



Section Four

Our Finances

Rates

- Funding Impact Statement
- Rates Examples

Our finances



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The nature of Prospective Financial Information Cautionary Note

The prospective financial information contained below is a forecast, and has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take as at the date the forecast was prepared.

The forecast relates to events and actions which have not yet occurred and may not occur. As has been noted the costs stated are indicative only and the actual contract costs for the period covered is likely to vary from the financial information presented and the variations may be material.

Prospective Statement of Comprehensive Income for the year ended 30 June 2011

Council 2009/10 LTCCP \$000s		Note	Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
INCOME				
42,725	Rates	3	45,446	45,400
17,644	Grants and Subsidies	4	22,262	20,477
13,901	Operating Activities Revenue	5	14,361	14,014
40	Other Gains/(Losses)	6	40	40
74,310	Total Operating Income		82,109	79,931
OPERATING EXPENDITURE				
12,902	Employee Benefit Expenses	7	13,282	13,395
16,240	Depreciation and Amortisation	8	16,850	16,955
36,563	Expenditure on Operating Activities	9	38,269	37,551
2,454	Finance costs	10	3,261	3,351
68,159	Total Operating Expenditure		71,662	71,252
6,151	Net surplus/(deficit) before Taxation		10,447	8,679
OTHER COMPREHENSIVE INCOME				
31,413	Gains/(Loss) on Property Revaluation		28,052	0
31,413	Total Other Comprehensive Income		28,052	0
\$37,564	Total Comprehensive Income		\$38,499	\$8,679

Balanced Budget Statement of Financial Performance for the year ended 30 June 2011

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
74,310	Operating Income	82,109	79,931
68,159	Operating Expenditure	71,662	71,252
6,151	Accounting Surplus(deficit)	10,447	8,679
Less			
1,294	Capital Rates Income	1,034	1,034
9,307	Capital Grants and Subsidies	13,684	12,521
1,036	Other Capital Grants, Donations and Contributions	1,170	1,575
1,335	Operations funded from Reserve funds	1,113	971
Plus			
6,310	Depreciation not Funded	6,570	6,552
511	(Decrease)/Increase in Council deficit	(16)	870
0	Balanced Budget-Operating Income agrees to Operating Expenditure	0	0

Explanation of Council's Balanced Budget Requirement

Council is required under the provisions of the LGA 2002 (s.101) to manage its revenues, expenses, assets, liabilities, investments and general dealings prudently and in a manner that promotes the current and future interests of its community. The LGA 2002 (s.100) requires that local authorities "balance the books". This means Council must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses (break even).

Prospective Statement of Financial Position as at 30 June 2011

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
CURRENT ASSETS			
364	Cash and Cash Equivalents	364	257
7,696	Trade and Other Receivables	7,797	10,010
211	Inventories	211	160
1,616	Investments	1,616	1,253
1,600	Non-current Assets Held for Sale	1,600	908
11,487	Total Current Assets	11,588	12,588
CURRENT LIABILITIES			
11,597	Trade and Other Payables	11,758	10,767
1,467	Employee Benefit Liabilities	1,467	2,005
13,064	Total Current Liabilities	13,225	12,772
(1,577)	Net Working Capital	(1,637)	(184)
NON-CURRENT ASSETS			
1,146	Trade and Other Receivables	1,146	666
1,734,995	Property Plant and Equipment	1,788,782	1,799,165
703	Intangible Assets	703	1,336
869	Biological Assets	869	1,153
20,299	Investments	20,299	20,310
1,758,012	Total Non-Current Assets	1,811,799	1,822,630
NON-CURRENT LIABILITIES			
37,453	Borrowings	52,727	48,684
1,629	Employee Benefit Liabilities	1,680	605
1,603	Provision for Other Liabilities	1,505	1,135
40,685	Total Non-Current Liabilities	55,912	50,424
\$1,715,750	Net Funds Employed (Equity)	\$1,754,250	\$1,772,022

Equity consists of:

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
EQUITY			
350,825	Accumulated Surplus	366,008	372,941
26,859	Special Funds	22,124	37,292
1,337,920	Revaluation Reserves	1,365,972	1,361,647
146	Other Reserves	146	142
\$1,715,750	Total Equity	\$1,754,250	\$1,772,022

Prospective Statement of Changes in Equity for the year ended 30 June 2011

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
EQUITY OPENING BALANCES			
340,478	Accumulated Surplus	350,825	359,892
31,055	Special Funds	26,859	41,662
1,306,507	Revaluation Reserves	1,337,920	1,361,647
146	Reserve Funds	146	142
1,678,186	Total Equity Opening Balance	1,715,750	1,763,343
CHANGES IN EQUITY			
Accumulated Surplus (Retained Earnings)			
4,196	Transfer to/(from) Special Funds	4,735	4,370
6,151	Surplus/(Deficit) after tax for the year	10,447	8,679
Special Funds			
(4,196)	Transfer to Retained Earnings	(4,735)	(4,370)
Revaluation Reserves			
31,413	Revaluations	28,052	0
37,564	Total Changes in Equity	38,499	8,679
EQUITY CLOSING BALANCES			
350,825	Accumulated Surplus	366,008	372,941
26,859	Special Funds	22,124	37,292
1,337,920	Revaluation Reserves	1,365,972	1,361,647
146	Restricted Reserves	146	142
\$1,715,750	Total Equity Closing Balance	\$1,754,250	\$1,772,022

Prospective Statement of Cash Flow for the year ended 30 June 2011

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
Cash Flow from Operating Activities			
42,621	Receipts from Rates	45,344	45,298
12,732	Receipts from Activities	13,396	13,432
17,649	Receipts from Government Grants and Subsidies	22,262	20,477
165	Interest received	165	82
1,000	Dividends received	800	500
(48,294)	Payments to Suppliers and Employees	(50,285)	(49,871)
(3,430)	Interest paid	(4,372)	(4,363)
22,443	Net Cash Flows Operating Activities	27,310	25,557
Cash Flow from Investing Activities			
(37,896)	Purchase of Property Plant and Equipment	(42,584)	(41,036)
(37,896)	Net Cash from Investing Activities	(42,584)	(41,036)
Cash Flow from Financing Activities			
15,453	Increase in Borrowings	15,274	15,479
15,453	Net Cash flow from Financing Activities	15,274	15,479
0	Net Increase(decrease) in Cash	0	0
364	Cash at beginning of the year	364	257
\$364	Cash and Cash Equivalents at Year End	\$364	\$257

Explanation of Terms used in the Statement of Cash Flow

Cash and Cash Equivalents is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Investing activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

Financing activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash.

Operating activities include all transactions and other events that are not investing or financing activities.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. The GST rate assumed in these estimates is 12.5%.

Statement of Involvement in CCOs and Other Companies

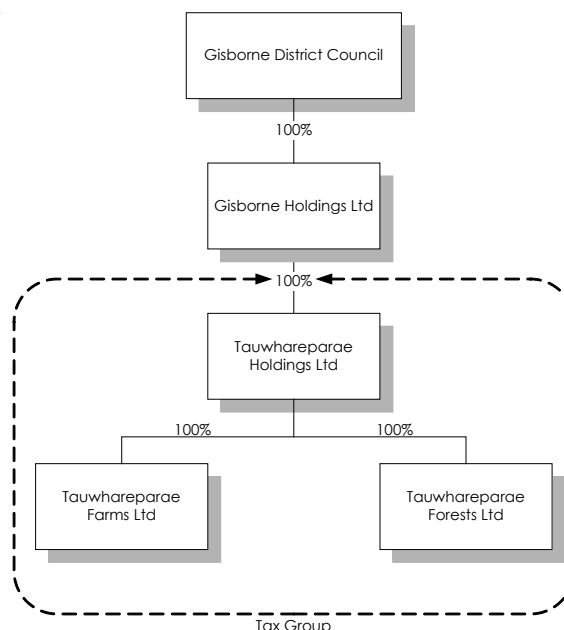
The Council has control over the following entities:

The Gisborne Disaster Relief Trust

The Trust has been established to provide a vehicle for the collection and distribution of funds in support of local disaster relief efforts. The Trust is exempt from CCO status under the provisions of the Local Government Act.

Gisborne Holdings Ltd

This CCO comprises Gisborne Holdings Ltd and its subsidiaries, Tauwhareparae Holdings Ltd, Tauwhareparae Farms Ltd, Tauwhareparae Forests Ltd.



The only trading entity in the group is Tauwhareparae Farms Ltd. Tauwhareparae Farms Ltd is a Port Company under the Port Companies Act 1988 being the original owner of the Port of Gisborne. The Port assets were sold to Eastland Port Investments Ltd in 2003. The Port now trades as Eastland Port Ltd.

Notes to the Prospective Financial Statements

Note 1 : Statement of Accounting Policies

Reporting Entity

Gisborne District Council ("Council") is a Unitary Authority governed by the Local Government Act 2002.

The Gisborne District Council Group consists of Gisborne District Council and its subsidiaries, Gisborne Holdings Ltd (100% owned), Tauwhareparae Holdings Ltd (100% owned), Tauwhareparae Farms Ltd (100% owned) and Tauwhareparae Forests Ltd (100% owned). All Council subsidiaries are incorporated in New Zealand.

The Council has not presented group prospective financial statements because the Council believes that the parent prospective statements are more relevant to users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of services. The level of rates funding required is not affected by subsidiaries, except to the extent that the 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 or services for the community, or social, benefit rather than making a financial return. Accordingly, Council has designated itself and the Group as Public Benefit Entities ("PBE") for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

Basis of Preparation

The Council's prospective financial statements 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 (NZ GAAP). They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes compliance with Financial Reporting Standard No. 42 (FRS42) 'Prospective Financial Statements'.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets, forestry assets, livestock assets and certain financial instruments to reflect fair value.

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.

NZIFRS 8 - Operating Segments: Council has elected under the Public Benefit Entity exemption not to apply this standard.

The Nature of the Prospective Financial Information - Cautionary Note

The prospective financial information contained in the Annual Plan is a forecast. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to take at the date the forecast was prepared. The forecast relates to events and actions which have not yet occurred and may not occur. The actual results achieved for the period covered are likely to vary from the financial information presented and the variations may be material. The uncertainty increases as the number of years of prospective financial information increases. Uncontrollable external events will significantly affect the forecast.

A number of assumptions need to be made about the economic and financial conditions which will apply over the life-time of the model. The major assumptions underpinning the Plan are set out in the Significant Assumptions section.

The financial information contained within the Annual Plan may not be appropriate for purposes other than those described.

Specific Accounting Policies

The following specific Accounting Policies which materially affect the measurement of financial performance and the financial position have been applied.

Revenue Recognition

Revenue is measured at the fair value of consideration received. The following specific recognition criteria must be met before revenue is recognised:

Rates Revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Government Grants and Subsidies

Council receives government grants from New Zealand Transport Agency, which subsidises part of Council's costs in maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other Revenue

Revenue from the rendering of services is recognised, based on the actual service provided on an accrual basis.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by electronic payment. The recorded revenue is the gross amount of the sale, excluding GST.

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Borrowing Costs

Borrowing costs (except borrowing costs incurred as a result of capital work) are recognised as an expense in the period in which they are incurred.

When the construction of assets are loan funded, all borrowing costs incurred as a result of the capital work are capitalised as part of the total cost of the asset up until the point where the asset enters service.

Grant Expenditure

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 grant 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 a successful applicant has been notified of Council's decision.

Income Tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

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 amount of assets and liabilities in the financial statements and the corresponding tax basis 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 profits 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 and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the Statement of Financial Performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance Leases

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

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the balance sheet at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.

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.

Trade and Other Receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for uncollectible amounts.

A provision for impairment of receivables [doubtful debts] is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Non-current receivables are recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the first-in first-out (FIFO) principle and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

Financial Assets

The Council classifies its financial assets in the following two categories:

- ▶ Available-for-sale financial assets.
- ▶ Loans and receivables.

The classification depends on the purpose for which the assets are held. Management determines the classification of its investments at initial recognition and re-evaluates the designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the income statement.

Purchases and sales of investments are recognised on trade-date, the date on which the Council commits to purchase or sell the asset.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid price.

The fair value of financial instruments not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

Derecognition of Financial Assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The Council presently has the following categories of financial assets:

a. Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Council's general and community loans are designated as loans and receivables. They are recognised initially at fair value, and subsequently carried at amortised cost less impairment losses.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the income statement as a grant. Loans to other parties at market rates are measured at amortised cost using the effective interest method. Non-current loans are discounted at the current market rate of return for a similar asset.

b. Available-for-Sale Financial Assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The Council's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Financial Performance. In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Statement of Financial Performance even though the asset has not been derecognised.

Impairment of Financial Assets

At each balance sheet date the Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Statement of Financial Performance.

Accounting for Derivative Financial Instruments and Hedging Activities

The Council uses derivative financial instruments such as interest rate swaps ("hedges") and forward rate agreements to manage its cash flow and interest rate risk. In accordance with its treasury policy, the 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 at their fair value at each balance date.

The Council does not satisfy all the conditions for hedge accounting and therefore all gains or losses in fair value of instruments used to manage cashflow and interest rate risk are recognised through the Statement of Financial Performance.

Financial Liabilities - Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

Non-Current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the Statement of Financial Performance.

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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Property, Plant and Equipment

Property, Plant and Equipment consists of:

Operational Assets

These include land, buildings, improvements, library books, wharves, floating plant, plant, equipment, and motor vehicles.

Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by Council and comprise the sewer, water, stormwater, roading, flood control, and the waste disposal infrastructures. Each asset type includes all items that are required for the network to function, for example, sewer reticulation piping and sewer pump stations.

Property, Plant and Equipment Valuation

The Council has elected to use the Public Benefit Entities exemption to revalue property, plant and equipment on an asset class basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested assets are recognised as revenue when control over the asset is obtained. Vested assets are valued at fair value when received.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Financial Performance. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent Costs

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

Operational Assets Valuations

All Operational Assets are carried at cost less accumulated depreciation and impairment losses except for:

Operational Land

Operational land is valued at fair value and is not depreciated.

Operational Buildings

Operational Buildings are revalued to optimised depreciated replacement cost and depreciated between valuations. These assets are independently revalued every 3 years, or more frequently when there are indicators that the values may have changed substantially from carrying value.

Library Books - General Collections

All new and replacement books are capitalised in the year they are purchased and subsequently depreciated based on useful lives. The valuations are performed by the Head librarian and are not subject to independent review because there are readily available market prices to determine fair value.

Library Books – Permanent Collection

The permanent collection is carried at deemed cost.

Infrastructure Assets Valuations

Infrastructural Assets

Infrastructural Assets are initially recorded at depreciated replacement cost. Infrastructure assets other than roading are independently valued every 3 years at depreciated replacement costs, unless conditions indicate that carrying value is materially different to fair value, in which case assets are revalued more frequently.

Roading Assets

Roading assets are independently revalued annually.

Airport Assets

Airport assets include land, buildings, runway aprons, roading and below ground infrastructure.

Airport assets are independently valued every 3 years or more frequently when there are indicators that the fair values may have changed substantially from carrying value.

Assets Under Construction

Assets under construction are valued at cost.

Biological Assets

Livestock

Livestock is valued at fair value less point of sale costs. Changes in the value of existing productive livestock and the numbers and/or composition of the livestock are treated as revenue items.

Forestry Assets

Forestry Assets consist of the Council's forestry holdings. Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry Assets are revalued annually. Valuation movements pass through the Statement of Financial Performance. The costs to maintain the forestry assets are included in the Statement of Financial Performance.

Council has transferred forestry rights in respect of a total of 1,608 hectares of land to Juken New Zealand Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed the land and is entitled to 16.75% of stumpage. All costs of development are borne by Juken New Zealand Limited. The value of the land (excluding the trees) and Council's right to a share of the stumpage is reflected in the Statement of Financial Position.

Intangible Assets

Software Acquisition and Development

Acquired computer software licenses are capitalised on the basis of 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 associated with the development of software for internal use or with the acquisition of software licences by the Council, are recognised as an intangible asset.

Amortisation

The carrying value of an intangible 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 derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance.

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

- ▶ Computer software 6 years

Impairment of Non Financial Assets

Assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

If the recoverable amount of a non-financial asset is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at cost is recognised as an expense in the Statement of Financial Performance. When a revalued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve, and any balance recognised in the Statement of Financial Performance.

The carrying amount of a non-financial asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Depreciation

Depreciation is provided on a straight-line basis on all fixed assets other than land and land under roads. The depreciation rates used 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:

Infrastructural Assets

Roads

Pavement Surface (seal)	1 – 20 years
Pavement Surface (unsealed)	
Wearing Course	5 years
Pavement Layers (basecourse)	75 – 100 years
Formation	(not depreciated)
Culverts	25 – 50 years

Footpaths	20 – 75 years
Surface Water Channels	50 years
Signs	12 years
Street Lights	15 – 25 years
Bridges	25 – 80 years
Retaining Structures	80 years
Traffic Signals	15 years
Parking Meters	25 years
Railings	10 - 15 years
Safety Projects	10 – 13 years
Water Reticulation	
Pipes	30 – 165 years
Valves, Hydrants	25 years
Pump Stations	15 – 100 years
Dams	400 years
Structures	16 – 200 years
Sewerage Reticulation	
Pipes	60 – 100 years
Manholes	100 years
Treatment Plant	15 – 50 years
Laterals	100 years
Stormwater Systems	
Pipes	62 – 100 years
In-drain structures	25 – 100 years
Flood Control Systems	
	25 – 100 years
Solid Waste	
	4 – 25 years
Operational Assets	
Land	(not depreciated)
Buildings/Land Improvements	3 – 100 years
Plant/Machinery/Motor Vehicles	2 – 20 years
Office Equipment/Furniture	3 – 50 years
Other Equipment	5 – 25 years
Library Books	1 - 50 years
Wharves	50 years
Floating Plant	25 years
Leased Assets	3 – 8 years

Capital work in progress is not depreciated. The total cost of a project is transferred to freehold buildings, plant and equipment or infrastructural assets on its completion and then depreciated.

Employee Entitlements

The provision for annual leave employee entitlement and other employee benefits expected to be settled within 12 months of balance date has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on future rates of pay, discounted using an appropriate discount rate.

Provision for accumulated sick leave is made only to the extent that it is expected to be used in future periods. The expected usage is assessed using historical average rates of use.

Long Service Leave and Retirement Leave

For retiring leave and long-service leave not expected to be taken within 12 months of balance date, the liability is equal to the present value of the estimated future cash outflows, calculated on an actuarial basis, as a result of employee services provided at balance date.

Superannuation Schemes

Defined Benefit Scheme

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

Provisions are recognised for future expenditure of uncertain amount or timing when the Council has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Council expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Statement of Financial Performance net of any reimbursement.

Equity

Public Equity

This represents the ratepayer's net ownership of Council. It is made up of the following components:

- ▶ Accumulated Funds
- ▶ Reserve Funds
- ▶ Asset Revaluation Reserves
- ▶ Special Reserves
- ▶ Restricted Reserves

Reserves

Reserves are a component of public equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Special Funds

Special funds are recorded at cost plus accumulated interest. These funds are restricted in nature and can only be used for the special purpose for which they were set up.

Restricted Reserves

Restricted reserves are recorded at cost plus accumulated interest. These funds are subject to specific conditions accepted as binding by Council which may not be revised by Council without reference to a third party or the Courts.

Critical Accounting Estimates and Assumptions

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

All accounting policies have been applied on a consistent basis throughout the years presented.

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

Landfill Post Closure Costs

Paokahu

As former operator of the Paokahu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Balance Sheet. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Paokahu site is 35 years, from 31 December 2002.

The calculations assume no change in the legislative requirements or technological changes for closure and post closure treatment. The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Waiapu

As operator of the Waiapu landfill site, Council has an obligation to ensure the ongoing maintenance and monitoring services at this landfill site after closure.

A landfill aftercare provision has been recognised as a liability in the Balance Sheet. Provision is made for the present value of post closure costs expected to be incurred in restoring the area to its former status. The calculated cost is based on estimates of future site maintenance, supervision and monitoring costs. The estimated length of time needed for post closure care for the Waiapu site is 35 years, from 30 June 2024.

Infrastructural Assets

There are a number of assumptions and estimates used when performing the depreciated replacement cost valuations in respect of infrastructural assets. These include:

- ▶ The physical deterioration and condition of asset, for example, Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible, for example stormwater, wastewater and water supply pipes that are underground.

This risk is minimised by Council performing a combination of physical inspections and condition-modeling assessments of underground assets.

- ▶ Estimating any obsolescence or surplus capacity of an asset.
- ▶ Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk, Council's infrastructural asset's useful lives have been determined with reference to the NZ Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Council, and have been adjusted for local conditions based on past experience.
- ▶ Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's asset management planning activities, which provides Council with further assurance over its useful life estimates.

Experienced independent valuers perform Council's infrastructural asset revaluations.

GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated with GST included. Where included GST has been calculated at 12.5%.

Cost Allocation

Expenditure has been reported by the nature of the expense.

Note 2 : Prospective Summary of Cost of Services for the year ended 30 June 2011

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
	Activity Revenue		
712	Animal Control	739	736
552	Aquatic and Recreation Facility	550	532
84	Arts and Culture	86	90
1,030	Building Services	1,064	998
88	Civil Defence, Emergency Management and Rural Fires	91	91
766	Community Housing	856	722
378	Community Planning and Development	433	433
221	Conservation	279	295
2,805	Enterprise Operations	2,786	2,625
367	Environmental Health	379	384
107	Environmental Planning	121	165
156	Flood Control	160	177
11	Governance	11	46
9,099	Land Transport and Parking	9,340	8,708
122	Libraries	126	100
261	Reserves and Open Spaces	269	328
436	Solid Waste Management	451	284
0	Stormwater	0	0
2,260	Support Services	2,095	1,792
274	Wastewater	412	282
1,515	Water Supply	1,560	1,646
\$21,244	Total Revenue	\$21,809	\$20,434
	Less Expenditure		
781	Animal Control	812	764
1,259	Aquatic and Recreation Facility	1,313	1,408
366	Arts and Culture	398	413
1,431	Building Services	1,492	1,568
713	Civil Defence, Emergency Management and Rural Fires	752	789
854	Community Housing	896	825
2,407	Community Planning and Development	2,520	2,634
2,823	Conservation	2,955	3,042
2,320	Enterprise Operations	2,300	2,439
1,615	Environmental Health	1,684	1,634
1,760	Environmental Planning	1,843	2,012
1,988	Flood Control	2,064	2,198
2,877	Governance	2,992	3,187
23,080	Land Transport and Parking	23,998	22,608
1,413	Libraries	1,494	1,574
3,930	Reserves and Open Spaces	4,139	4,075
4,612	Solid Waste Management	4,735	5,406
2,825	Stormwater	2,919	2,723
1,677	Support Services	1,349	1,015
4,628	Wastewater	5,736	6,000
4,800	Water Supply	5,272	4,938
68,159	Total Expenditure	71,663	71,252
\$46,915	Net Cost of Service	\$49,854	\$50,818

Each significant activity is stated gross of internal costs and revenues, and excludes general and targeted rates attributable to that activity (refer note 3).

Note 3 : Rates Revenue

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
47,725	Gross Rates Revenue	45,446	45,400
	Gross Rates revenue consists of :		
3,427	General Rates	3,551	4,326
10,950	Uniform Annual General Charge	11,434	11,774
28,348	Targeted Rates	30,461	29,300
42,725	Gross Rates Revenue	45,446	45,400
	Less		
518	Remissions ¹	535	361
42,207	Net Rates Revenue	44,911	45,039

¹ Council grants rates remissions to certain ratepayers. Council has a number of rates remission policies which include: remission of rates for permanent crops, whenua rahui and community, sporting and other organisations.

Note 4 : Grants and Subsidies

Council 2009/10 LTCCP \$000		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
	Revenue from Grants and Subsidies		
499	Central Government Grants	810	731
17,058	NZ Transport Agency Roading Subsidies	18,780	17,074
87	Other Grants and Subsidies	2,672	2,672
17,644	Total Revenue from Grants and Subsidies	22,262	20,477

Revenue from grants and subsidies includes \$12.5M relating to grants received where the associated expenditure has been capitalised. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the assets.

Note 5 : Operating Activities Revenue

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
	Revenue from Operating Activities		
0	Lease Income	0	405
1,036	Development Contributions	1,036	1,036
5	Donations - Capital	0	0
0	Capital Contributions	134	134
455	Rates Penalties	470	600
10,929	Activity Revenue	11,435	10,936
165	Interest	165	82
1,000	Dividends	800	500
311	Petroleum tax	321	321
13,901	Total Revenue from Operating Activities	14,361	14,014

Note 6 : Revenue from Other Gains/(Losses)

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
	Revenue from Other Gains (losses)		
40	Gain / (Loss) on Disposal of Property Plant and Equipment	40	40
40	Total Revenue from Other Gains (Losses)	40	40

Note 7 : Employee Benefit Expense

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
	Employee benefit expense		
15,035	Salary and Wages	15,473	15,649
140	Defined Contribution Plans Expense	144	204
(2,273)	Less recharged to other expense categories **	(2,335)	(2,458)
12,902	Total Employee Benefit expense	13,282	13,395

** Wages and salaries can be recharged to other expense categories for example capitalised project costs, repairs, cleaning etc.

Note 8 : Depreciation and Amortisation Expense

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
Depreciation and Amortisation Expense by Activity			
194	Aquatic and Recreation Facility	200	227
150	Arts and Culture	155	155
5	Building Services	5	4
30	Civil Defence, Emergency Management and Rural Fires	33	34
349	Community Housing	367	367
3	Community Planning and Development	3	3
4	Conservation	8	8
435	Enterprise Operations	458	498
11	Environmental Health	11	11
1	Environmental Planning	1	1
136	Flood Control	140	140
2	Governance	2	3
9,317	Land Transport and Parking	9,670	9,656
267	Libraries	269	269
361	Reserves and Open Spaces	380	380
195	Solid Waste Management	201	295
847	Stormwater	877	877
706	Support Services	742	703
1,340	Wastewater	1,381	1,381
1,887	Water Supply	1,947	1,944
\$16,240	Total Depreciation and Amortisation Expense	\$16,850	\$16,955

Note 9 : Expenditure on Operating Activities

Council 2009/10 Budget \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
Operating Expenditure			
2,151	Administration Expenses	2,229	2,368
155	Audit Fees – Annual Report	160	160
103	Audit Fees - Ten Year Plan and Ten Year Plan Amendments	107	40
710	Consultants and Professional Services	722	734
515	Elected Members	529	529
125	Indirect Employment Costs	128	138
1,041	Grants and Donations	1,063	1,051
435	Insurance Costs	449	304
385	Rental and operating leases	440	457
5,672	Repairs and Maintenance	5,666	5,820
220	Bad Debts Written Off	220	500
83	Bad Debts - Rates write off	86	166
24,968	Other Operating Expenditure *	26,470	25,284
36,563	Total Operating Expenditure	38,269	37,551

* Other operating expenses include such items as: electricity, operational contracts, treatment plants, pump stations, vegetation planting contracts, facilities contracts and cleaning contracts.

Note 10 : Finance Costs

Council 2009/10 LTCCP \$000s		Council 2010/11 LTCCP \$000s	Council 2010/11 Annual Plan \$000s
Finance Costs			
1,059	Interest on Debentures	1,036	1,546
1,386	Interest on Bank Borrowings	2,216	1,650
0	Line Fee	0	146
9	Other Finance Costs	9	9
2,454	Total Finance Costs	3,261	3,351

Summary Capital Project Report

Project	Description	LTCCP 2011	Annual Plan 2011	Variance
<u>AQUATIC and RECREATIONAL FACILITIES</u>				
	Churchill Park & Courtyards BBQ		15,000	(15,000)
	Eftpos Terminal		15,000	(15,000)
	50m Pool - Wall Tile Renewal	12,828	12,828	
	Dive Pool Tile Renewal, Sealing	16,035	16,035	
Total Aquatic and Recreational Facilities		28,863	58,863	(30,000)
<u>ARTS and CULTURE</u>				
	War Memorial Upgrade	3,502,000	3,502,000	
Total Arts and Culture		3,502,000	3,502,000	
<u>BUILDING SERVICES</u>				
	Earthquake Database		15,000	(15,000)
Total Building Services			15,000	(15,000)
<u>CIVIL DEFENCE, EMERGENCY MANAGEMENT and RURAL FIRES</u>				
	Civil Defence old power supplies	10,690	10,690	
	Civil Defence Radio Te Araroa, Tolaga Bay, Whakapunake	3,207	3,207	
	Rural Fires Hose packs	5,345	5,345	
Total Civil Defence, Emergency Management and Rural Fires		19,242	19,242	
<u>COMMUNITY HOUSING</u>				
	Upgrades Community Housing	169,440	169,440	
Total Community Housing		169,440	169,440	
<u>COMMUNITY PLANNING and DEVELOPMENT</u>				
	Intranet Development		10,000	(10,000)
Total Community Planning and Development			10,000	(10,000)
<u>CONSERVATION</u>				
	Telemetry Equipment	36,000	36,000	
Total Conservation		36,000	36,000	
<u>ENTERPRISE OPERATIONS</u>				
	Waikanae Beach Top 10 Holiday Park Installation of Closed Circuit TV	7,413	7,413	
	Vehicle Testing Toilet and Smoko Room Refurbishment	25,875	25,875	
	Holiday Park Refurbish Games Room	10,690	10,690	
	Holiday Park Renovate STD Tourist Units 1 - 10 Main Living Area	48,105	48,105	
	Waikanae Beach Top 10 Holiday Park - Park Themeing	10,690	10,690	
	Waikanae Beach Top 10 Holiday Park - Purchase Ride on Mower	16,035	16,035	
	Waikanae Beach Top 10 Holiday Park - Replace Gas Water Heaters	3,742	3,742	
	Waikanae Beach Top 10 Holiday Park - Top 10 Holiday Parks		10,000	(10,000)
Total Enterprise Operations		122,550	132,550	(10,000)

Project	Description	LTCCP 2011	Annual Plan 2011	Variance
<u>FLOOD CONTROL</u>				
	Taruheru River Revetments		100,000	(100,000)
	Flood Control - Ruatoria Flood Protection, Provide a means of halting/slowing down erosion	534,500	534,500	
	Waipaoa River Flood Protection	53,450	53,450	
	Turanganui River Revetments	133,625	133,625	
Total Flood Control		721,575	821,575	(100,000)
<u>LAND TRANSPORT and PARKING</u>				
	Pavement Maintenance - Renewals	980,894	1,419,278	(438,384)
	Drainage Renewals	581,950	581,950	
	T Funds - Various Walking and Cycling (previously R Funds)	1,255,600	0	1,255,600
	Bridge Capital Renewals	500,000	262,941	237,059
	Maintenance Chipseals	2,244,750	2,683,134	(438,384)
	Thin Asphaltic Concrete	239,422	239,422	
	Transport Studies - Walking and Cycling	51,450	0	51,450
	Footpath Replacement	150,234	150,234	
	Road - Periodic overlay / strengthening	3,137,310	3,721,822	(584,512)
	Minor Safety Projects	1,170,743	1,141,014	29,729
	Regional - Road Upgrading	3,498,600	3,190,000	308,600
	Preventative Maintenance	58,010	58,146	(136)
	Urban Street Improvements	29,532	29,532	
	Walkway - Waikanae Beach Walkway, Waikanae Stream to Stanley/Awapuni Road Intersection	529,500	0	529,500
	Walkway - Taruheru River Walkway - Bright Street to the Botanical Gardens	529,500	0	529,500
	Non Assisted Rooding (non subsidised)	168,164	168,164	
	Assisted Seal	0	464,188	(464,188)
	T Funds Cycling and Walking 2011 - Te Karaka and Muriwai	0	17,882	(17,882)
Total Land Transport and Parking		15,125,659	14,127,707	997,952
<u>LIBRARY</u>				
	Furniture		4,500	(4,500)
	Pay Mechanism for Self Issue System		11,500	(11,500)
	Newspapers & Periodicals		24,000	(24,000)
	Digital Versatile Discs		2,500	(2,500)
	Talking Books		3,000	(3,000)
	Compact Discs		2,000	(2,000)
	Library Books	149,660	149,660	
	Library Books ex Book Trust	20,000	20,000	
Total Library		169,660	217,160	(47,500)
<u>RESERVES and OPEN SPACES</u>				
	Chalmers Road Enhancement as City Entranceway	21,180	21,180	
	Footbridges - Awapuni School/Alfred Cox Park	105,900	105,900	
	Neighbourhood Reserve Development	30,000	30,000	
	Beach Protection & Revegetation - Kaiti Beach	10,590	10,590	
	Aitkinson Park - Reserve Sign	3,177	3,177	
	Coldstream Road Reserve Plant Trees and Reserves Sign	5,295	5,295	
	Ida Road Reserve - Seating & Reserve Sign	2,118	2,118	
	London Street Reserve - Reserve Sign, Trees and Table	2,118	2,118	
	Park Furniture General - Facilities, Furniture and Landscaping of Neighbourhood Parks	10,590	10,590	

Project	Description	LTCCP 2011	Annual Plan 2011	Variance
	Patutahi Township Plan Implementation	21,770	21,770	
	Adventure Playground - Playground Design & Implementation	21,180	21,180	
	Botanical Gardens - Implement Management Plan	26,475	26,475	
	Cemeteries - New Ash Berm	2,118	2,118	
	Titirangi Reserve	42,360	42,360	
	Ruatoria Township Plan Implementation	20,000	20,000	
	Waihirere Reserve	10,590	10,590	
	Reserves - Amenity Paving	1,948	1,948	
	Reserves - Bridges and Boardwalks	7,020	7,020	
	Reserves - Buildings	37,996	37,996	
	Reserves - Carparks	5,895	5,895	
	Reserves - Roads	13,983	13,983	
	Reserves - Accessways	4,216	4,216	
	Reserves - Furniture	37,542	37,542	
	Reserves - Irrigation	3,150	3,150	
	Reserves - Lighting	8,324	8,324	
	Reserves - Playgrounds	86,309	86,309	
	Reserves - Walls	69,362	69,362	
	Reserves - Water and Drinking Fountains	1,780	1,780	
	Lysnar & Wainui Beach Reserve	83,237	83,237	
	Rere Falls	63,540	63,540	
	Inner Harbour Redevelopment	26,475	26,475	
	Public Art	68,835	68,835	
Total Reserves and Open Spaces		855,073	855,073	
<u>STORMWATER</u>				
	Stormwater Pipelines/Renewals	180,394	210,394	(30,000)
	Stormwater Renewals for Rural Townships	106,900	106,900	
	Stormwater In Drain Structures	36,079	36,079	
	Stormwater Localised Urban Upgrades	120,263	120,263	
	Upsizing of infrastructure to Cater for Additional Growth	21,380	21,380	
	Rutene Road Stormwater Improvements	200,000	130,000	70,000
Total Stormwater		665,016	625,016	40,000

SUPPORT SERVICES

Project	Description	LTCCP 2011	Annual Plan 2011	Variance
	Miscellaneous IT Equipment		25,000	(25,000)
	PC Replacement Program		141,000	(141,000)
	Server Virtualisation & Disaster Recovery		210,000	(210,000)
	Electronic Whiteboards		25,000	(25,000)
	APNK PC Control		4,253	(4,253)
	Video Conferencing		25,000	(25,000)
	Origen Upgrades		24,000	(24,000)
	Online Services		29,500	(29,500)
	Patutahi Capital - Paraplegic Toilet		8,000	(8,000)
	Patutahi Capital - Lighting & Drapes		12,500	(12,500)
	Contestable Fund for Minor Capital Expenditure		100,000	(100,000)
	Animal Refuge Dunstan Road		616,142	(616,142)
	Electronic Data Records Management System (EDRMS) Phase 3	10,690	10,690	
	Stock Paddock Fencing	12,708	12,708	
	Radio Upgrades	10,590	10,590	
	Replace Furniture throughout Council offices	12,708	12,708	
	Jetties/Boat Ramps	72,312	72,312	
	Vehicle Upgrades	105,900	105,900	
	Origen Finance Module Enhancements	26,725	26,725	
Total Support Services		251,633	1,472,028	(1,220,395)
SEWERAGE and WASTEWATER				
	Wastewater Treatment Plant	19,622,000	17,354,000	2,268,000
	Wastewater - Pump Station and Telemetry Renewals	235,180	330,180	(95,000)
	Wastewater - Te Karaka Pump Renewals	19,242	19,242	
	Wastewater - Pipeline Renewals Specific		39,000	(39,000)
	Wastewater - Pipeline Renewals (new programme)	534,500	534,500	
	Localised Urban Upgrades	26,725	26,725	
	Remedial works in Oak Street / Stout Street Area	96,210	96,210	
Total Sewerage and Wastewater		20,533,857	18,399,857	2,134,000
WATER SUPPLY				
	Waingake Treatment Plant - Baffles in Clear Water Reservoir		82,800	(82,800)
	Waingake Water Treatment Plant : Ultra Violet Treatment Installation		67,275	(67,275)
	Waipaoa Water Treatment Plant : Ultra Violet Treatment Installation		81,000	(81,000)
	Water Distribution : Telemetry system for Gaddums Hill and Hauroa Road Reservoirs	35,683	35,683	
	Distribution : Water Meter Renewals	53,450	53,450	
	Development Contributions : Local Urban Upgrades	26,725	26,725	
	Rural Townships : Te Karaka Water Supply Upgrade	267,250	267,250	
Total Water Supply		383,108	614,183	(231,075)
GRAND TOTAL		\$42,583,676	\$41,075,694	\$1,507,982



Funding Impact Statement

Revenue and Financing Mechanisms

General Rates

Rates directly related to the value of the property, charged on capital value.

Targeted Rates

Rates which apply in certain areas or to certain ratepayers.

Uniform Annual General Charges

Charged to each separately used and inhabited part of a rating unit.

Definition of a Separately Used or Inhabited part of a Rating Unit.

RULES

- ▶ Each separate shop or business activity on a rating unit is a separate use, for which a separate Uniform Annual General Charge (UAGC) is payable. (See Note 1.)
- ▶ Each dwelling, flat, or additional rentable unit (attached or not attached) on a residential property which is let (or capable of being let) for a substantial part of the year to persons other than immediate family members is a separately inhabited part of a property, and separate UAGCs are payable. (See Note 2.)
- ▶ Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (in other words, home occupation units) will be charged an extra UAGC for each additional use. (See Note 3.)
- ▶ Each non-residential activity which has, in addition to its business or commercial function, co-sited residential units which are not a prerequisite part of the business or commercial function, will pay additional UAGCs for each dwelling unit. (see Note 4.)
- ▶ Individually tenanted flats, including retirement units, apartments and town houses (attached or not attached) or multiple dwellings on Māori freehold land are separately inhabited parts, and will each pay a separate UAGC. (See Note 5.)
- ▶ A rating unit which is actively used for pastoral farming is deemed to have no more than one separately used or inhabited part.
- ▶ Each title on a multiple-managed forestry holding (that is, where the forest is broken into several individual small titles) is a separately used part except when one or more titles are adjacent and under the same ownership, in which case the rules of contiguity apply.

- ▶ Each block of land for which a separate title has been issued is liable to pay a UAGC, even if that land is vacant. NOTE: Two or more adjacent blocks of vacant land are not eligible for Remission under "Contiguity" (S.20 of LG(R)A 02) because they are not "used for the same purpose" (in other words, they are not used at all).

NOTES

The following Notes are not rules, but are intended to aid Officers in the interpretation of the Rules.

1) Commercial Properties

- ▶ A single building on one title with 24 separate shops would pay 24 UAGCs.
- ▶ A motel with an attached dwelling would pay only one UAGC, because the attached dwelling is essential to the running of the motel. (see rule D above).
- ▶ A motel with an attached restaurant which is available to the wider public has two separately used parts, and would pay two UAGCs. Likewise, a motel with an attached Conference Facility would pay an additional UAGC.
- ▶ A business which makes part of its income through the leasing of part of its space to semi-passive uses such as billboards, or money machines, is not regarded as having a separately used or inhabited part, and would not be charged a separate UAGC.
- ▶ For the avoidance of doubt, an apartment block in which each apartment is on a separately owned title, is merely a series of co-sited Rating Units, and each will pay a UAGC.
- ▶ If, however, in the above example a management company leases the individual titles for 10 years or more, and those leases are registered on the titles, and the leases stipulate that the management company is responsible for paying the rates, and if the management company then operates the apartments as a single business operation, that business operation is considered for a remission under Council's remission policies and have all but one UAGC remitted.
- ▶ An apartment block with separate laundry, or restaurant, which are available to the general population as a separate business enterprise, would pay an additional UAGC for each of these functions as separately used parts.

2) Residential Properties

- ▶ A substantial part of the year is considered to be three months or more (this total period may be fragmented, and may occur at any part of the rating year).
- ▶ The rule will apply to properties identified as "flats" on the valuation record, administered by Council's Valuer. Sleep-outs and granny flats will generally be identified as "sleep-out" on the valuation record and will not normally qualify for additional UAGCs.
- ▶ If a property is identified on the valuation record as having flats, but these in fact are used only for family members, or for others for very short periods, then the additional UAGCs may be remitted on Council receiving proof of their use, including a signed declaration from the property owner (see remission policies). A property owner who actively advertises the flats for accommodation will not qualify for the remission.
- ▶ A property such as a large house which is identified as being split into, say, three internal flats at the time the valuation records were established, but which is not actually used as such, will need to apply for remission under Council's remission policy. (Note: This property should be referred to Council's Valuer for correction on the next valuation cycle.)

3) Residential with Non-Residential Part

- ▶ A residence with a separately accessible "office" such as may be used for surveyor, architect, or medical services, will pay an additional UAGC for the office, because it is a separately used part which generates additional use of roads, services, planning resources, and democratic processes.
- ▶ A residence with a "Home Occupation" (commonly called a "hobby business") will not generally be charged a separate UAGC unless the intensity of operation is high. For example, a resident who occasionally manufactures boat trailers in his garage on the weekends would not incur an additional UAGC, but someone who works for most of the week panel beating or painting, particularly if the activity is accompanied by advertising, clearly has a separately used or inhabited part of the rating unit, and would incur an additional UAGC.

- ▶ A residential property, part of which is used continually for storage of large industrial machinery, has a separately used part, and would incur an additional UAGC.

4) Non-Residential Activity With Co-sited Dwelling

- ▶ A fish and chip shop, with a flat above which can be accessed without passing through the shop, does have a separately used part, and would normally incur an additional UAGC charge.
- ▶ A dairy which has an integral dwelling attached, would not incur an additional UAGC, because the home is an integral part of the operation of the dairy.
- ▶ A boarding house containing a caretaker's apartment and several separately let rooms (with or without facilities) all within the structure of the one building, is a single (commercial) use and would not incur an additional UAGC. (The same applies to home-stays, and bed and breakfast homes).
- ▶ Certain government agencies, churches, marae, and the like are automatically rate exempt (except for service charges such as water and wastewater). But if these organisations undertake accommodation or business activities which are not related to their core function, they may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit.

5) Individually Tenanted Flats

- ▶ Each flat, apartment, or retirement or disability home, and each property under a "licence to occupy", is a separately used or inhabited part of a rating unit, no matter what number of people may be living in the unit, and each does pay an additional UAGC charge.
- ▶ If, because of construction work, poor condition, public health, or specific conditions pertaining to the property owner, one or more flats cannot be let on the open market, then the unit may be granted a remission under Council's remission policy. A specific condition pertaining to the property owner might include the use of one of the units for a live-in caregiver. (Note: this property should be referred to Council's Valuer for correction on the next valuation cycle.)

Funding Impact Statement

The following rates will be set by the Council for the financial year commencing 1 July 2010 and ending 30 June 2011.

All figures in this Funding Impact Statement exclude GST. GST will be charged on rates at the prevailing rate.

Please Note: All Rate calculations are indicative only and are estimates based on Rating Information as at 20 April 2010, and may be subject to change based on Rating Information as recorded on 30 June 2010.

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
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Note: In the rating definitions below, differential rating areas such as DRA1, DRA2 etc and Inner and Outer Zones are defined. In accordance with the system of Differential Rating established by Special Order on 27 June 1991. The District was split into six (6) differential areas. Except for DRA5 these areas were established on 27 June 1991 and maps detailing the boundaries are available at Council's Administrative Offices, Fitzherbert Street Gisborne. DRA4 was split into two areas, a new DRA5 and residual DRA4 by way of a Special Order on 16 May 2001. They are as follows:

Short Title	Areas Covered					Sub types
DRA1	Former Gisborne City Council boundaries, excluding Rural Farm Land.					Residential Commercial & Other
DRA1A	All Rural Farm Land within the previous Gisborne City Boundaries and the area surrounding the City. City including Wainui and Makaraka.					Residential & Other Commercial & Industrial
DRA2	Poverty Bay Flats including fringe hill properties.					
DRA3	That area which is within reasonable and currently exercised commuting distance to Gisborne, including part Waerenga-o-kuri and Ngatapa, Whatatutu and Te Karaka.					All Other Properties Rural Townships
DRA4	The inland rural area beyond DRA3, up to the boundary of DRA5. Tolaga Bay and Matawai					All Other Properties Rural Townships
DRA5	The whole of the East Cape area from a line running inland from a point in the vicinity of Mangatuna north of Tolaga Bay Township, to the tip of the East Cape. Hicks Bay, Te Araroa, Tikitiki, Ruatoria, Waipiro Bay, Te Puia Springs and Tokomaru Bay.					All Other Properties Rural Townships
Inner Zone	The total land area of DRA1 and DRA1A and DRA2.					Urban and Rural
Outer Zone	The total land area of DRA3 and DRA4 and DRA5.					Rural & Rural Townships

Rates

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
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General Rates

A general rate based on the capital value of each rating unit in the district. The general rate will be set on a differential basis based on the following categories of Land:

General Differentiated	Urban Inner Zone	13(2)(b)	1&2	2	\$0.000540 per \$ of Capital Value	2,335,001
	Rural Inner Zone	13(2)(b)	1&2	2	\$0.000540 per \$ of Capital Value	751,259
	Rural Outer Zone	13(2)(b)	1&2	2	\$0.000432 per \$ of Capital Value	1,229,891
	Rural Townships Outer Zone	13(2)(b)	1&2	2	\$0.000432 per \$ of Capital Value	99,874

Council will be using a Uniform Annual General Charge.

Uniform Annual General Charge	All Rateable land	15(1)(b)			\$570.96 per Separately Used or Inhabited Part of a Rating Unit (SUIP) see definition of SUIP	11,774,257
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Targeted Rates:

Roading	Residential/Lifestyle Blocks	16(4)(b)	1&2	2	\$0.000549 per \$ of Capital Value	2,884,208
	Horticulture and Pastoral Farming	16(4)(b)	1&2	2	\$0.000823 per \$ of Capital Value	2,190,981
	Commercial	16(4)(b)	1&2	2	\$0.001097 per \$ of Capital Value	306,439
	Forestry	16(4)(b)	1&2	2	\$0.002194 per \$ of Capital Value	577,498
	Industrial	16(4)(b)	1&2	2	\$0.001097 per \$ of Capital Value	393,101
Regional Development Roading	Forestry	16(4)(b)	1&2	2	\$0.000509 per \$ of Capital Value	134,000
District Loan Expenses	DRA1 Residential and Other	16(4)(b)	6	2	\$0.000139 per \$ of Capital Value	427,270
	DRA1 Commercial	16(4)(b)	6	2	\$0.000178 per \$ of Capital Value	97,811
	DRA1A Residential	16(4)(b)	6	2	\$0.000008 per \$ of Capital Value	4,899
	DRA1A Commercial	16(4)(b)	6	2	\$0.000007 per \$ of Capital Value	136
	DRA2	16(4)(b)	6	2	\$0.000074 per \$ of Capital Value	103,221
	DRA3 All Other Properties	16(4)(b)	6	2	\$0.000003 per \$ of Capital Value	2,499
	DRA3 Rural Townships	16(4)(b)	6	2	\$0.000001 per \$ of Capital Value	19
	DRA4 All Other Properties	16(4)(b)	6	2	\$0.000003 per \$ of Capital Value	3,319
	DRA4 Rural Townships	16(4)(b)	6	2	\$0.000001 per \$ of Capital Value	54
	DRA5 All Other Properties	16(4)(b)	6	2	\$0.000003 per \$ of Capital Value	1,509
	DRA5 Rural Townships	16(4)(b)	6	2	\$0.000002 per \$ of Capital Value	153

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
Non Subsidised Roading	DRA1 & 1A	16(4)(b)	6	2	\$0.000012 per \$ of Capital Value	51,885
	DRA's 2,3,4 & 5	16(4)(b)	6	2	\$0.000003 per \$ of Capital Value	12,971
Planning	All Rateable Land	16(4)(a)		3	\$0.000173 per \$ of Land Value	941,030
Passenger Transport	DRA1 Residential	16(4)(a)	5&6	7	\$12.01 per Separately Used or Inhabited Part of a Rating Unit	136,875
Pest and Plants	All Rateable land	16(4)(a)	4	5	\$1.266887 per hectare	896,526
Rural Fires	DRA2 (Rural Inner Zone)	16(4)(b)	6	3	\$0.000138 per \$ of Land Value	129,947
	DRA's 3 & 4 & 5 (Outer Zone - Rural & Townships)	16(4)(b)	6	3	\$0.000123 per \$ of Land Value	303,208
Soil Conservation	DRA1, DRA1A & DRA2 (Inner Zone)	16(4)(b)	6	3	\$0.000054 per \$ of Land Value	159,500
	DRA'S 3 & 4	16(4)(b)	6	3	\$0.000129 per \$ of Land Value	239,249
	DRA5	16(4)(b)	6	3	\$0.000663 per \$ of Land Value	398,749
Stock Control	DRA1, DRA1A & DRA2 (Inner Zone)	16(4)(b)	6	3	\$0.000003 per \$ of Land Value	8,313
	DRA'S 3 & 4	16(4)(b)	6	3	\$0.000014 per \$ of Land Value	24,938
	DRA5	16(4)(b)	6	3	\$0.000083 per \$ of Land Value	49,876
Water Resources	DRA1, DRA1A & DRA2 (Inner Zone)	16(4)(b)	6	3	\$0.000228 per \$ of Land Value	682,970
	DRA's 3 & 4 & 5 (Outer Zone - Rural & Townships)	16(4)(b)	6	3	\$0.000119 per \$ of Land Value	292,701
Parks And Reserves	Inner Zone	16(4)(b)	6		\$168.20 per rating unit	2,400,477
	Outer Zone	16(4)(b)	6		\$74.80 per rating unit	365,849
Stormwater	Gisborne City	16(4)(b)	6		\$158.15 per rating unit	1,790,413
	All Rural Townships	16(4)(b)	6		\$94.78 per rating unit	147,085
Gisborne City Wastewater	Within scheme areas connected	16(4)(a)	5&6	7	\$305.08 per rating Unit	3,381,704
	Within scheme areas not connected	16(4)(a)	5&6	7	\$152.54 per rating Unit	79,498
	Pan Charges	16(4)(a)	5&6	12	\$150.43 per water closet or urinal connected	2,161,748

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
Gisborne City Water	Within scheme areas connected	16(4)(a)	5&6	7	\$248.40 per Separately Used or Inhabited Part of a Rating Unit	3,141,989
	Within scheme areas not connected	16(4)(a)	5&6	7	\$124.20 per Separately Used or Inhabited Part of a Rating Unit	64,141
Uniform Waste Management Charge	Within scheme refuse collection areas	16(4)(a)	5&6	7	\$109.95 per Separately Used or Inhabited Part of a Rating Unit	1,443,183
Commercial Recycling Charge	Within scheme recycling collection areas	16(4)(a)	5&6	7	\$54.98 per Separately Used or Inhabited Part of a Rating Unit	1,143
Te Karaka Sewerage & Stormwater	Within scheme areas connected	16(4)(a)	5&6	7	\$359.40 per rating Unit	56,785
	Within scheme areas not connected	16(4)(a)	5&6	7	\$179.70 per rating Unit	6,259
Te Karaka Water Supply	Within scheme areas connected	16(4)(a)	5&6	7	\$340.00 per Separately Used or Inhabited Part of a Rating Unit	56,100
	Within scheme areas not connected	16(4)(a)	5&6	7	\$170.00 per Separately Used or Inhabited Part of a Rating Unit	6,290
Whatatutu Water Supply	Within scheme areas connected	16(4)(a)	5&6	7	\$452.00 per Separately Used or Inhabited Part of a Rating Unit	18,983
	Within scheme areas not connected	16(4)(a)	5&6	7	\$226.00 per Separately Used or Inhabited Part of a Rating Unit	3,799
Ruatoria Refuse	Within scheme refuse collection area	16(4)(a)	5&6	7	\$177.60 per Separately Used or Inhabited Part of a Rating Unit	43,867

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
Business Area Patrols	Commercial Properties within the CBD Area: Non-residential properties on both sides of the roads bounded by Carnarvon Street, Childers Road, Reads Quay and Palmerston Road and all roads inside this area and also that part of Grey Street as far as the skateboard park and Customhouse Street as far as the Waikanae Cut.	16(4)(a)	1,2,6	2	\$0.000053 per \$ of Capital Value	9,985
Heart of Gisborne	Commercial Properties within the CBD Area: Non-residential properties on both sides of the roads bounded by Cobden Street, Childers Road, Reads Quay and Palmerston Road and all roads inside this area and also that part of Grey Street as far as the Skateboard Park and Customhouse Street as far as the Waikanae Cut and also all non residential properties within the blocks bounded by Carnarvon Street, Childers Road, Palmerston Road and Cobden Street.	16(4)(a)	1,2,6	2	\$0.000969 per \$ of Capital Value	185,580
Wainui Foredune Protection Scheme	Rateable Properties within the Wainui area as defined.	16(4)(a)	5&6	2	\$0.000147 per \$ of Capital Value	17,255
Wainui Foredune Capital Works	Rateable Land within the Hazard Area.	16(4)(a)	5	10	\$20978.77 per hectare	10,374

Rates

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$
Tourism	All Industrial and Commercial Properties excluding Retail & Accommodation.	16(4)(b)	1&2	2	\$0.000458 per \$ of Capital Value	164,136
	All Retail and Accommodation businesses.	16(4)(b)	1&2	2	\$0.000736 per \$ of Capital Value	205,540
Economic Development	All Industrial, Commercial and Forestry Properties.	16(4)(a)	5&6	2	\$0.000189 per \$ of Capital Value	170,003
Te Karaka Flood Control	Residential	16(4)(b)	5&6	2	\$0.002237 per \$ of Capital Value	46,247
	Non Residential	16(4)(b)	5&6	2	\$0.001661 per \$ of Capital Value	10,393
Waipaoa River Flood Control Scheme	Class A	16(4)(b)	5&6	2	0.0983c per \$ Capital Value	25,050
	Class B	16(4)(b)	5&6	2	0.0643c per \$ Capital Value	105,586
	Class C	16(4)(b)	5&6	2	0.0379c per \$ Capital Value	115,774
	Class D	16(4)(b)	5&6	2	0.0189c per \$ Capital Value	35,972
	Class E	16(4)(b)	5&6	2	0.0076c per \$ Capital Value	40,025
	Class F	16(4)(b)	5&6	2	0.0015c per \$ Capital Value	37,051
Eastern Drainage Rates	1 - Ormond	16(4)(b)	5&6	5	\$43.266425 per hectare	26,781
	2 - Eastern Taruheru	16(4)(b)	5&6	5	\$21.680514 per hectare	55,256
	3 - Western Taruheru	16(4)(b)	5&6	5	\$19.954914 per hectare	34,972
	4 - Willows	16(4)(b)	5&6	5	\$18.123127 per hectare	22,369
	5 - Waikanae Creek	16(4)(b)	5&6	5	\$31.703615 per hectare	16,465
	6 - City/Wainui	16(4)(b)	5&6	5	\$41.590581 per hectare	70,458
	7 - Taruheru Class A	16(4)(b)	5&6	5	\$20.7922 per hectare	4,215
	7 - Taruheru Class B	16(4)(b)	5&6	5	\$11.1958 per hectare	14,635
	7 - Taruheru Class C	16(4)(b)	5&6	5	\$4.7982 per hectare	5,445
	7 - Taruheru Class D	16(4)(b)	5&6	5	\$1.5994 per hectare	2,660
8 - Eastern Hill Catchment	16(4)(b)	5&6	5	\$1.486641 per hectare	6,359	

Funding Source	Categories of Rateable Land	Rating Act Reference	Category (Sch2) ss14,17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch 3	Revenue Sought Excluding GST 2010/2011 \$		
Western Drainage Rates	A - Waipaoa	16(4)(b)	5&6	5	\$16.994355 per hectare	20,038		
	B - Patutahi	16(4)(b)	5&6	5	\$15.370616 per hectare	40,124		
	C - Ngatapa	16(4)(b)	5&6	5	\$31.926788 per hectare	25,697		
	D - Manutuke	16(4)(b)	5&6	5	\$29.696227 per hectare	85,198		
	E - Muriwai	16(4)(b)	5&6	5	\$24.587911 per hectare	35,198		
	F - Western Hill Catchment	16(4)(b)	5&6	5	\$0.250456 per hectare	5,506		
Waste Water Capital Project Works Contribution	DRA1	16(3)(b)	6	7	\$91 per rating unit	841,322		
	DRA1A	16(3)(b)	6	7	\$24.50 per rating unit	20,364		
	DRAs 2,3,4,5	16(3)(b)	6	7	\$14 per rating unit	72,314		
TOTAL RATES REVENUE					\$ 45,399,797			
Rates Penalties		57				600,428		
OTHER FUNDING SOURCES								
Activity Revenue	Extraordinary and Rural Domestic users	19(2)(b)				11,024,551		
Water by Meter						\$1.0000	per cubic metre	1,526,719
Petroleum Tax								320,747
Dividends								500,000
Interest								81,815
Grants and Subsidies								20,477,244
TOTAL FUNDING					\$ 79,931,301			

Schedule 2

Matters that may be used to Define Categories of Rateable Land:

1. The use to which the land is put.
2. The activities that are permitted, controlled, or discretionary for the area in which the land is situated, and the rules to which the land is subject under an operative District Plan or Regional Plan under the Resource Management Act 1991 (The RMA).
3. The activities that are proposed to be permitted, controlled, or discretionary activities, and the proposed rules for the area in which the land is situated under a proposed District Plan or proposed Regional Plan under the Resource Management Act 1991, but only if:
 - a. No submissions in opposition have been made under Clause 6 of the First Schedule of the RMA Act on those proposed activities or rules, and the time for making submissions has expired; or
 - b. All submissions in opposition, and any appeals, have been determined, withdrawn, or dismissed.
4. The area of land within each rating unit.
5. The provision or availability to the land of a service provided by, or on behalf of the local authority.
6. Where the land is situated.
7. The annual value of the land.
8. The capital value of the land.
9. The land value of the land.

Schedule 3

Factors that may be used for Calculating Liability for Targeted Rates:

1. The annual value of the rating unit.
2. The capital value of the rating unit.
3. The land value of the rating unit.
4. The value of improvements to the rating unit.
5. The area of land within the rating unit.
6. The area of land within the rating unit that is sealed, paved, or built on.
7. The number of separately used or inhabited parts of a rating unit.
8. The extent of provision of any service to the rating unit by the local authority, including any limits or conditions that apply to the provision of the service.
9. The number or nature of connections from the land within each rating unit to any local authority reticulation system.
10. The area of land within the rating unit that is protected by any amenity or facility that is provided by the local authority.
11. The area of floor space of buildings within the rating unit.
12. The number of water closets and urinals within the rating unit. (Note: A rating unit used primarily as a residence for 1 household must not be treated as having more than 1 water closet.)

Schedule 4

Under sections 57 and 58 of the Local Government (Rating) Act 2002 Council is proposing to impose the following penalties:

Due Date and Penalty Date

Instalment 1	20 August 2010	Penalty 10%
Instalment 2	22 November 2010	Penalty 10%
Instalment 3	21 February 2011	Penalty 10%
Instalment 4	20 May 2011	Penalty 10%

ADDITIONAL CHARGES

P2 Penalty

A further penalty of 10% will be added to any rates assessed for the 2009/10 year and remaining unpaid on 8 July 2010.

P3 Penalty

A further penalty of 5% will be added to any rates to which a P2 penalty has been applied and which remains unpaid on 10 January 2011. The amount of unpaid rates to which a penalty may be added includes a penalty previously added to unpaid rates.

Penalties on Water Charges

A ten percent (10%) penalty will be charged on any portion of the charge for the supply of water, as separately invoiced that is not paid on or by the due date for payment as set out on the invoice.

Due Dates for Water Charges

Water meters are read on monthly, quarterly and annual cycles and are payable on the 20th of the month following the issue of the invoice. If the dates change the due date will always be the 20th of the month following the invoice date.

Rates Examples for 2010/11

Land Value	760,000	495,000	130,000	485,000	940,000	14,000	3,670,000	12,000	155,000	2,450,000
Improvements	1,100,000	600,000	150,000	535,000	90,000	79,000	665,000	96,000	95,000	250,000
Capital Value	1,860,000	1,095,000	280,000	1,020,000	1,030,000	93,000	4,335,000	108,000	250,000	2,700,000
Area - Hectares	1.6186	0.1012	0.1464	0.1207	13.2282	0.0971	891.7648	0.0809	0.0809	1721.4257
Rating Area	DRA1 Industrial Commercial	DRA1 City Retail Commercial	DRA1 City Average	DRA1A Wainui Residential	DRA2 Patutahi Horticultural	DRA3 Te Karaka Rural Town	DRA4 Tiniroto Rural	DRA5 Ruatoria Rural Town	DRA5 Hicks Bay Rural Town	DRA5 Rural Forest
GENERAL RATES (Capital Value)										
Community Services which include:										
Corporate Expenses Of District	29.76	17.52	4.48	16.32	16.48	1.49	69.36	1.72	4.00	43.20
Olympic Pool	225.06	132.50	33.88	123.42	124.63	3.35	156.06	3.89	9.00	97.20
Theatres and Halls	42.78	25.19	6.44	23.46	23.69	0.00	0.00	0.00	0.00	0.00
Total Community Services	297.60	175.21	44.80	163.20	164.80	4.84	225.42	5.61	13.00	140.40
District Development	9.30	5.48	1.40	5.10	5.15	0.47	21.68	0.54	1.25	13.50
Regulatory Activities	61.38	36.13	9.24	33.66	33.99	3.07	143.06	3.56	8.25	89.10
River Control	184.14	108.40	27.72	100.98	101.97	9.21	429.17	10.69	24.75	267.30
Roading (Non Subsidised)	9.30	5.48	1.40	5.10	5.15	0.46	21.68	0.54	1.25	13.50
Stormwater	50.22	29.57	7.56	27.54	27.81	2.51	117.04	2.92	6.75	72.90
Landfills	74.40	43.80	11.20	40.80	41.20	3.72	173.40	4.32	10.00	108.00
Treasury	318.06	187.24	47.88	174.42	176.13	15.90	741.29	18.47	42.75	461.70
TOTAL GENERAL RATES	1004.40	591.31	151.20	550.80	556.20	40.18	1872.74	46.65	108.00	1166.40
TARGETED RATES										
TARGETED RATES (Area)										
Drainage (ha)	67.32	4.21	6.09	0.00	203.33	208.04	0.00	0.00	0.00	0.00
Pests and Plants (ha)	2.05	0.13	0.19	0.15	16.76	0.12	1129.77	0.10	0.10	2180.85
	69.37	4.34	6.28	0.15	220.09	208.16	1129.77	0.10	0.10	2180.85
TARGETED RATES (Land Value)										
Planning	131.48	85.64	22.49	83.91	162.62	2.42	634.91	2.08	26.82	423.85
Rural Fires	0.00	0.00	0.00	0.00	129.72	1.72	451.41	1.48	19.07	301.35
Soil Conservation	41.04	26.73	7.02	26.19	50.76	1.81	473.43	7.96	102.77	1624.35
Stock Control	2.28	1.49	0.39	1.46	2.82	0.20	51.38	1.00	12.87	203.35
Water Resources	173.28	112.86	29.64	110.58	214.32	1.67	436.73	1.43	18.45	291.55
	348.08	226.72	59.54	222.14	560.24	7.81	2047.86	13.95	179.98	2844.45

Rates

Rating Area	DRA1 Industrial Commercial	DRA1 City Retail Commercial	DRA1 City Average	DRA1A Wainui Residential	DRA2 Patutahi Horticultural	DRA3 Te Karaka Rural Town	DRA4 Tiniroto Rural	DRA5 Ruatoria Rural Town	DRA5 Hicks Bay Rural Town	DRA5 Rural Forest
TARGETED RATES (Capital Value)										
CBD Security Patrol	0.00	58.04	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
District Loan Expenses	331.08	194.91	38.92	8.16	76.22	0.09	13.01	0.22	0.50	8.10
Economic Development	351.54	206.96	0.00	0.00	0.00	0.00	0.00	0.00	0.00	510.30
Heart of Gisborne	0.00	1061.06	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Non Subsidised Rooding	22.32	13.14	3.36	12.24	3.09	0.28	13.01	0.32	0.75	8.10
Regional Development Rooding	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1374.30
Subsidised Rooding	2040.42	1201.22	153.72	559.98	847.69	51.06	3567.71	59.29	137.25	5923.80
Tourism	851.88	805.92	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Waipaoa River FCS	801.51	16.43	0.00	0.00	78.28	0.00	0.00	0.00	0.00	0.00
	4398.75	3557.68	196.00	580.38	1005.28	51.43	3593.73	59.83	138.50	7824.60
OTHER TARGETED RATES										
Parks and Reserves	168.20	168.20	168.20	168.20	168.20	74.80	74.80	74.80	74.80	74.80
Passenger Transport	0.00	0.00	12.01	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Refuse Collection (City and Ruatoria)	0.00	0.00	109.95	109.95	0.00	0.00	0.00	177.60	0.00	0.00
Sewerage - City and Te Karaka	305.08	305.08	305.08	0.00	0.00	359.40	0.00	0.00	0.00	0.00
Sewerage Pan Charge	150.43	150.43	150.43	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Stormwater	158.15	158.15	158.15	0.00	0.00	94.78	0.00	94.78	94.78	0.00
Wastewater Project Contribution	91.00	91.00	91.00	24.50	14.00	14.00	14.00	14.00	14.00	14.00
Water Supply (City,TKK, Whatatutu)	248.40	248.40	248.40	0.00	0.00	340.00	0.00	0.00	0.00	0.00
	1121.26	1121.26	1243.22	302.65	182.20	882.98	88.80	361.18	183.58	88.80
TOTAL TARGETED RATES	5937.46	4910.00	1505.04	1105.32	1967.81	1150.38	6860.16	435.06	502.16	12938.70
UNIFORM ANNUAL GENERAL CHARGE										
Cemeteries	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18	2.18
Civil Defence	11.23	11.23	11.23	11.23	11.23	11.23	11.23	11.23	11.23	11.23
Community and Consultation Processes which include:										
Civic Expenses of District (including Museum)	30.64	30.64	30.64	30.64	30.64	30.64	30.64	30.64	30.64	30.64
Community Development	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29	12.29
Corporate Expenses Of District	4.37	4.37	4.37	4.37	4.37	4.37	4.37	4.37	4.37	4.37
Community Expenses of District	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55	2.55
Maori Liaison	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82	4.82
Policy Development	39.45	39.45	39.45	39.45	39.45	39.45	39.45	39.45	39.45	39.45
Community and Consultation Processes	94.12	94.12	94.12	94.12	94.12	94.12	94.12	94.12	94.12	94.12

Rating Area	DRA1 Industrial Commercial	DRA1 City Retail Commercial	DRA1 City Average	DRA1A Wainui Residential	DRA2 Patutahi Horticultural	DRA3 Te Karaka Rural Town	DRA4 Tiniroto Rural	DRA5 Ruatoria Rural Town	DRA5 Hicks Bay Rural Town	DRA5 Rural Forest
Democratic Process	86.99	86.99	86.99	86.99	86.99	86.99	86.99	86.99	86.99	86.99
Economic Development and Tourism	6.08	6.08	6.08	6.08	6.08	6.08	6.08	6.08	6.08	6.08
Municipal Buildings including Theatres and Halls:										
Municipal Buildings	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05	13.05
Theatres and Halls	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19	6.19
Total Municipal Buildings	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24	19.24
Landfills and Transfer Stations	76.10	76.10	76.10	76.10	76.10	76.10	76.10	76.10	76.10	76.10
Library	65.86	65.86	65.86	65.86	65.86	65.86	65.86	65.86	65.86	65.86
Litter Bins and Cleaning Public Areas	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22	21.22
Millennium 2000	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04	0.04
Planning and Regulatory Activities which include:										
Environmental Health	45.64	45.64	45.64	45.64	45.64	45.64	45.64	45.64	45.64	45.64
Construction	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34	10.34
Planning	31.07	31.07	31.07	31.07	31.07	31.07	31.07	31.07	31.07	31.07
Planning and Regulatory Activities	87.05	87.05	87.05	87.05	87.05	87.05	87.05	87.05	87.05	87.05
Public Conveniences	34.47	34.47	34.47	34.47	34.47	34.47	34.47	34.47	34.47	34.47
Roading	66.38	66.38	66.38	66.38	66.38	66.38	66.38	66.38	66.38	66.38
TOTAL UNIFORM ANNUAL GENERAL CHARGE	570.96	570.96	570.96	570.96	570.96	570.96	570.96	570.96	570.96	570.96
Rate Requirement 2010/11	7512.82	6072.27	2227.20	2227.08	3094.97	1761.52	9303.86	1052.67	1181.12	14676.06
Plus GST*	939.10	759.03	278.40	278.38	386.87	220.19	1162.98	131.58	147.64	1834.51
Total Including GST	8451.92	6831.30	2505.60	2505.46	3481.84	1981.71	10466.84	1184.25	1328.76	16510.57
Actual 2009/10	7999.22	7024.75	2347.61	2418.08	3332.04	1898.35	10210.13	1191.76	1293.15	16368.22
Change	452.70	-193.46	157.99	87.38	149.80	83.36	256.71	-7.51	35.61	142.35
%	5.7%	-2.8%	6.7%	3.6%	4.5%	4.4%	2.5%	-0.6%	2.8%	0.9%

* For this example GST is included at 12.5%. GST will be charged at the prevailing rate.