Changes to Rates

During the 2008/2009 financial year, Council expects to spend over $24 million on operating costs and capital expenditure - as shown below. The total rating requirement will be $13.91 million. This is an increase of $1,132,000 which represents a 8.8% increase in rates on the current 2007/2008 year.

		Annual Plan 07/08 $' 000	Annual Plan 08/09 $' 000	LTCCP 08/09 $' 000	LTCCP 09/10 $' 000	LTCCP 10/11 $' 000	LTCCP 11/12 $' 000	LTCCP 12/13 $' 000	LTCCP 13/14 $' 000	LTCCP 14/15 $' 000	LTCCP 15/16 $' 000
Income											
General Rates		8,248	8,709	8,031	8,968	10,091	10,505	10,225	11,288	12,805	13,745
Targeted Rates		4,528	5,199	5,886	6,202	6,446	7,521	8,704	8,587	8,067	8,171
Fees and Charges		1,827	1,915	1,767	1,851	1,932	2,012	2,094	2,169	2,247	2,322
Grants Recd		5,446	6,203	5,518	5,707	5,931	6,107	6,289	6,423	6,589	6,706
Developer Contributions		109	145	191	202	216	235	259	291	336	403
Total Income		**20,158**	**22,171**	**21,393**	**22,930**	**24,616**	**26,380**	**27,571**	**28,758**	**30,044**	**31,347**
Operating Expenditure											
Operating Expenditure		19,372	20,537	20,077	20,811	21,458	21,993	22,838	23,322	23,782	24,323
Interest		658	575	740	764	809	852	1,503	1,539	1,454	1,350
Total Expenditure		**20,030**	**21,112**	**20,817**	**21,575**	**22,267**	**22,845**	**24,341**	**24,861**	**25,236**	**25,673**
Operating Surplus / deficit		**128**	**1,059**	**576**	**1,355**	**2,349**	**3,535**	**3,230**	**3,897**	**4,808**	**5,674**
Capital Expenditure											
Renewals		7,456	8,445	7,374	7,280	7,485	8,897	8,691	8,154	8,034	8,601
New Work		3,257	3,192	2,550	1,751	2,039	2,101	13,522	2,578	772	514
Loan Repayments											
Total Capital Expenditure		**10,713**	**11,637**	**9,924**	**9,031**	**9,524**	**10,998**	**22,213**	**10,732**	**8,806**	**9,115**
Funded By											
Loans		2,937	2,460	2,125	1,102	1,545	1,627	9,854	2,005	405	144
Reserves	Developer Contributions	117	198	191	159	258	236	227	323	110	110
	Depreciation	7,111	7,973	7,226	7,202	7,422	8,121	8,138	8,028	7,913	8,491
Grants		139	462	145	415	153	156	3,427	163	166	169
Cash from operating		404	541	237	153	145	860	566	212	211	200
Ex Reserves		5									
Total Funding		**10,713**	**11,634**	**9,924**	**9,031**	**9,523**	**11,000**	**22,212**	**10,731**	**8,805**	**9,114**

This increase is slightly less than forecast in the 2006/2016 LTCCP (8.8% vs forecast 9%)

Overall – revenue is anticipated to be 3% higher with expenditure 1% higher than that forecast in the 2006/2016 LTCCP.

Details of these changes are included in the Activity Summaries in this Annual Plan.

Council is running a deficit budget in 2008/2009 of $771,000, funded by deferring the setting aside of cash in reserves for the future settlement of debt. Once more this is consistent with the 2006/2016 LTCCP where future surplus's would allow for funds to be put aside to repay debt and also reduce overall debt levels. This is predicted to be the last deficit budget forecast in Council's current 2006/2016 LTCCP – however the position will be reviewed as part of the update to the 2009/2019 LTCCP.

The above information has been prepared to determine the rates requirement, an explanation is needed to reconcile this to the information included in the Financial Statements, which have been prepared under Generally Accepted Accounting practice -

The operating "surplus" of $1,059,000 above is made up of –

Net Surplus/(Deficit)	$1,059,000
Developer contributions – for infrastructure upgrade	$145,000
Funding for Debt Repayment (not set aside)	$681,000
Additional Rate funding for Capital renewals	$1,004,000
Deficit	$771,000

Changes to Rates

Changes to Rates by Activity Group

Whilst the Act requires an explanation for changes between the Annual Plan and the Community Plan, the table below shows the variances in both dollars and percentages within each activity group year on year.

Council's deficit has decreased from $1,040,000 to $771,000. The Rate requirement included in the 2008/09 column includes the additional $269,000 ($1,040,000 - $771,000) rates required to cover the reduced deficit.

Activity Group	Activity	2007/08	2008/09	$ Variance	% Change
Leadership and Governance	1 - 2	$ 616,000	$ 622,000	$ 6,000	1%
Planning and Regulatory	3 - 9	$ 514,000	$ 507,000	-$ 7,000	-1%
Land Transport	10	$ 4,931,000	$ 5,459,000	$ 528,000	11%
Solid Waste	11	$ 1,395,000	$ 1,699,000	$ 304,000	22%
Water Services	12 - 14	$ 3,051,000	$ 3,393,000	$ 342,000	11%
Recreation and Community Facilities	15 - 21	$ 2,269,000	$ 2,228,000	-$ 41,000	-2%
Totals		**$ 12,776,000**	**$ 13,908,000**	**$ 1,132,000**	8.8%

The actual change in rate requirement for Roading is 8% - the difference shown arises from the change in deficit between the financial years.

Explanations for rate requirement changes and capital projects – are included in the individual Activity Summaries contained herein.