the non-commercial use of such protected land. To preserve and promote natural resources and heritage by encouraging the protection of land for natural, historic or cultural conservation.

CONDITIONS AND CRITERIA

- 1) The extent of the rates remission if approved is to be 100%;
- 2) Applications are to be received in writing requesting rates relief be given to areas protected by the registration of a QEII Open Space Covenant;
- 3) Pest eradication shall be primarily the responsibility of the owner;
- 4) No portion of the covenanted area is to be developed or utilised in any way for commercial activity. This includes generating income for maintenance of the covenanted area;
- 5) Authority to consider applications is delegated to the Financial Services Manager with right of appeal to the Chief Executive and Council.

Funding Impact Statement

Remission of Rates for Natural Calamities

OBJECTIVE OF POLICY

To assist ratepayers experiencing financial hardship as a result of a natural event detrimentally affecting the use of the land or the income derived from the land, and which directly affects their ability to pay rates.

CONDITIONS AND CRITERIA

Council may postpone wholly or in part, any rate or charge in respect of the property, where it considers it to be fair and reasonable to do so. This will be in circumstances where Central Government have recognized the seriousness of the event and provided financial assistance to enable the remission to occur.

The term and nature of the postponement, the proof of financial hardship and any other criteria considered necessary will be determined by Council in each case.

Decisions on the extent of remissions shall be as determined by the Financial Services Manager through the General Manager, as meeting the relevant criteria.

Funding Impact Statement

Remission of Rates – Sundry Remissions

OBJECTIVE OF THE POLICY

To remit rates and charges that are the result of fundamental errors; or where the balance owing is considered uneconomic to recover; or where the amount levied is unable to be covered pursuant to sections 67 / 76 of the Local Government (Rating) Act 2002; or where Council or its delegated officer(s) consider the levy impractical to recover.

To facilitate the use of Maori Freehold Land (and therefore the collection of rates), by removing the burden on the potential lessee of existing arrears.

CONDITIONS AND CRITERIA

The Council or its delegated officer(s) shall determine the extent of any remission based on the merits of each situation. Decisions on the extent of remissions shall be as determined by the Financial Services Manager through the General Manager, as meeting the relevant criteria.

Glossary

ACTIVITY

We now provide information about the Council based on each activity and group of activities. Council is required to identify each separate Activity it undertakes under the Local Government Act 2002.

ANNUAL PLAN

The Annual Plan is produced in each of the years between the LTCCP and sets out what Council plans to do in the upcoming year (from 1 July to 30 June) and what this will cost. It is the Council's budget and is done once a year. The Annual Plan process provides an opportunity for you to comment on Council's proposed Plan.

ANNUAL REPORT

The Annual Report is produced every year and records whether or not Council did what it said it would do in the Annual Plan, and explanations of why and why not.

ASSET MANAGEMENT PLANS

Plans that identify Council's assets and their current status, note the maintenance and cost required to look after them and if appropriate what is required to meet new growth/demand/standards.

C.B.D.

Central Business District.

CAPITAL PROJECTS FUND

Council currently has money in an account for the specific purpose of providing substantial funding assistance for the purchase or construction of new recreational, cultural or infrastructural assets anywhere in the District.

CAPITAL VALUE RATES

Calculated on the value of the ratepayers land and improvements (buildings, sheds etc).

COST OF SERVICE STATEMENT

Calculates the cost to the Council for providing services.

COUNCIL ASSETS

Council owned property and possessions that have value.

COUNCIL ORGANISATION

Any organisation, commercial or otherwise, in which Council has an appointed representative.

COUNCIL CONTROLLED ORGANISATION

An organisation in which Council has a controlling interest.

CULTURAL FACILITIES

These are the libraries, playing fields, parks, reserves, cemeteries, public conveniences, swimming baths, Waipawa Town Hall, Civic Theatre and the Settlers' Museum.

CURRENT ASSETS

Assets which can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.

DECLINE IN SERVICE POTENTIAL (DISP)

A requirement by law to put aside money for the maintenance of infrastructural assets (like water supply pipes) so that they will always be kept in good condition. The amount required is calculated from the Asset Management Plans.

DEPRECIATION

The wearing out, being used up or other loss of an asset. Also refers to the money collected to fund this loss.

DRAFT PLANS

Plans that are prepared by Council and then circulated for comment and subject to change before being adopted. For example the Draft Annual Plan and Draft Long Term Financial Strategy.

EXPENDITURE/EXPENSES

Money that either has or is budgeted to be spent.

FUNDING POLICY

Sets out who should pay for Council Activities and how they should pay.

GROUP OF ACTIVITIES

Each set of our 21 separate activities is placed together in groups.

INCOME/REVENUE

Money received.

INFRASTRUCTURAL ASSETS

Assets that provide a service to the community, but are generally not able to be traded, for example roads, water pipes and sewerage systems.

INTERGENERATIONAL EQUITY

This concept is concerned with spreading the costs and benefits of assets over time. Therefore assets that are used by future generations are also partly paid for by future generations.

LAND VALUE RATES

Calculated on the value of the ratepayers land.

LOCAL AUTHORITY TRADING ENTERPRISE (LATE)

An enterprise that is set up to operate a business for the Council.

LONG TERM COUNCIL COMMUNITY PLAN (LTCCP)

An LTCCP is a planning tool that sets out the Council's priorities for the medium to longer term, and states how the local authority intends to contribute to community wellbeing over the life of the plan. It provides a basis for accountability of the Council to the community, and outcomes are examined along with the Annual Plan in the Annual Report.

POLICY

A course of action or set of parameters adopted by the Council or by management within which decisions can be made and action can be taken.

RESERVES

Usually refers to Council's range of reserve accounts for specific purposes. The accounts are maintained at a certain level for future spending. The accounts are not funded annually, but have accumulated from money collected from past generations. Examples of these accounts are the Rural Fire Reserve Account and the Catastrophic Events Account. Not to be confused with areas of land administered by Council under the Reserves Act 1977.

RESERVE MANAGEMENT PLANS

Reserve Management Plans are required by law for all of the Council's parks and reserves in the District. The Plans which are developed in consultation with the community set out how the reserve should be utilised.

STATEMENT OF FINANCIAL PERFORMANCE

Shows Council's ability to pay its bills from the money that it receives See page 58.

STATEMENT OF MOVEMENT IN EQUITY

Shows how Council's resources are increasing in value over time. See page 59.

STATEMENT OF FINANCIAL POSITION

Shows what money Council has and what it is owed and what money Council owes. See page 60.

STATEMENT OF CASHFLOWS

The turnover of cash experienced by Council each year.

SUBMISSION

A comment, received in writing or verbally about one of Council's Plans. There is a set timeframe for submissions to be received and then considered by Council.

TREASURY POLICY

This policy states when, how and why Council will borrow money.

USER CHARGES

Money that is derived from a direct charge or fee from the person that is using the service/facility. For example, if you need a building consent you pay the amount of money that it costs to provide the consent.

UNIFORM ANNUAL CHARGES

A charge of the same amount to each ratepayer regardless of the value of the property.