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Introduction

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The Long Term Plan (LTP) sets out Council's priorities and identifies how Council intends to fund its operations and capital projects.

The forecasts prepared for Council have been prepared based on agreed levels of service for each activity. The levels of service are set out in detail in the Activities section (Our Activities).

The finances include:

- prospective statement of comprehensive revenue and expenses
- prospective statement of financial position
- prospective statement of changes in equity
- prospective statement of cashflows
- prospective statement concerning balanced budget.

Further detailed information is provided in the Notes to the Prospective Financial Statements which identifies revenue and expenditure for each group of activities (Note 2) and a full list of capital projects planned for 2015-2025 Long Term Plan (Note 14).

The operational and capital costs within the LTP include:

- **Existing Costs**
Costs to continue to deliver the current level of service.
- **Growth Costs**
Costs to deliver current level of service to a larger community due to growth.
- **Level of Service Changes**
Costs to deliver an increase in level of service.
- **Project Costs**
Costs such as depreciation and interest that occur from Council financing capital projects.
- **Inflation**
Increases in revenue and costs due to price changes.

The Nature of the Prospective Financial Information - cautionary note

The prospective financial information contained in the LTP is a forecast. It 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 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.

The Prospective Statement of Financial Position has been reviewed to incorporate the audited Statement of Financial Position for the year ended 30 June 2014 and the movements per the 2015-2025 LTP. This has been adjusted for any material events during the current financial year.

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

Please Note

Revenue from the Grants, Subsidies and Contributions - Capital includes grants received where the associated expenditure will be capitalised. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the capitalised assets.

Council has budgeted for a net surplus in every year of the LTP. This is mainly the result of the capital grants and subsidies. Further information is available in the Prospective Statement Concerning Balanced Budget later in this section.

Individual years stated in the tables refer to financial year ending 30 June. For example, 2015/16 refers to period 1 July 2015 to 30 June 2016.

The financial information contained within the 2015-2025 LTP may not be appropriate for purposes other than those described.

There may be rounding differences throughout the financial statements and notes included in this section. They do not impact the overall usefulness of the information presented.

Prospective Statement of Comprehensive Revenue and Expenses as at 30 June

AP 2014/15 \$000s		Notes	LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
Revenue From Non-Exchange Transactions												
8,152	Grants and Subsidies - Operational	2/4	9,037	9,146	9,285	10,749	9,733	9,993	10,238	12,782	13,683	11,835
9,334	Grants, Donations, Subsidies and Contributions - Capital	4	11,113	8,086	12,631	11,482	10,224	8,302	7,646	7,838	8,615	8,832
1,349	Other Non Exchange Revenue	2/5	1,515	1,553	1,594	1,637	1,684	1,735	1,788	1,847	1,910	1,979
15,703	General Rates and Uniform Annual General Charge	3/5	17,267	17,692	18,222	18,649	19,115	19,629	20,165	20,194	20,637	21,465
35,543	Targeted Rates	3/5	35,010	35,641	36,172	37,095	38,009	38,949	40,187	41,957	43,361	44,481
Revenue From Exchange Transactions												
11,471	Other Revenue	2/5	11,785	11,765	12,026	12,376	12,904	14,182	14,282	14,670	15,166	15,800
750	Dividends	2/5	1,000	1,459	1,833	2,246	2,642	3,766	4,166	4,379	4,154	4,439
817	Development and Financial Contributions	5/11	815	699	699	699	699	658	538	538	538	538
14	Interest Received	2/5	14	14	14	14	14	14	14	14	14	14
12	Other Gains/(Losses) - Profit on Sale of Assets	2/5/6	12	12	12	12	12	12	12	12	12	12
83,144	Total Revenue		87,568	86,067	92,488	94,960	95,036	97,240	99,036	104,231	108,091	109,395
Expenses												
16,234	Employee Benefit Expenses	7	17,857	17,891	17,864	18,239	18,641	19,211	19,672	20,163	20,687	21,247
41,775	Expenditure on Operating Activities	9	43,509	44,741	45,624	45,546	47,004	48,220	49,963	52,233	54,060	56,752
20,177	Depreciation and Amortisation	8	20,394	20,583	21,248	21,728	22,565	23,289	24,024	24,576	24,872	25,434
2,169	Financing Costs	10	2,085	2,427	2,616	2,703	2,753	2,725	2,712	2,663	2,392	2,033
0	Internal Transfers		0	0	0	0	0	0	0	0	0	0
80,355	Total Expenses	2	83,845	85,642	87,352	88,216	90,963	93,445	96,371	99,635	102,011	105,466
2,789	Net Surplus/(Deficit) before Taxation		3,723	425	5,136	6,744	4,073	3,795	2,665	4,596	6,080	3,929
0	Subvention Payment from GHL		0	0	0	0	0	0	0	0	0	0
0	Income Tax Expense		0	0	0	0	0	0	0	0	0	0
2,789	Net Surplus/(Deficit) after Taxation		3,723	425	5,136	6,744	4,073	3,795	2,665	4,596	6,080	3,929
678	Gains/(Losses) on Property Revaluation		388	378	389	432	510	509	547	661	640	702
3,467	Total Comprehensive Revenue and Expenses		4,111	803	5,525	7,176	4,583	4,304	3,212	5,257	6,720	4,631

Prospective Statement of Financial Position as at 30 June

AP 2014/15 \$000s		LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
CURRENT ASSETS											
171	Cash & Bank	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589	4,589
8,973	Non Exchange Trade and Other Receivables	10,754	10,905	11,060	11,277	11,503	11,739	11,983	12,238	12,501	12,777
(393)	Exchange Trade and Other Receivables	333	303	271	238	200	160	118	71	22	(32)
136	Inventories	184	184	184	184	184	184	184	184	184	184
5	Investments	1,272	0	0	0	0	0	0	0	0	0
687	Non Current Assets Held for Resale	50	50	50	50	50	50	50	50	50	50
9,579	Total Current Assets	17,182	16,031	16,154	16,338	16,526	16,722	16,924	17,132	17,346	17,568
CURRENT LIABILITIES											
371	Deposits Held	380	380	380	380	380	380	380	380	380	380
13,022	Trade and Other Payables	13,989	13,997	14,021	14,058	14,111	14,173	14,244	14,333	14,432	14,552
2,616	Employee Benefits and Suspense	2,683	2,735	2,791	2,850	2,915	2,983	3,057	3,135	3,219	3,309
10,984	Borrowings	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222	11,222
78	Provisions for Other Liabilities	78	78	78	78	78	78	78	78	78	78
1,035	Derivative Financial Instruments	489	489	489	489	489	489	489	489	489	489
28,106	Total Current Liabilities	28,841	28,901	28,981	29,077	29,195	29,325	29,470	29,637	29,820	30,030
(18,527)	Total Net Working Capital	(11,659)	(12,870)	(12,827)	(12,739)	(12,669)	(12,603)	(12,546)	(12,505)	(12,474)	(12,462)
NON CURRENT ASSETS											
0	Trade and Other Receivables	0	0	0	0	0	0	0	0	0	0
1,901,136	Property Plant and Equipment	1,946,763	1,943,251	1,951,355	1,958,703	1,964,605	1,966,498	1,971,546	1,973,198	1,974,398	1,972,501
988	Intangible Assets	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668	1,668
1,936	Biological Assets	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186	2,186
20,478	Investments	20,561	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771	29,771
1,924,537	Total Non Current Assets	1,971,178	1,976,876	1,984,980	1,992,328	1,998,230	2,000,123	2,005,171	2,006,823	2,008,023	2,006,126
NON CURRENT LIABILITIES											
27,731	Borrowings	27,269	30,958	33,579	33,847	35,239	32,900	34,801	31,243	25,765	19,263
265	Employee Benefit Liabilities	255	255	255	255	255	255	255	255	255	255
1,482	Provisions for Other Liabilities	1,484	1,483	1,481	1,478	1,473	1,467	1,460	1,451	1,440	1,428
1,860	Derivative Financial Instruments	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137	1,137
31,339	Total Non Current Liabilities	30,145	33,833	36,452	36,717	38,104	35,759	37,653	34,086	28,597	22,083
1,874,671	Total Net Funds Employed	1,929,371	1,930,173	1,935,699	1,942,873	1,947,457	1,951,761	1,954,971	1,960,231	1,966,951	1,971,582
EQUITY											
416,163	Accumulated Surplus	417,525	418,484	424,085	431,519	435,916	437,622	440,771	445,160	450,926	452,326
27,468	Special Funds	31,635	31,102	30,635	29,943	29,618	31,706	31,221	31,426	31,739	34,268
1,431,041	Revaluation Reserves	1,480,211	1,480,588	1,480,979	1,481,413	1,481,924	1,482,434	1,482,982	1,483,645	1,484,286	1,484,988
1,874,671	Total Equity	1,929,371	1,930,174	1,935,699	1,942,875	1,947,458	1,951,762	1,954,974	1,960,231	1,966,951	1,971,582

Prospective Statement of Changes in Equity as at 30 June

AP 2014/15 \$000s		LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
EQUITY OPENING BALANCES											
410,669	Accumulated Funds and Retained Earnings	412,253	417,525	418,484	424,085	431,519	435,916	437,622	440,771	445,160	450,926
30,172	Special Funds and Reserves	33,184	31,635	31,102	30,635	29,943	29,618	31,706	31,221	31,426	31,739
1,403,363	Revaluation Reserves	1,479,823	1,480,211	1,480,588	1,480,979	1,481,413	1,481,924	1,482,434	1,482,982	1,483,645	1,484,286
1,871,204	Total Equity Opening Balance	1,925,260	1,929,371	1,930,174	1,935,699	1,942,875	1,947,458	1,951,762	1,954,974	1,960,231	1,966,951
CHANGES IN EQUITY											
Accumulated Surplus (Retained Earnings)/ Revaluation Reserves											
3,467	Total Comprehensive Income for the Year	4,111	803	5,525	7,176	4,583	4,304	3,212	5,257	6,720	4,631
2,704	Transfer to/(from) Special Funds and Reserves	1,549	533	467	692	325	(2,088)	485	(205)	(313)	(2,529)
0	Transfer to/(from) Restricted Funds Liability Movement	0	0	0	0	0	0	0	0	0	0
Special Funds and Reserves											
(2,704)	Transfer to/(from) Retained Earnings	(1,549)	(533)	(467)	(692)	(325)	2,088	(485)	205	313	2,529
3,467	Total Changes in Equity	4,111	803	5,525	7,176	4,583	4,304	3,212	5,257	6,720	4,631
EQUITY CLOSING BALANCES											
410,584	Accumulated Funds and Retained Earnings	417,525	418,484	424,085	431,519	435,916	437,622	440,771	445,160	450,926	452,326
27,468	Special Funds and Reserves	31,635	31,102	30,635	29,943	29,618	31,706	31,221	31,426	31,739	34,268
1,431,041	Revaluation Reserves	1,480,211	1,480,588	1,480,979	1,481,413	1,481,924	1,482,434	1,482,982	1,483,645	1,484,286	1,484,988
1,874,671	Total Equity Closing Balance	1,929,371	1,930,174	1,935,699	1,942,875	1,947,458	1,951,762	1,954,974	1,960,231	1,966,951	1,971,582
Attributable to :											
1,874,671	Gisborne District Council	1,929,371	1,930,174	1,935,699	1,942,875	1,947,458	1,951,762	1,954,974	1,960,231	1,966,951	1,971,582

Council regularly has independent revaluations of its Assets. The estimated changes in asset values have been taken into account in the depreciation costs of Council. They have not been reflected in the property, plant and equipment nor the revaluation reserve. Revaluations of Council's assets are estimated to increase between \$15m - \$30m per year. The unadjusted revaluation movements do not impact on rates, revenue, expenditure, debt or capital expenditure.

Explanation of Terms used in the Prospective Statement of Cash Flows

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 Council. 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 15%.

Prospective Statement Concerning Balanced Budget as at 30 June

AP 2014/15 \$000s		LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
83,144	Operating Revenue	87,568	86,067	92,488	94,960	95,036	97,240	99,036	104,231	108,091	109,395
80,355	Operating Expenditure	83,845	85,642	87,352	88,216	90,963	93,445	96,371	99,635	102,011	105,466
0	Subvention Payment	0	0	0	0	0	0	0	0	0	0
0	Income Tax Expense	0	0	0	0	0	0	0	0	0	0
2,789	Net Operating Surplus/(Deficit) After Taxation	3,723	425	5,136	6,744	4,073	3,795	2,665	4,596	6,080	3,929
	LESS										
478	Capital Rates Income	510	543	579	617	658	701	741	0	0	0
9,334	Capital Grants and Subsidies	11,113	8,086	12,631	11,482	10,224	8,302	7,646	7,838	8,615	8,832
817	Other Capital Grants, Donations and Contributions	815	699	699	699	699	658	538	538	538	538
235	Operations Funded by Reserve Funds	279	135	650	866	1,095	2,079	2,450	2,597	2,278	2,496
	PLUS										
7,311	Depreciation not Funded	7,325	7,541	7,867	8,096	8,457	8,734	8,959	9,071	9,163	9,406
764	Increase/(Decrease) in Deficit	1,668	1,497	1,556	(1,176)	146	(789)	(249)	(2,694)	(3,812)	(1,469)
0	Balanced Budget - operating income agrees to operating expenditure	0	0	0	0	0	0	0	0	0	0

Balancing the budget

Council sets operating income at a level to meet each year's operating expenditure. This is to ensure that there is access to enough funding to enable the services to continue to be provided long term. However, there are activities where this approach may not be practical or prudent due to the activity's long term nature i.e. wastewater, forestry or soil conservation nurseries.

Over the next ten years Council intends to:

1. Smooth rates increases by running activity deficits/surpluses or repaying activity deficits.
2. Not fund a portion of depreciation on specific assets or components of assets funded through capital rates or subsidies (i.e. wastewater treatment plant and some roading assets).
3. Use operational reserves and/or activity balances to fund some specific operational expenditure where appropriate.

In making these decisions Council has considered the overall impact of its financial management policies, level of service and ensured the cash flow is neutral or positive each year (excluding major projects).

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 (LGA) 2002.

The Gisborne District Council Group (the "economic entity") consists of Council and its controlled entities: Gisborne Holdings Ltd (100% owned), Tauwhareparae Farms Ltd (100% owned) and Tauwhareparae Forests Ltd (100% owned). All Council controlled entities are incorporated in New Zealand.

Council has not presented economic entity prospective financial statements because the Council believes that the controlling entities' prospective statements are more relevant to users. The main purpose of prospective financial statements in the Long Term Plan (LTP) 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 controlled entities, except to the extent that the Council obtains distributions from, or further invests in, those controlled entities. Such effects are included in the prospective financial statements presented.

Council is a Public Benefit Entity (PBE) for the purposes of Financial Reporting. The Financial Bill enacted in December 2013 defines a PBE as "entities whose primary objective is to provide goods or services for community or social benefit, and where equity has been provided with a view to supporting that primary objective, rather than for a financial return to equity". Gisborne District Council is defined as a Tier 1 entity with expenditure in excess of \$30m.

Basis of Preparation

Council's prospective financial statements have been prepared in accordance with the requirements of the LGA 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes compliance with PBE Financial Reporting Standard No. 42 (PBE FRS-42) '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.

The Nature of the Prospective Financial Information - Cautionary Note

The prospective financial information contained in the LTP 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.

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 LTP are set out in the Significant Assumptions section.

The financial information contained within the LTP 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 has been split into Exchange and Non Exchange as per the requirements of the new PBE accounting standards. Non Exchange revenue is categorised as receiving value without giving approximately equal value in exchange e.g. general rates, targeted rates, Government grants.

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 invoices are raised.

Government Grants and Subsidies

Government grants are initially recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Council receives Government subsidies 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.

Grant Expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They 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 Prospective Statement of Comprehensive Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt within equity.

Leases

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.

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, Council recognises finance leases as assets and liabilities in the Statement of Financial Position 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.

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 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 assets 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

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 the Prospective Statement of Comprehensive Revenue and Expenses. In this case the transaction costs are recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

Purchases and sales of investments are recognised on trade-date, the date on which 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. 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 Council has transferred substantially all the risks and rewards of ownership.

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 Prospective Statement of Comprehensive Revenue and Expenses 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.

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; these are recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Prospective Statement of Comprehensive Revenue and Expenses even though the asset has not been derecognised.

Impairment of Financial Assets

At each balance sheet date 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 Prospective Statement of Comprehensive Revenue and Expenses.

Accounting for Derivative Financial Instruments and Hedging Activities

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, 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.

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 Prospective Statement of Comprehensive Revenue and Expenses.

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 Prospective Statement of Comprehensive Revenue and Expenses.

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, i.e. sewer reticulation piping and sewer pump stations.

Biological Assets

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 Prospective Statement of Comprehensive Revenue and Expenses. The costs to maintain the forestry assets are included in the Prospective Statement of Comprehensive Revenue and Expenses.

Pamoa Forest Joint Venture

Council has transferred forestry rights to Juken New Zealand Limited in respect of a total of 1,608 hectares of land associated with the Pamoa Forest.

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

Intangible assets predominately comprise computer software and carbon credits.

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 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 is charged to the Prospective Statement of Comprehensive Revenue and Expenses on a straight line basis over the useful life of the asset.

Typically, the estimated useful lives of these assets are as follows:

- Computer software three to six years.

Emissions Trading Scheme

Council's forestry holdings incorporates forestry assets held by Council and its subsidiary, Tauwhareparae Farms Ltd.

Tauwhareparae Farms Ltd (TFL) has voluntarily entered the New Zealand Emissions Trading Scheme (ETS) in respect of 1,138.2 hectares of forest land located in the Tauwhareparae area. This entitles TFL to receive emission

units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

Units received are recognised at fair value on the date they are received and subsequently measured at cost subject to impairment. While there are no specific conditions attached to units received, a portion of the units received must be returned should carbon stored in the specified area fall below the amount compensated for.

Units received are recorded on the Prospective Statement of Financial Position as an intangible asset until it is clear that they will not be required to meet future emissions obligations. The value of units is then recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

Where there is an obligation to return units the liability is recognised on the Prospective Statement of Financial Position, measured with reference to the carrying value of units on hand. This is measured by reference to the current market value for units held where there is insufficient units on hand to meet the emissions obligation.

Future cash flows associated with units receivable/payable are taken into consideration in determining the valuation of the specified area.

Council's forestry holdings separate from the subsidiaries' holdings, consist of approximately 97 hectares of small woodlots and 1124 hectares held by the Pamoā Forest Joint Venture. These forestry blocks were registered with ETS in November 2011.

At the time of writing there was no confirmation of the number of issued units to Council and, as such, no units have been recognised and recorded on the Prospective Statement of Financial Position for this LTP.

Property, Plant and Equipment Valuation

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 if the above results in a debit balance in the asset revaluation reserve. This balance is expensed in the Prospective Statement of Comprehensive Revenue and Expenses. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Prospective Statement of Comprehensive Revenue and Expenses will be recognised firstly in the Prospective Statement of Comprehensive Revenue and Expenses 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 Prospective Statement of Comprehensive Revenue and Expenses.

The amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings when revalued assets are sold.

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 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 three years, or more frequently when there are indications that the values may have changed substantially from carrying value.

Library Books - General Collection

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 three years at depreciated replacement costs unless conditions indicate that carrying value is materially different to fair value. If this transpires, 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 three years or more frequently when there are indicators that the fair values may have changed substantially from carrying value.

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
Pump stations	15 – 100 years
Treatment plant	15 – 50 years
Laterals	100 years

Urban Stormwater Systems

Pipes	62 – 100 years
In-drain structures	25 – 100 years
Flood control systems	25 – 100 years
Solid waste	4 – 25 years

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.

Assets Under Construction

Assets under construction are valued at cost but they are 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.

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.

The item is written down to its recoverable amount if the recoverable amount of a non-financial asset is less than its carrying amount. The write down of an item recorded at cost is recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expenses. 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 Prospective Statement of Comprehensive Revenue and Expenses.

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.

Trade and Other Payables

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. The carrying value of trade and other payables used in the Prospective Statement of Financial Position therefore approximates their fair value.

Financial Liabilities: Borrowings

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

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. 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

The liability for retiring leave and long-service leave not expected to be taken within 12 months of balance date, is equal to the present value of the estimated future cash outflows. This is 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 the extent to which the surplus/deficit will affect future contributions by individual employers from the terms of the scheme 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 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.

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 if the time value of money is material.

Where the Group 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 Prospective Statement of Comprehensive Revenue and Expenses net of any reimbursement.

Public Equity

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

- Accumulated Comprehensive Revenue and Expenses
- Special Funds and Reserves
- Asset Revaluation Reserves

Accumulated Funds

These comprise accumulated surpluses over the years.

Special Funds and 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 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.

Also included are reserves restricted by Council decision. 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.

Asset Revaluation Reserve

Comprise accumulated revaluation increments or decrements.

Detail on the movement of reserves held by Council (with exception of revaluation reserve) can be found in Note 12.

Prospective Statement of Cash Flows

Cash flows from operating activities are presented using the direct method.

Definitions of terms used in the Prospective Statement of Cash Flows:

Operating Activities

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

Investing Activities

These comprise 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

These are activities which result in changes in the size and composition of the capital structure of Council; inclusive of both equity and debt not falling within the definition of cash.

Changes to Accounting Policies

There have been no planned changes in accounting policies during the LTP. All accounting policies have been applied on a consistent basis throughout the years presented.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements, Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgments 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.

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 Prospective Statement of Financial Position. 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.

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 Prospective Statement of Financial Position.

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 2015.

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 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.
- Estimates of 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 affected 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, Council could then be over or under estimating the annual depreciation charge. This is recognised as an expense in the Prospective Statement of Comprehensive Revenue and Expenses. To minimise this risk, Council's infrastructural assets' useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group. These 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, this 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.

Budget Figures

The budget figures are those approved by Council and published in this LTP.

The LTP 2015-2025 figures have been produced in accordance with the requirements of the new Public

Benefit Entity (PBE) accounting standards. These standards applied from 1 July 2014.

There will be small differences between financial statements due to roundings. These differences are immaterial.

Cost Allocation

Expenditure has been reported by the nature of the expense.

Capital Management

Council's capital is its equity (or ratepayers' funds) which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA 2002 requires Council to prudently manage its revenues, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the Act and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires Council to make adequate and effective provision in its LTP to meet the expenditure needs identified by those plans. The Act sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in this LTP.

*Please note individual years stated in Disclosure notes tables, refer to financial year ending 30 June. For example '2016' refers to a period 1 July 2015 to 30 June 2016.

NOTE 2: Prospective Summary of Cost of Services for the Year Ended 30 June

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Activities Revenue										
Animal Control	727	744	762	782	803	825	850	876	904	935
Aquatic and Recreation Facility	512	527	544	558	575	1,155	1,191	1,230	1,272	1,317
Arts and Culture	117	120	123	127	130	134	138	143	148	153
Building Services	884	907	930	955	983	1012	1044	1078	1115	1155
Emergency Management (CDEM)	83	95	87	89	92	94	97	100	104	108
Strategic Planning and Engagement	214	215	211	213	216	219	216	219	222	226
Environmental Services	624	593	574	586	608	634	643	665	690	717
Commercial Operations	3,588	3,345	3,407	4,723	3,746	4,191	3,983	6,286	6,390	4,416
Environmental Health	304	312	320	329	338	348	359	371	384	397
Parking Services	1,274	1,306	1,340	1,436	1,478	1,522	1,569	1,621	1,676	1,736
Flood Control	175	179	184	189	194	200	206	213	220	228
Governance	13	14	14	14	15	15	16	16	17	17
Land Transport (Tairāwhiti Roads)	8,683	8,846	9,011	9,222	9,448	9,697	9,956	10,246	11,176	11,537
HB Williams Memorial Library	133	137	140	144	148	153	157	163	168	174
Reserves and Open Spaces	366	375	385	395	407	419	432	446	462	478
Resource Consents	192	197	202	207	214	220	227	234	242	251
Solid Waste Management	165	165	166	167	167	168	169	170	171	172
Stormwater	0	0	0	0	0	0	0	0	0	0
Support Services	2,397	2,890	3,300	3,753	4,192	5,361	5,810	6,076	5,908	6,256
Wastewater	323	331	339	348	359	369	381	393	407	421
Water Supply	2,590	2,654	2,724	2,797	2,878	2,964	3,056	3,157	3,265	3,382
Total Revenue	23,364	23,952	24,763	27,034	26,991	29,700	30,500	33,703	34,941	34,076
Less Expenditure										
Animal Control	1,094	1,099	1,104	1,110	1,186	1,193	1,190	1,259	1,270	1,353
Aquatic and Recreation Facility	1,824	1,839	1,861	1,749	1,912	2,217	2,246	2,307	2,350	2,378
Arts and Culture	1,637	1,870	1,963	2,055	2,190	2,222	2,265	2,198	2,237	2,281
Building Services	1,665	1,737	1,696	1,687	1,784	1,754	1,815	1,899	1,916	2,067
Emergency Management (CDEM)	1,133	1,171	1,179	1,245	1,211	1,236	1,272	1,345	1,361	1,398
Strategic Planning and Engagement	4,612	4,620	4,774	4,817	4,998	5,132	5,002	5,260	5,347	5,464
Environmental Services	4,724	4,793	4,961	4,949	5,221	5,273	5,530	5,756	5,919	6,123
Commercial Operations	3,845	3,853	3,937	3,973	4,178	4,223	4,340	4,484	4,620	4,768
Environmental Health	1,744	1,820	1,891	1,840	1,940	1,963	1,997	2,172	2,138	2,227
Parking Services	896	927	933	928	981	979	1,007	1,069	1,078	1,126

Flood Control	2,674	2,873	2,698	2,757	2,822	2,835	2,972	3,006	3,107	3,335
Governance	2,285	2,144	2,196	2,470	2,304	2,354	2,711	2,504	2,599	3,090
Land Transport (Tairāwhiti Roads)	25,827	26,029	26,413	26,872	27,553	28,365	29,205	29,922	30,582	31,454
HB Williams Memorial Library	1,990	2,131	2,127	2,119	2,166	2,201	2,245	2,323	2,359	2,409
Reserves and Open Spaces	5,909	6,127	6,286	6,305	6,468	6,501	6,652	6,862	7,025	7,175
Resource Consents	1,478	1,526	1,515	1,542	1,597	1,612	1,640	1,764	1,735	1,871
Solid Waste Management	3,862	3,915	3,974	3,956	4,023	4,085	4,168	4,284	4,418	4,558
Stormwater	2,785	2,860	2,872	2,755	2,850	2,866	3,011	3,196	3,403	3,513
Support Services	1,632	1,831	1,959	2,089	2,164	2,332	2,429	2,587	2,131	2,222
Wastewater	6,971	7,253	7,475	7,553	7,760	8,273	8,608	9,005	9,476	9,476
Water Supply	5,258	5,224	5,538	5,445	5,655	5,829	6,066	6,433	6,940	7,178
Total Expenditure	83,845	85,642	87,352	88,216	90,963	93,445	96,371	99,635	102,011	105,466
Net Cost of Service	60,481	61,621	62,510	61,237	64,018	63,073	64,993	65,175	66,994	71,436

NOTE 3: Rates Revenue

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Council grants rates remissions to certain ratepayers. Council has a number of rates remission policies which includes:

- Remission of Rates for Permanent Crops
- Whenua Rahui and Community
- Sporting and Other Organisations.

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Rates Revenue	52,277	53,332	54,394	55,745	57,123	58,578	60,352	62,151	63,998	65,946
Rate revenue consists of:										
General Rates	2,936	3,091	3,543	3,834	4,091	4,281	4,214	3,712	3,911	3,873
Uniform Charges	14,331	14,601	14,680	14,815	15,024	15,348	15,951	16,482	16,726	17,592
Targeted Rates	35,010	35,641	36,172	37,095	38,009	38,949	40,187	41,957	43,361	44,481
Rates Revenue	52,277	53,332	54,394	55,745	57,123	58,578	60,352	62,151	63,998	65,946
Less										
Remissions	800	820	841	864	889	916	944	975	1,008	1,045
Net Rates Revenue	51,477	52,512	53,553	54,881	56,234	57,662	59,408	61,176	62,990	64,902

NOTE 4: Grants and Subsidies

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Revenue from Grants and Subsidies										
Central Government Grants	139	83	54	56	63	73	57	59	62	67
NZ Transport Agency Roadway Subsidies	16,007	16,192	17,134	16,047	17,687	18,017	17,615	18,113	19,775	20,397
Other Grants and Subsidies	4,004	958	4,727	6,127	2,207	204	212	2,448	2,461	203
Total Revenue from Grants and Subsidies	20,150	17,233	21,916	22,231	19,957	18,294	17,884	20,619	22,298	20,667

NOTE 5: Operating Activities Revenue

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Revenue from Operating Activities										
Reserves Contribution	0	0	0	0	0	0	0	0	0	0
Development Contributions	815	699	699	699	699	658	538	538	538	538
Capital Contributions	0	0	0	0	0	0	0	0	0	0
Rates Penalties	850	871	894	918	945	973	1,003	1,036	1,072	1,110
Activity Revenue	12,099	12,088	12,356	12,715	13,253	14,541	14,651	15,052	15,561	16,208
Interest	14	14	14	14	14	14	14	14	14	14
Dividends	1,000	1,459	1,833	2,246	2,642	3,766	4,166	4,379	4,154	4,439
Petroleum Tax	352	361	370	380	391	403	415	429	443	459
Gains on Derivatives (Interest Rate Swaps)	0	0	0	0	0	0	0	0	0	0
Total Revenue from Operating Activities	15,129	15,491	16,165	16,972	17,944	20,354	20,787	21,448	21,782	22,769

NOTE 6: Revenue from Other Gains/(Losses)

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Revenue from Other Gains										
Gain / (Loss) on Changes in Fair Value of Forestry Assets and Stock	0	0	0	0	0	0	0	0	0	0
Gain / (Loss) on Disposal of Property, Plant and Equipment	12	12	12	12	12	12	12	12	12	12
Gain / (Loss) on Changes in Fair Value of Non-Current Receivables / Investments	0	0	0	0	0	0	0	0	0	0
Total Revenue from Other Gains	12	12	12	12	12	12	12	12	12	12

NOTE 7: Employee Benefit Expense

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Employee Benefit Expense										
Wages and Salaries	19,147	19,193	19,200	19,603	20,036	20,639	21,133	21,661	22,223	22,826
Defined Contribution Plans Expense	529	531	532	543	555	568	582	596	612	628
Increase / (Decrease) in Leave Liabilities	0	0	0	0	0	0	0	0	0	0
Less Recharged to Other Expense Categories	(1,819)	(1,833)	(1,868)	(1,907)	(1,950)	(1,996)	(2,043)	(2,094)	(2,148)	(2,207)
Total Employee Benefit Expense	17,857	17,891	17,864	18,239	18,641	19,211	19,672	20,163	20,687	21,247

NOTE 8: Depreciation and Amortisation Expense

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	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Depreciation and Amortisation Expense										
Animal Control	0	0	0	0	0	0	0	0	0	0
Arts & Culture	365	494	527	610	709	706	706	706	706	706
Building Services	2	2	2	2	2	2	2	2	2	2
Emergency Management (CDEM)	44	45	45	45	45	45	45	45	45	45
Commercial Operations	1,170	880	894	906	941	952	961	999	1,021	1,007
Strategic Planning & Engagement	1	1	1	1	1	1	1	1	1	1
Environmental Health	6	6	6	6	6	6	6	6	6	6
Environmental Services	44	44	44	40	35	35	35	35	35	35
Flood Protection	133	136	138	119	132	136	139	143	148	152
Governance	2	2	2	2	2	2	2	2	2	2
HB Williams Memorial Library	296	363	366	352	354	354	354	363	363	363
Parking Services	0	0	0	0	0	0	0	0	0	0
Parks & Open Spaces	584	598	612	608	618	619	621	630	637	650
Pools	171	174	180	297	417	473	473	479	479	479
Resource Consents	0	0	0	0	0	0	0	0	0	0
Land Transport (Tairāwhiti Roads)	10,980	11,057	11,432	11,598	11,872	12,256	12,645	12,814	13,003	13,336
Solid Waste	270	281	289	299	307	318	329	327	337	349
Urban Stormwater	859	892	919	949	979	1,015	1,062	1,112	1,170	1,218
Support Services	1,123	1,104	1,126	1,087	1,170	1,192	1,265	1,326	1,083	958
Wastewater	2,153	2,238	2,315	2,389	2,457	2,596	2,701	2,807	2,925	3,065
Water Supply	2,191	2,268	2,349	2,419	2,518	2,582	2,677	2,780	2,909	3,059
Total Depreciation and Amortisation Expense	20,394	20,583	21,248	21,728	22,565	23,288	24,024	24,576	24,872	25,434

NOTE 9: Expenditure on Operating Activities

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Expenditure on Operating Activities										
Administration Expenses	2,235	2,249	2,298	2,370	2,440	2,510	2,587	2,672	2,765	2,861
Audit Fees – Annual Report	195	200	205	210	217	223	230	238	246	255
Consultants and Professional Services	1,185	1,214	1,246	1,279	1,315	1,354	1,396	1,441	1,489	1,542
Elected Members	549	559	571	583	596	609	624	639	656	674
Indirect Employment Costs	124	127	129	132	135	138	141	145	149	153
Grants and Donations	945	961	979	998	1,019	1,041	1,064	1,090	1,117	1,147
Insurance Costs	724	679	698	719	741	773	800	828	859	892
Rental and operating leases	660	1,866	1,806	1,799	1,849	1,902	1,959	2,021	2,088	2,161
Repairs and Maintenance	3,607	3,723	3,830	3,733	3,854	3,963	4,106	4,259	4,425	4,601
Bad Debts Written Off	560	574	589	605	622	641	661	683	706	731
Bad Debts - Rates write off	867	884	902	920	938	957	976	996	1,016	1,036
Other Operating Expenditure	31,858	31,705	32,371	32,198	33,278	34,109	35,419	37,221	38,544	40,699
Total Operating Expenditure	43,509	44,741	45,624	45,546	47,004	48,220	49,963	52,233	54,060	56,752

NOTE 10: Finance Costs

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Finance Costs										
Interest on Debentures and Interest Rate Swaps	900	900	900	900	900	900	900	900	900	900
Interest on Bank Borrowings and Commercial Paper	1,085	1,427	1,616	1,703	1,753	1,725	1,712	1,663	1,392	1,033
Line Fee	100	100	100	100	100	100	100	100	100	100
Losses on Derivatives (Interest Rate Swaps)	0	0	0	0	0	0	0	0	0	0
Total Finance Costs	2,085	2,427	2,616	2,703	2,753	2,725	2,712	2,663	2,392	2,033

NOTE 11: Development Contributions Revenue

	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Development Contributions Revenue										
Parks & Open Spaces	94	79	79	79	79	79	47	47	47	47
Land Transport (Tairāwhiti Roads)	137	117	117	117	117	117	107	107	107	107
Water Supply	105	91	91	91	91	91	68	68	68	68
Wastewater	322	280	280	280	280	238	211	211	211	211
Urban Stormwater	157	133	133	133	133	133	104	104	104	104
Total Development Contributions Revenue	815	699	699	699	699	658	538	538	538	538

NOTE 12: Movements in Reserves

	Opening Balance 1 July 2015 \$000s	Transfers to Reserves \$000s	Transfers from Reserves \$000s	Closing Balance 30 June 2025 \$000s
Special Funds and Other Reserves				
Municipal Theatre Project	26	0	0	26
HB Williams Memorial Library Building	1,732	19	1,750	1
Waipaoa River Flood Control Scheme	685	200	0	884
Civil Defence Disaster Relief	494	144	0	638
Capital Development Fund	3,134	920	0	4,054
Quarry Rehab	1,071	312	0	1,383
Olympic Pool Development	27	8	0	35
Rates Postponement Fidelity	1	0	0	1
Reserves Contributions	305	73	298	80
Land Transport - Urban Development Contributions	(180)	1,180	1,131	(132)
Water Supply - Urban Development Contributions	(573)	613	2,372	(2,332)
Wastewater - Urban Development Contributions	471	2,742	2,898	314
Urban Stormwater - Urban Development Contributions	(673)	1,084	1,260	(849)
Reserves - District Development Contributions	252	820	751	321
HMNZ Blackpool Scholarship Fund	6	2	0	8
GHL Forestry Reserve	0	13,018	11,632	1,386
Land Subdivision	337	98	0	436
Parking	0	0	0	0
Depreciation	26,068	228,713	226,770	28,010
Total Special Funds and Other Reserves	33,184	249,946	248,863	34,265

NOTE 13: Reconciliation of Funding Impact Statement with Prospective Statement of Comprehensive Revenue and Expenses

AP 2014/15 \$000s	RECONCILIATION OF REVENUE	LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
Sources of operating funding											
72,992	Total operating funding (A) as per Funding Impact Statement	75,640	77,282	79,160	82,779	84,115	88,277	90,848	95,854	98,934	100,023
Add Sources of capital funding											
9,334	Subsidies and grants for capital expenditure	11,113	8,086	12,631	11,482	10,224	8,302	7,646	7,838	8,615	8,832
817	Development and financial contributions	815	699	699	699	699	658	538	538	538	538
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
83,144		87,568	86,067	92,490	94,960	95,039	97,238	99,033	104,230	108,088	109,393
83,144	As per Prospective Statement of Comprehensive Revenue and Expenses - Total Operating Income	87,568	86,067	92,488	94,960	95,036	97,240	99,036	104,231	108,091	109,395
RECONCILIATION OF EXPENDITURE											
Applications of operating funding											
60,178	Total applications of operating funding (B) as per Funding Impact Statement	63,451	65,058	66,106	66,489	68,398	70,154	72,348	75,061	77,138	80,033
20,177	Add depreciation and amortisation expense	20,394	20,583	21,248	21,728	22,565	23,289	24,024	24,576	24,872	25,434
80,355		83,845	85,641	87,352	88,216	90,961	93,442	96,370	99,638	102,009	105,467
80,355	As per Prospective Statement of Comprehensive Revenue and Expenses - Total Operating Expenditure	83,845	85,642	87,352	88,216	90,963	93,445	96,371	99,636	102,011	105,466
RECONCILIATION OF TOTAL COMPREHENSIVE INCOME											
12,815	Surplus/(deficit) of operating funding (A-B)	12,189	12,224	13,054	16,290	15,717	18,123	18,500	20,793	21,797	19,989
0	Add subvention payment	0	0	0	0	0	0	0	0	0	0
9,334	Add Subsidies and grants for capital expenditure	11,113	8,086	12,631	11,482	10,224	8,302	7,646	7,838	8,615	8,832
817	Add Development and financial contributions	815	699	699	699	699	658	538	538	538	538
(20,177)	Less Depreciation and amortisation expense	(20,394)	(20,583)	(21,248)	(21,728)	(22,565)	(23,289)	(24,024)	(24,576)	(24,872)	(25,434)
679	Add Gains/(Loss) on Property Revaluation	388	378	389	432	510	509	547	661	640	702
3,468		4,111	804	5,525	7,176	4,583	4,304	3,212	5,257	6,720	4,631
3,468	As per Prospective Statement of Comprehensive Income - Total Comprehensive Revenue and Expenses	4,111	804	5,525	7,176	4,583	4,304	3,212	5,257	6,720	4,631

Description	LOS	Total Cost	2015/16 \$000s	2016/17 \$000s	2017/18 \$000s	2018/19 \$000s	2019/20 \$000s	2020/21 \$000s	2021/22 \$000s	2022/23 \$000s	2023/24 \$000s	2024/25 \$000s
Taruheru Subdivision Road Links	GROWTH	1,131	0	0	0	0	0	14	419	698	0	0
	INCREASE											
	MAINTAIN											
Streetlight Upgrades to LED	MAINTAIN	900	300	300	300	0	0	0	0	0	0	0
Kaiti to Wainui Walking and Cycling	MAINTAIN	383	383	0	0	0	0	0	0	0	0	0
Gisborne City Carpark Facility	INCREASE	350	0	0	350	0	0	0	0	0	0	0
	GROWTH											
Bus Shelter Replacements	MAINTAIN	162	15	15	15	15	16	16	17	17	18	18
Matahiia Road Realignment	GROWTH	120	0	120	0	0	0	0	0	0	0	0
Total		129,788	12,275	12,187	13,592	11,167	13,464	13,593	12,989	13,584	13,280	13,657
Flood Protection												
Waipaoa River Flood Control Scheme	MAINTAIN	9,772	410	679	800	883	1,000	1,000	1,000	1,200	1,400	1,400
Tansley Road Drain - Replace Failing Retaining Walls	MAINTAIN	419	0	0	0	419	0	0	0	0	0	0
Onepoto Bay Wooden Stormwater Flumes Renewal	MAINTAIN	364	171	193	0	0	0	0	0	0	0	0
Ruatoria Flood Protection - Provide a means of halting/slowing down erosion	MAINTAIN	247	91	156	0	0	0	0	0	0	0	0
Wainui Beach Management Strategy	MAINTAIN	117	10	10	11	11	11	12	12	13	13	14
Taruheru River Channel and Revetments	MAINTAIN	75	75	0	0	0	0	0	0	0	0	0
Total		10,994	757	1,038	811	1,313	1,011	1,012	1,012	1,213	1,413	1,414
Commercial Operations												
Municipal Buildings	MAINTAIN	161	47	0	0	0	0	0	0	0	0	0
Commercial Property Renewals and Improvements	MAINTAIN	1,656	461	197	187	133	184	136	209	73	113	78
Community/Staff housing Upgrades	INCREASE	2,453	240	241	242	243	244	246	247	248	250	251
Total		4,270	748	438	429	376	428	382	456	321	363	329
Parks & Open Spaces												
Public Conveniences	MAINTAIN	2,384	208	374	195	231	170	270	175	268	233	260
Titirangi Recreation Reserve Upgrades and Improvements	MAINTAIN	2,089	398	654	302	205	161	46	81	31	131	80
Parks - Waikiriki Reserve	MAINTAIN	1,395	153	224	156	129	130	111	132	112	135	113
Sports Parks and Recreation	GROWTH	1,322	600	512	210	0	0	0	0	0	0	0
	INCREASE											
	MAINTAIN											
Parks and Reserves Improvements	MAINTAIN	1,044	237	139	295	78	68	54	71	32	48	22
	INCREASE											
Community Monuments and Signage	MAINTAIN	1,000	121	97	82	80	109	85	116	90	123	97
	INCREASE											
Reserves and Ecological Links	GROWTH	741	0	0	0	0	0	0	0	427	161	153
	INCREASE											
	MAINTAIN											
Neighbourhood Parks & Public Gardens	GROWTH	617	104	32	61	34	85	41	42	82	107	29
	INCREASE											
	MAINTAIN											
Township Plans	MAINTAIN	617	214	290	5	44	5	15	5	16	6	17
Purchase and Land Improvements	GROWTH	457	90	0	118	0	249	0	0	0	0	0
Cultural Heritage	MAINTAIN	56	23	33	0	0	0	0	0	0	0	0
Total		11,722	2,148	2,355	1,424	801	977	622	622	1,058	944	771
Pools												
Pools	MAINTAIN	10,500	250	250	4,000	4,000	2,000	0	0	0	0	0
	INCREASE											
Total		10,500	250	250	4,000	4,000	2,000	0	0	0	0	0
HB Williams Memorial Library												
Library Expansion and Equipment	MAINTAIN	6,114	3,674	261	195	207	346	234	249	253	270	425
	INCREASE											
Total		6,114	3,674	261	195	207	346	234	249	253	270	425
Grand Total		268,688	30,190	25,906	28,960	28,647	27,954	24,672	28,525	25,564	25,433	22,837

Disclosure Statement

Long Term Plan Disclosure Statement for Period Commencing 1 July 2015

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

Council is required to include this statement in its Long Term Plan (LTP) in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

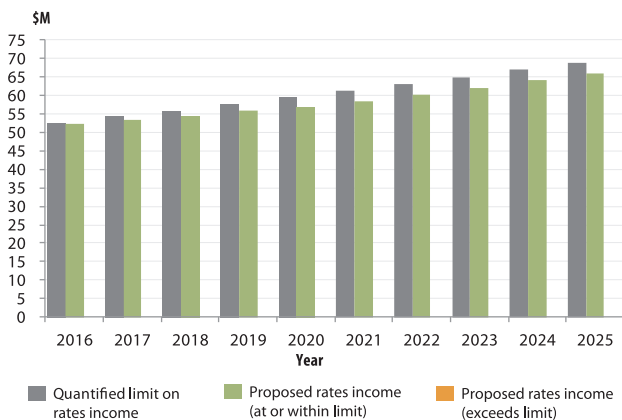
Rates Affordability Benchmark

Council meets the rates affordability benchmark if:

- its planned rates income equals or is less than each quantified limit on rates
- its planned rates increases equal or are less than each quantified limit on rates increases.

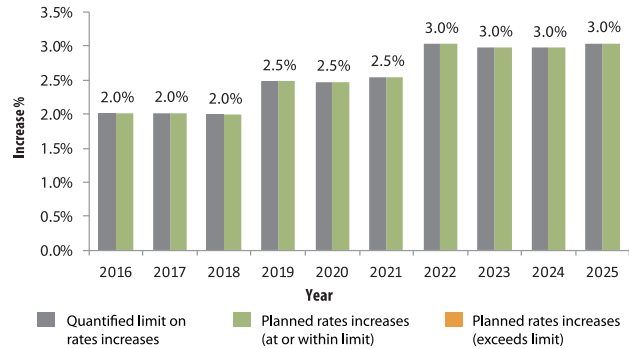
Rates Income Affordability

The following graph compares Council's planned rates with a quantified limit on rates contained in the financial strategy included in this LTP. Total rates revenue for each year of the LTP period will be limited to 70% of operating revenue.



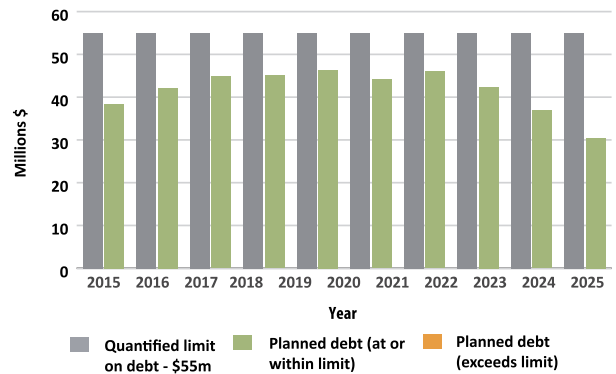
Rates Increases Affordability

The following graph compares Council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this LTP. The annual increase in total rates requirement for this LTP has been limited to 2% for years 2016-2018, 2.5% for years 2019-2021, and 3% for years 2022-2025.



Debt Affordability Benchmark

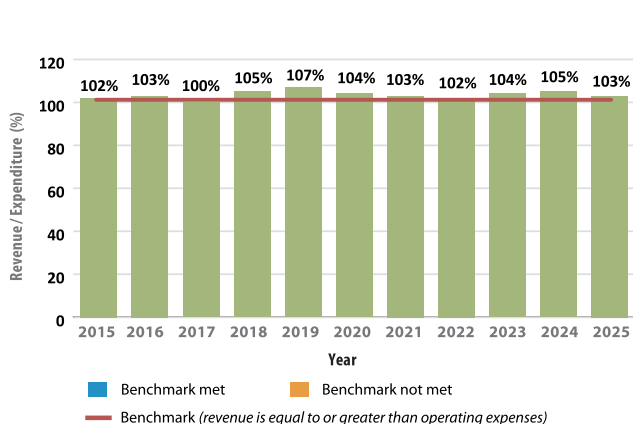
Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph compares Council's planned debt with a quantified limit on borrowing contained in the financial strategy included in this LTP. The quantified limit for net debt is to be capped at \$55m.



Balanced Budget Benchmark

The following graph displays Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment).

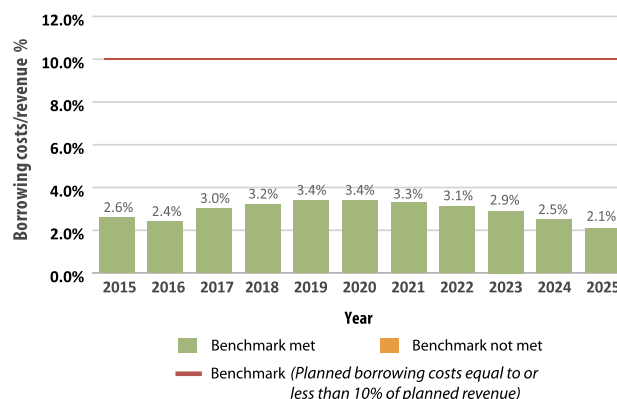
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Debt Servicing Benchmark

The following graph displays Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments and revaluations of property plant or equipment).

Council meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate.



Essential Services Benchmark

The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

Council meets this benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

As a Council we have some major renewal programmes planned and therefore the expenditure peaks through 2020 to 2023 and as a consequence renewals are not as high in 2024 and 2025.

Funding Impact Statement

This statement sets out the information required by Schedule 10 of the Local Government Act 2002, together with additional information provided to assist ratepayers in understanding the indicative impact of the Long Term Plan.

As the Council sets them:

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 (UAGC)

A fixed amount charged to each separately used or inhabited part of a rating unit.

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

Any part of a rating unit used for a different purpose or inhabited by any person, other than the ratepayer or member of the ratepayer's household, having a right to use or inhabit that portion by virtue of a tenancy, lease, licence or other agreement.

Interpretation rules that form part of the definition:

- A. Each separate shop or business activity on a rating unit is a separate use, for which a separate UAGC is payable. (See Guidance Note 1.)
- B. 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 Guidance Note 2.)
- C. Each residential rating unit which has, in addition to a family dwelling unit, one or more non-residential uses (i.e. home occupation units) will be charged an extra UAGC for each additional use. (See Guidance Note 3.)
- D. 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 be liable for additional UAGCs for each residential unit. (See Guidance Note 4.)
- E. 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 be liable for a separate UAGC. (See Guidance Note 5.)

- F. 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.
- G. 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" (i.e. they are not used at all).
- H. Each dwelling, flat, or additional rentable unit (attached or not attached) on a pastoral, horticultural or forestry 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.
- I. 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).

Guidance 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. This is 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 leasing 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 where 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 may be considered for a remission under Council's remission policies and have all but one UAGC remitted.
- Apartment blocks 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

- 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, 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, for example, 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. This is 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, 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). They may be charged rates and additional UAGCs for each separately used or inhabited part of the rating unit if, however, these organisations undertake accommodation or business activities which are not related to their core function.

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. This is regardless of the number of people who may be living in the unit. Each will be required to 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, 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.)

Council's Other Funding Sources

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Subsidies and Grants

From Government and non-Government organisations to fund maintenance or capital projects.

Fees and Charges

Council charges for services provided, e.g. building consents, dog licences.

Interest Received and Dividends Income

From funds invested or Council investments.

Loans

Council borrows money to fund Capital Expenditure.

Capital Rates

Rates used to repay loans and capital expenditure e.g. solid waste loan.

Development Contributions

Money received to fund capital expenditure for new development.

Asset Sales

Money received from the sale of assets.

Reserves

Money set aside for specific purpose, to fund capital expenditure. Please refer to the Revenue and Financing Policy for further details of Council's revenue funding mechanisms.

Funding Impact Statement

The following information is presented for the purpose of clauses 5 and 15 of Schedule 10 of the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

These statements are not NZ GAAP compliant. The information presented is incomplete (in particular it does not include depreciation and internal overheads).

This statement should not be relied upon for any other purpose than compliance with the Local Government (Financial Reporting and Prudence) Regulations 2014.

In the Finances a reconciliation is provided between Council's Prospective Statement of Comprehensive Revenue and Expenses and Council's Funding Impact Statement in Note 13 (Page 159).

Commercial Operations

AP 2014/15 \$000s	LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
Sources of operating funding										
80	76	38	35	31	28	24	21	18	14	10
General rates, uniform annual general charges, rates penalties										
0										
Targeted rates										
0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes										
2,314	3,533	3,297	3,358	4,673	3,695	4,138	3,928	6,229	6,332	4,356
Fees, charges										
2,059	1,971	224	176	180	185	190	195	201	207	214
Internal charges and overheads recovered										
0	0	0	0	0	0	0	0	0	0	0
Interest and Dividends from Investments										
70	55	47	49	50	51	53	54	56	58	60
Local authorities fuel Tax, fines, infringement fees and other receipts										
4,523	5,635	3,606	3,618	4,934	3,959	4,405	4,198	6,504	6,611	4,640
Total Operating Funding (A)										
Applications of operating funding										
2,510	2,976	2,168	2,220	2,257	2,334	2,394	2,462	2,535	2,611	2,690
Payments to staff and suppliers										
113	109	90	36	34	32	30	28	27	25	24
Finance costs										
1,390	1,561	939	963	957	1,056	1,037	1,084	1,124	1,170	1,262
Internal charges and overheads applied										
0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications										
4,013	4,646	3,197	3,219	3,248	3,422	3,461	3,574	3,686	3,806	3,976
Total applications of operating funding (B)										
511	989	409	399	1,686	537	944	624	2,818	2,805	664
Surplus/(deficit) of operating funding (A-B)										
Sources of capital funding										
0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions										
(201)	(231)	(1,378)	(34)	(33)	(28)	(28)	(27)	(28)	(26)	(26)
Increase/(decrease) in debt										
0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets										
0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions										
(201)	(231)	(1,378)	(34)	(33)	(28)	(28)	(27)	(28)	(26)	(26)
Total sources of capital funding (C)										
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand										
16	11	6	6	6	6	6	7	0	0	0
- to improve level of service										
819	737	432	423	370	422	376	449	321	363	329
- to replace existing assets										
(538)	10	(1,406)	(65)	1,277	80	534	141	2,468	2,415	308
Increase/(decrease) in reserves										
0	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) of investments										
296	758	(968)	364	1,653	509	916	597	2,790	2,778	638
Total applications of capital funding (D)										
(498)	(989)	(410)	(398)	(1,686)	(537)	(944)	(623)	(2,818)	(2,804)	(664)
Surplus/(deficit) of capital funding (C-D)										
13	0	0	0	0	0	0	0	0	0	0
Funding balance ((A-B)+(C-D))										

Resource Consents

AP 2014/15 \$000s	LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s	
Sources of operating funding											
1,056	General rates, uniform annual general charges, rates penalties	1,183	1,246	1,313	1,335	1,383	1,392	1,413	1,530	1,493	1,620
0	Targeted rates	0	0	0	0	0	0	0	0	0	0
0	Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0
192	Fees, charges	192	197	202	207	214	220	227	234	242	251
39	Internal charges and overheads recovered	39	40	41	42	43	44	46	47	49	51
0	Interest and Dividends from Investments	0	0	0	0	0	0	0	0	0	0
0	Local authorities fuel Tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0
1,287	Total Operating Funding (A)	1,414	1,483	1,555	1,585	1,640	1,657	1,685	1,811	1,784	1,921
Applications of operating funding											
806	Payments to staff and suppliers	1,075	1,147	1,141	1,185	1,222	1,234	1,251	1,340	1,314	1,442
0	Finance costs	0	0	0	0	0	0	0	0	0	0
481	Internal charges and overheads applied	441	418	415	400	417	422	435	472	470	480
0	Other operating funding applications	0	0	0	0	0	0	0	0	0	0
1,287	Total applications of operating funding (B)	1,516	1,565	1,556	1,585	1,639	1,656	1,686	1,812	1,783	1,922
0	Surplus/(deficit) of operating funding (A-B)	(103)	(83)	(1)	0	1	1	(1)	(1)	1	(1)
Sources of capital funding											
0	Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0
0	Development and financial contributions	0	0	0	0	0	0	0	0	0	0
0	Increase/(decrease) in debt	0	0	0	0	0	0	0	0	0	0
0	Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0
0	Lump sum contributions	0	0	0	0	0	0	0	0	0	0
0	Total sources of capital funding (C)	0	0	0	0	0	0	0	0	0	0
Applications of capital funding											
Capital expenditure											
0	- to meet additional demand	0	0	0	0	0	0	0	0	0	0
0	- to improve level of service	0	0	0	0	0	0	0	0	0	0
0	- to replace existing assets	0	0	0	0	0	0	0	0	0	0
0	Increase/(decrease) in reserves	(103)	(83)	(1)	0	1	1	(1)	(1)	1	(1)
0	Increase/(decrease) of investments	0	0	0	0	0	0	0	0	0	0
0	Total applications of capital funding (D)	(103)	(83)	(1)	0	1	1	(1)	(1)	1	(1)
0	Surplus/(deficit) of capital funding (C-D)	103	83	1	0	(1)	(1)	1	1	(1)	1
0	Funding balance ((A-B)+(C-D))	0	0	0	0	0	0	0	0	0	0

Community Housing

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AP 2014/15 \$000s	LTP 2015/16 \$000s	LTP 2016/17 \$000s	LTP 2017/18 \$000s	LTP 2018/19 \$000s	LTP 2019/20 \$000s	LTP 2020/21 \$000s	LTP 2021/22 \$000s	LTP 2022/23 \$000s	LTP 2023/24 \$000s	LTP 2024/25 \$000s
Sources of operating funding										
0	0	0	0	0	0	0	0	0	0	0
General rates, uniform annual general charges, rates penalties										
0	0	0	0	0	0	0	0	0	0	0
Targeted rates										
0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes										
958	0	0	0	0	0	0	0	0	0	0
Fees, charges										
74	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered										
0	0	0	0	0	0	0	0	0	0	0
Interest and Dividends from Investments										
0	0	0	0	0	0	0	0	0	0	0
Local authorities fuel Tax, fines, infringement fees and other receipts										
1,032	0	0	0	0	0	0	0	0	0	0
Total Operating Funding (A)										
Applications of operating funding										
302	0	0	0	0	0	0	0	0	0	0
Payments to staff and suppliers										
0	0	0	0	0	0	0	0	0	0	0
Finance costs										
302	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied										
0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications										
604	0	0	0	0	0	0	0	0	0	0
Total applications of operating funding (B)										
428	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) of operating funding (A-B)										
Sources of capital funding										
0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions										
0	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in debt										
0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets										
0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions										
0	0	0	0	0	0	0	0	0	0	0
Total sources of capital funding (C)										
Applications of capital funding										
Capital expenditure										
0	0	0	0	0	0	0	0	0	0	0
- to meet additional demand										
0	0	0	0	0	0	0	0	0	0	0
- to improve level of service										
185	0	0	0	0	0	0	0	0	0	0
- to replace existing assets										
243	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) in reserves										
0	0	0	0	0	0	0	0	0	0	0
Increase/(decrease) of investments										
428	0	0	0	0	0	0	0	0	0	0
Total applications of capital funding (D)										
(428)	0	0	0	0	0	0	0	0	0	0
Surplus/(deficit) of capital funding (C-D)										
0	0	0	0	0	0	0	0	0	0	0
Funding balance ((A-B)+(C-D))										

Schedule 1

The following rates will be set by Council for the financial year commencing 1 July 2015 and ending 30 June 2016. **All figures in the Funding Impact Statement exclude GST.**

General Rates

A general rate in accordance with the Local Government (Rating) Act 2002 13(2)(a) based on the capital value of each rating unit in the district, on a uniform basis. The general rate is used to fund Council activities that are deemed to generally benefit all ratepayers in the Gisborne district and are on activities which user pays are not applied.

Uniform Annual General Charge (UAGC)

Council will use a Uniform Annual General Charge in accordance with section 15(1)(b) of the Local Government (Rating) Act 2002.

General Rates - UAGC

Some of Council's services are more related to the existence of a property or a household than to land value, capital value or area. In these cases Council applies a UAGC which is a fixed charge per rating unit or per Separately Used or Inhabited Part (SUIP) of a rating unit. This year the proposed UAGC will be \$636.57 (GST excl) per SUIP of a rating unit. The Uniform Annual General Charge is made up of the following rates excluding GST:

Cemeteries	\$10.12
Civil Defence	\$21.00
Community Services	\$112.08
Economic Development	\$2.77
Environmental and Public Health Protection	\$62.78
Managing Solid Waste and Transfer Stations	\$75.83
Mayor and Councillor representation costs	\$89.84
HB Williams Memorial and Rural Libraries	\$85.77
Public Toilets - cleaning and maintaining	\$47.93
Roading	\$87.81
Tairāwhiti Museum	\$33.84
Corporate and Civil expenses of the district ⁽¹⁾	\$6.80

(1) (2)

1. Corporate expenses of the district -these are the costs of Membership of Local Government New Zealand, NZ Sister Cities.
2. Civic expenses of the district - scholarships, awards, grants, civic functions, naval visits, Anzac Day, citizenship ceremonies.

Cap on Certain Rates

The total of uniform or fixed charges that Council can rate cannot exceed 30% of the total rates collected. If the 30% cap is in threat of being exceeded Council must move the uniform rates to the general rate based on capital value as specified. These are:

- Planning & Performance and Strategic Planning & Engagement (funding stream 12-019)
- Civil Defence & Emergency Management (funding stream 12-038)
- Economic Development (funding stream 12-020)
- Civic and Corporate Expenses of the District (funding stream 12-049).

Targeted Rates

Lump sum contributions will not be invited in respect of the targeted rates.

All targeted rates are set differentially in accordance with the Local Government (Rating) Act 2002 section 16 (3)(b) and (4)(b).

Schedule 2

Due Date and Penalty Date

- Instalment 1 – Due Date 20 August 2015*
- Instalment 2 – Due Date 20 November 2015*
- Instalment 3 – Due Date 20 February 2016*
- Instalment 4 – Due Date 20 May 2016*

*** A 10% penalty will be applied on the next working day after the due date. The penalty is 10% of any amount of any instalment that remains unpaid after the due date.**

Additional Charges

P2 PENALTY

On 6 July 2015 a penalty of 10% will be added to any rates remaining unpaid from previous years.

PENALTIES ON WATER CHARGES

Under Sections 57 & 58 of the Local Government (Rating) Act 2002, Council will charge a penalty of 10% 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 a monthly, quarterly and annual cycle 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.

Definition of differential categories for the targeted rates

	Areas covered	Sub types
Inner Zone	The total land area of DRA1, DRA1A and DRA2.	Urban and rural
DRA1	Former Gisborne City Council boundaries, excluding Rural Farm Land.	Residential, Commercial and other
DRA1A	All Rural Farm Land within the previous Gisborne City Boundaries and the area surrounding the City. City including Wainui and Makaraka.	Residential and other Commercial and industrial
DRA2	Poverty Bay Flats including fringe hill properties.	
Outer Zone	The total land area of DRA3, DRA4 and DRA5.	All other 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 areas 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 Coast. Hicks Bay, Te Araroa, Tikitiki, Ruatoria, Waipiro Bay, Te Puia Springs and Tokomaru Bay.	All other properties Rural Townships

Note: Maps showing the area in each differential category can be found on the website www.gdc.govt.nz.

WRITE OFF OF SMALL BALANCES

Council has a rate remission policy 'Remission of Rates, Water rates and Penalties' that allows the write off of small balances. The small balance is \$10 or less.

ALLOCATION OF PAYMENTS

Any payments received will be applied to the oldest outstanding rates before being applied to the current rates. As all payments are allocated to the oldest debt first if the instalment is not paid in full by the date shown a 10% penalty is added to any amount of the instalment still outstanding.

Rates Funding Source	Categories of Rateable Land	Category (Sch2) ss14, 17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch3. These may change based on updated Rating Information Database.	Revenue sought excl GST 2015/16 \$
General Rate	All Rateable land	1 & 2	2	\$0.00035668 per \$ of Capital Value	2,936,467
Uniform Annual General Charge	All Rateable land	1&2	7	\$636.57 per Separately Used or Inhabited Part of a Rating Unit (SUIP) see definition of SUIP	13,783,595
Targeted Rates					
Legacy Loans (District Loans) and Stock Control	Inner Zone and Rural Towns 30%	6	2	\$0.00000523 per \$ of Capital Value	28,528
	Outer Zone (excluding Rural Towns) 70%	6	5	\$0.09883761 per hectare	66,566
Aquatic and Recreational Facilities and Theatres	Inner Zone 1.0	6	2	\$0.00034368 per \$ of Capital value	1,864,235
	Outer Zone 0.3	6	2	\$0.00010311 per \$ of Capital value	289,658
Building Services and Non Subsidised Local Roads	Inner Zone 85%	6	2	\$0.00014855 per \$ of Capital Value	805,708
	Outer Zone 15%	6	2	\$0.00005062 per \$ of Capital Value	142,184
Resource Consents	All Rateable land	1&2	3	0.00025283 per \$ of Land Value	1,182,764
Noise Control	DRA1, 1A Residential and DRA2	5 & 6	7	\$3.52 per Separately Used or Inhabited Part of a Rating Unit	51,250
Dog Control	Residential DRA1, 1A and DRA 3, 4 & 5 (Residential Rural Townships)	5 & 6	7	\$16.96 per Separately Used or Inhabited Part of a Rating Unit	247,194
Passenger Transport	DRA1 Residential	5 & 6	7	\$19.08 per Separately Used or Inhabited Part of a Rating Unit	225,000
Pests & Plants	DRA1, DRA1A, DRA2	6	3	\$0.00006994 per \$ of Land Value	176,409
	DRA3, DRA4, DRA5	6	3	\$0.00046288 per \$ of Land Value	999,649
Rural Fires	DRA1 & 1A	6	3	\$0.00003538 per \$ of Land Value	59,409
	DRA2	6	3	\$0.00014092 per \$ of Land Value	118,819
	DRA's 3, 4 & 5	6	3	\$0.00019256 per \$ of Land Value	415,866
Soil Conservation – Advocacy and Land Use	DRA1, DRA1A & DRA2 (Inner Zone)	6	3	\$0.00008304 per \$ of Land Value	209,399
	DRA's 3 & 4	6	3	\$0.00019045 per \$ of Land Value	314,097
	DRA5	4	3	\$0.00102573 per \$ of Land Value	523,497
Water Conservation	Inner Zone 70%	6	3	\$0.00041500 per \$ of Land Value	1,046,679
	Outer Zone 30%	6	3	\$0.00020812 per \$ of Land Value	448,577
Parks & Reserves	Inner Zone 85%	6		\$256.18 per rating unit	3,743,600
	Outer Zone 15%	6		\$114.72 per rating unit	570,297
Rural Transfer Stations	Within scheme areas	5 & 6	7	\$113.05 per Separately Used or Inhabited Part of a rating unit	265,305
Uniform Waste Management Charge – Gisborne District	Within scheme refuse collection areas - Currently Gisborne City and environs and Ruatoria	5 & 6	7	\$126.18 per Separately Used or Inhabited Part of a Rating Unit	1,748,735
Commercial Recycling Charge	Within scheme recycling collection areas	5 & 6	7	\$63.00 per Separately Used or Inhabited Part of a rating unit	1,260
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.	1, 2 & 6	2	\$0.00042079 per \$ of Capital Value	86,521
City Centre Management and Promotion	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.	1, 2 & 6	2	\$0.00086299 per \$ of Capital Value	185,580
Economic Development	All Industrial and Commercial, Retail and Accommodation Properties	1 & 2	2	\$0.00044257 per \$ of Capital Value	300,037

Rates Funding Source	Categories of Rateable Land	Category (Sch2) ss14, 17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch3. These may change based on updated Rating Information Database.	Revenue sought excl GST 2015/16 \$	
Provision of Roads and Footpaths						
Subsidised Local Roads and Flood Damage & Emergency Reinstatement	Residential/Lifestyle Blocks	1 & 2	2	\$0.00071485 per \$ of Capital Value	3,515,265	
	Industrial and Commercial	1 & 2	2	\$0.00142969 per \$ of Capital Value	969,259	
	Horticulture & Pastoral Farming	1 & 2	2	\$0.00107228 per \$ of Capital Value	2,497,106	
	Forestry	1 & 2	2	\$0.00357426 per \$ of Capital Value	1,088,791	
Stormwater Drainage						
Stormwater	DRA1 & 1A Residential properties includes Sponge Bay, Wainui & Okitu	6	8	\$141.20 per rating unit	1,614,275	
	All Rural Townships including Manutuke and Patutahi	6	8	\$98.01 per rating unit	171,029	
	DRA1 & 1A All Commercial and industrial properties	6	2	\$0.00053320 per \$ of Capital Value	315,054	
Wastewater Sewerage and the treatment and disposal of sewage						
Gisborne Wastewater	City	Within scheme areas connected- City, Sponge Bay	5 & 6	8	\$266.85 per rating unit	3,048,990
		Within scheme areas not connected- City and Sponge Bay	5 & 6	8	\$133.42 per rating Unit	53,367
		Pan charges *in addition to the above charges for connections (see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)	5 & 6	12	\$197.93 per water closet or urinal connected	2,986,080
Te Karaka Wastewater	Within scheme areas connected	5 & 6	8	\$392.97 per rating unit	62,481	
	Within scheme areas not connected	5 & 6	8	\$196.49 per rating unit	6,877	
<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>						
Water						
Uniform Water Charge	Within scheme areas connected	5 & 6	7	\$168.03 per Separately Used or Inhabited Part of a rating unit	2,218,372	
	Within scheme areas not connected	5 & 6	7	\$84.01 per Separately Used or Inhabited Part of a rating unit	40,406	
<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>						
Flood Protection And Control Works						
Coastal Property Protection Scheme	Rateable Properties within the defined area band A within the Hazard Area.	5 & 6	2	\$0.00109645 per \$ of Capital Value	30,863	
	Rateable Properties within the defined area - band B within the Hazard Area.	5 & 6	2	\$0.00109643 per \$ of Capital Value	5,719	
	Rateable Land within the defined area band C within the Hazard Area.	6	3	\$0.00086553 per \$ of Land Value	1,849	
<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>						
Wainui Foredune Capital Works	Rateable Land within the Hazard Area	5	10	\$20,978.77 per hectare	10,374	
<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>						
Te Karaka Flood Control	Non Residential	5 & 6	2	\$0.00080540 per \$ of Capital Value	5,955	
	Residential	5 & 6	2	\$0.00126877 per \$ of Capital Value	26,497	
<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>						

Rates Funding Source	Categories of Rateable Land	Category (Sch2) ss14, 17	Factors (Sch 3)	\$ Value excl GST per factor s18 & Sch3. These may change based on updated Rating Information Database.	Revenue sought excl GST 2015/16 \$
Waipapu River Erosion Protection Scheme	Direct Beneficiaries within the defined area	5 & 6	2	\$0.00057242 per \$ of Capital Value	18,687
	Indirect Beneficiaries within the defined area	5 & 6	2	\$0.00002082 per \$ of Capital Value	4,669
	Contributors within the defined area		5	\$0.06127012 per hectare	4,669
		6			
	<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>				
Waipaoa River Flood Control Scheme	Waipaoa River Flood Control Scheme classes A - F	5 & 6	2	\$0.00004449 per \$ Capital Value	150,294
	<i>(see maps of scheme areas on Gisborne District Council website www.gdc.govt.nz or at Council offices)</i>				
Drainage Rates – Direct Beneficiaries	Drainage Scheme maps available on Council website or at Council offices. 1 - Ormond– Direct Beneficiaries 2 - Eastern Taruheru– Direct Beneficiaries 3 - Western Taruheru– Direct Beneficiaries 4 - Willows– Direct Beneficiaries 5 - Waikanae Creek– Direct Beneficiaries 6 - City/Wainui– Direct Beneficiaries 7 - Taruheru Class A – Direct Beneficiaries 7 - Taruheru Class B - Direct Beneficiaries 7 - Taruheru Class C – Direct Beneficiaries 7 - Taruheru Class D – Direct Beneficiaries A - Waipaoa B - Patutahi C - Ngatapa D - Manutuke E - Muriwai	5 & 6	5	\$26.78947074 per hectare	579,435
Drainage Rates – Contributors	8 - Eastern Hill Catchment and F - Western Hill Catchment	5 & 6	5	\$0.52501948 per hectare	13,762
TOTAL RATES REVENUE					\$52,277,010
Rates Penalties					850,000
OTHER FUNDING SOURCES					
Activity Revenue Water by Meter ⁽¹⁾	Extraordinary and Rural Domestic users		\$1.21	Per cubic metre	10,409,878 2,515,695
Petroleum Tax				Reduces Uniform Annual General Charge	351,741
Dividends					1,000,000
Interest					13,725
Grants, Donations & Subsidies					20,150,102
TOTAL FUNDING					\$87,568,151

1. Water by meter has 300 cubic metre no charge domestic allowance.

Rates Information

The majority of the income Council receives is through rates. Council collects a significant portion of its rates income through targeted rates (61% in 2015/16). Council's current Financial Strategy has an emphasis on "balancing user pays emphasis with public".

Rates Affordability

Rates affordability continues to be a significant issue for our district. Council's commitment to minimising rates

increases is set out in our Financial Strategy. This year Council will collect \$52.3m in rates, a total increase in rates income of 2%. This is much less than the 2012-2022 Long Term Plan estimate of a 4.4% increase for this year. This means Council will collect \$4.5m less in rates than originally set out in the 2012-2022 Long Term Plan.

Rating Base Information

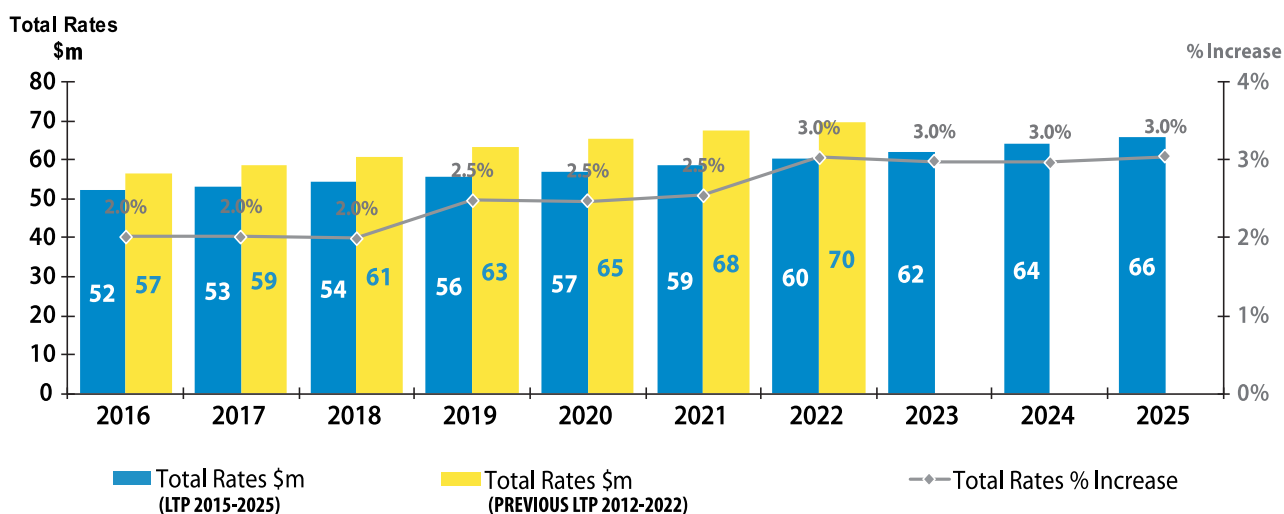
A Long Term Plan must state, for each year covered by the plan, a projected number of rating units within the district or region of the local authority at the end of the preceding financial year.

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Number of rating units	23,534	23,630	23,726	23,822	23,918	24,014	24,110	24,206	24,302	24,398	24,494

Council's Rates

A review of Council's Revenue and Financing Policy has been carried out and as part of the 2015-2025 LTP. The review aims at reducing the complexity while retaining a fair rating system.

Total Rates Movement for the 2015/16 Year



There will be pockets of ratepayers who may have large increases or decreases as a result of:

- Council's budget
- changes to rating policy
- changes to the property (i.e. subdivision, new build, new connections etc).
- 2014 District wide Rating Revaluation.

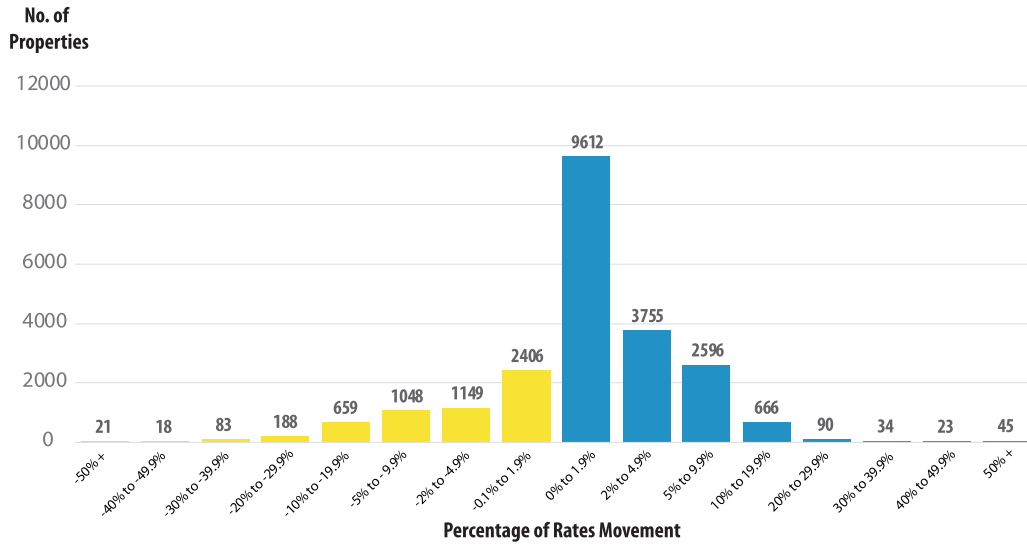
Key observations of year 1 (2015/16)

1. 25% (5572) of properties have decreases
2. 43% (9,612) have increases between 0.1% and 1.9%

3. 17% (3,755) have increases between 2% and 4.9%
4. 85% (18,939) of properties either have decreases or increases under 5%
5. 12% (2,596) have increases between 5% and 9.9%
6. Just under 4% (858) greater than 10% increase
7. UAGC is \$637 (excluding GST) and the uniform cap is at 27.4%
8. Increases on forestry properties due to Subsidised Local Roads increased forestry weighting

- 9. Increase on properties that have had an increase in rating valuation. Note that some are self-generated from capital value changes, for example, partial sell-off, improvements or expansion
- 10. Increases are spread throughout the district.

Estimated 2015/16 (Year 1) Percentage of Rates Movement

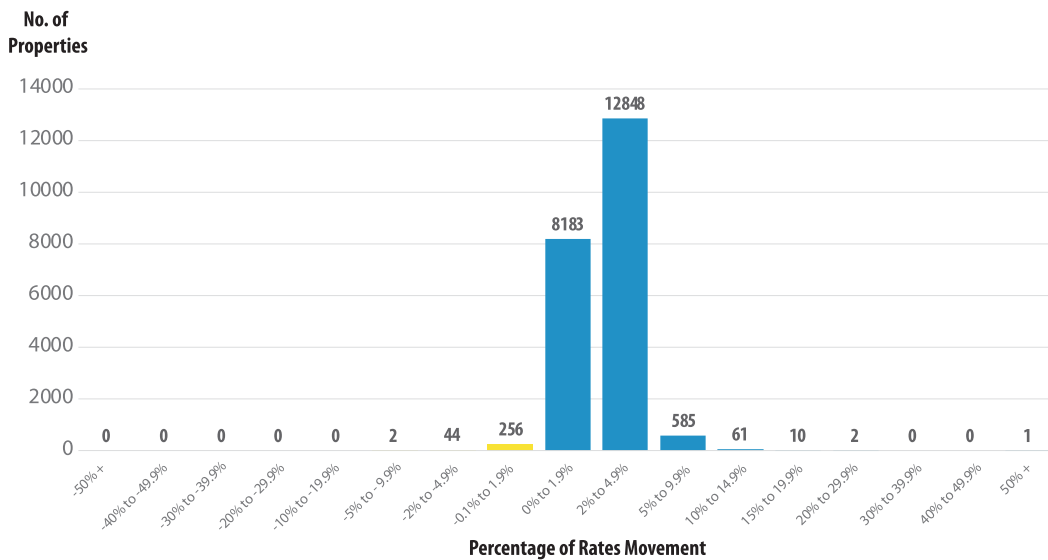


Rates modelling for Years 2 and 3 of 2015-2025 Long Term Plan

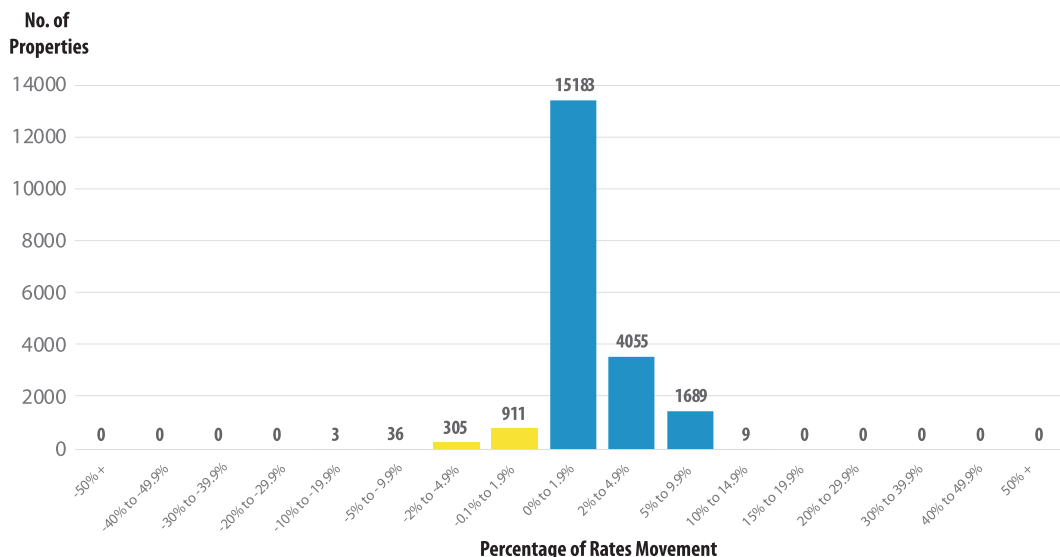
The following two rates analysis graphs highlight that for years 2 and 3 the percentage rates increases remains mainly in the 0.1% - 5% increase range. There is less

variability in the rates system in years 2 and 3 as there are no planned rates revaluation nor is there a Revenue and Financing Policy review. This means rates remain much more predictable and constant as the main factor affecting rates in these years will be any significant movement of budgets between activities.

Estimated 2016/17 (Year 2) Percentage of Rates Movement



Estimated 2017/18 (Year 3) Percentage of Rates Movement



Estimated rates changes across the district

The following examples of total rates for different properties is indicative of the wide range of increases and decreases across the district.

Property Location	Capital Value High	Capital Value Medium	Capital Value Low
Residential City			
2014 Valuation	\$490,000	\$225,000	\$65,000
2011 Valuation	\$602,000	\$230,000	\$79,000
Difference	-\$112,000	-\$5,000	-\$14,000
Proposed Rates 2015/16	2,716.00	2,273.00	1,967.00
Actual 2014/15	\$2,803	\$2,252	\$1,967
Change	-\$87	\$21	\$0
%	-3%	1%	0%
2014 Valuation	\$571,000	\$147,000	\$76,000
2011 Valuation	\$568,000	\$158,000	\$93,000
Difference	\$3,000	-\$11,000	-\$17,000
Proposed Rates 2015/16	\$2,850	\$2,125	\$1,990
Actual 2014/15	\$2,794.00	\$2,111	\$1,995
Change	56.00	\$14	-\$5
%	2%	1%	-0%
2014 Valuation	\$1,270,000	\$193,000	\$106,000
2011 Valuation	\$1,120,000	\$231,000	\$105,000
Difference	\$150,000	-\$38,000	\$1,000
Proposed Rates 2015/16	4,663.00	\$2,241	\$2,029
Actual 2014/15	\$4,180	\$2,239.00	\$1,996.00
Change	\$483	2.00	33.00
%	12%	0.1%	1.7%
2014 Valuation	\$775,000	\$249,000	\$117,000
2011 Valuation	\$855,000	\$271,000	\$128,000
Difference	-\$80,000	-\$22,000	-\$11,000
Proposed Rates 2015/16	\$3,467.00	2320	\$2,063.00
Actual 2014/15	3,572.00	2,308.00	2,048.00
Change	-105.00	12.00	15.00
%	-2.9%	0.5%	0.7%
2014 Valuation	\$690,000	\$143,000	\$45,000
2011 Valuation	\$820,000	\$157,000	\$54,000
Difference	-\$130,000	-\$14,000	-\$9,000
Proposed Rates 2015/16	\$3,223.00	2121	\$1,914.00
Actual 2014/15	3,427.00	2,108.00	1,903.00
Change	-204.00	13.00	11.00
%	-6.0%	0.6%	0.6%
2014 Valuation	\$960,000	\$329,000	\$138,000
2011 Valuation	\$1,045,000	\$334,000	\$135,000
Difference	-\$85,000	-\$5,000	\$3,000
Proposed Rates 2015/16	\$3,497.00	\$2,438.00	\$2,099.00
Actual 2014/15	3,509.00	2,408.00	2,070.00
Change	-12.00	30.00	29.00

%	-0.3%	1.2%	1.4%
2014 Valuation	\$1,180,000	\$193,000	\$100,000
2011 Valuation	\$1,300,000	\$198,000	\$102,000
Difference	-\$120,000	-\$5,000	-\$2,000
Proposed Rates 2015/16	\$3,984.00	\$2,228.00	\$2,035.00
Actual 2014/15	4,017.00	2,206.00	2,013.00
Change	-33.00	22.00	22.00
%	-0.8%	1.0%	1.1%
2014 Valuation	\$382,000	\$217,000	\$91,000
2011 Valuation	\$500,000	\$240,000	\$91,000
Difference	-\$118,000	-\$23,000	\$0
Proposed Rates 2015/16	\$2,573.00	\$2,252.00	\$1,999.00
Actual 2014/15	2,699.00	2,252.00	1,971.00
Change	-126.00	0.00	28.00
%	-4.7%	0.0%	1.4%
2014 Valuation	\$785,000	\$246,000	\$79,000
2011 Valuation	\$795,000	\$265,000	\$86,000
Difference	-\$10,000	-\$19,000	-\$7,000
Proposed Rates 2015/16	\$3,241.00	\$2,315.00	\$1,958.00
Actual 2014/15	3,166.00	2,305.00	1,957.00
Change	75.00	10.00	1.00
%	2.4%	0.4%	0.1%
2014 Valuation	\$820,000	\$330,000	\$171,000
2011 Valuation	\$970,000	\$340,000	\$170,000
Difference	-\$150,000	-\$10,000	\$1,000
Proposed Rates 2015/16	\$3,480.00	\$2,478.00	\$2,183.00
Actual 2014/15	3,775.00	2,445.00	2,151.00
Change	-295.00	33.00	32.00
%	-7.8%	1.3%	1.5%
Commercial - Gisborne City			
2014 Valuation	\$10,930,000	\$335,000	\$78,000
2011 Valuation	\$9,770,000	\$335,000	\$85,000
Difference	\$1,160,000	\$0	-\$7,000
Proposed Rates 2015/16	\$55,449	\$2,838	\$1,823
Actual 2014/15	\$49,315	\$2,816	\$1,833
Change	\$6,134	\$22	-\$10
%	12%	1%	-5%
Significant Valuation Increase			
	Utility Infrastructure	Commercial	Commercial
2014 Valuation	\$63,600,000	\$7,620,000	\$1,365,000
2011 Valuation	\$47,450,000	\$4,735,000	\$650,000
Difference	\$16,150,000	\$2,885,000	\$715,000
Proposed Rates 2015/16	103,811.48	28,558.92	7,971.56
Actual 2014/15	\$73,067	\$17,708	\$6,838
Change	\$30,744	\$10,851	\$1,134
%	42%	61%	17%
Wainui			
2014 Valuation	\$1,475,000	\$485,000	\$320,000
2011 Valuation	\$1,550,000	\$500,000	\$330,000
Difference	-\$75,000	-\$15,000	-\$10,000
Proposed Rates 2015/16	\$4,427.00	\$2,216.00	\$1,864.00
Actual 2014/15	4,408.00	2,146.00	1,791.00
Change	19.00	70.00	73.00
%	0.4%	3.3%	4.1%
Rural			
Hicks Bay			
2014 Valuation	\$1,088,000	\$158,000	\$82,000
2011 Valuation	\$996,000	\$162,000	\$94,000
Difference	\$92,000	-\$4,000	-\$12,000
Proposed Rates 2015/16	\$4,744.00	\$1,157.00	\$1,104.00
Actual 2014/15	4,189.00	1,122.00	1,093.00
Change	555.00	35.00	11.00
%	13.2%	3.1%	1.0%
	Pastoral Farm	Lifestyle	Residential
Tolaga / Anaura Bay			
2014 Valuation	\$14,000,000	\$100,000	\$24,000
2011 Valuation	\$12,350,000	\$118,000	\$24,500
Difference	\$1,650,000	-\$18,000	-\$500
Proposed Rates 2015/16	\$40,818	\$1,130	\$817
Actual 2014/15	37,864.00	1,131.00	770.00
Change	2,954.00	-1.00	47.00
%	7.8%	-0.1%	6.1%
	Pastoral Farm	Residential	Pastoral Farm
Ruatoria			
2014 Valuation	\$1,640,000	\$88,000	\$34,000
2011 Valuation	\$1,650,000	\$90,000	\$35,000
Difference	-\$10,000	-\$2,000	-\$1,000
Proposed Rates 2015/16	\$6,889.00	\$1,269.00	\$1,172.00
Actual 2014/15	6,856.00	1,288.00	1,138.00

Change	33.00	-19.00	34.00
%	0.5%	-1.5%	3.0%
	Pastoral Farm	Residential	Residential
Tirototo			
2014 Valuation	\$3,275,000	\$142,000	\$116,000
2011 Valuation	\$2,980,000	\$142,000	\$122,000
Difference	\$295,000	\$0	-\$6,000
Proposed Rates 2015/16	\$9,561.00	\$1,001.00	\$975.00
Actual 2014/15	9,081.00	964.00	954.00
Change	480.00	37.00	21.00
%	5.3%	3.8%	2.2%
	Pastoral Farm	Pastoral Farm	Lifestyle
Te Karaka/ Whatatutu			
2014 Valuation	\$3,770,000	\$415,000	\$47,000
2011 Valuation	\$3,460,000	\$420,000	\$47,000
Difference	\$310,000	-\$5,000	\$0
Proposed Rates 2015/16	\$11,076.00	\$1,690.00	\$1,663.00
Actual 2014/15	10,657.00	1,725.00	1,693.00
Change	419.00	-35.00	-30.00
%	3.9%	-2.0%	-1.8%
	Pastoral Farm	Lifestyle	Residential
Patutahi / Makauri			
2014 Valuation	\$975,000	\$370,000	\$192,000
2011 Valuation	\$1,025,000	\$395,000	\$210,000
Difference	-\$50,000	-\$25,000	-\$18,000
Proposed Rates 2015/16	\$4,327.00	\$1,923.00	\$1,406.00
Actual 2014/15	4,194.00	1,905.00	1,380.00
Change	133.00	18.00	26.00
%	3.2%	0.9%	1.9%
	Horticultural Farm	Lifestyle	Residential
Muriwai			
2014 Valuation	\$2,115,000	\$336,000	\$51,000
2011 Valuation	\$2,100,000	\$355,000	\$54,000
Difference	\$15,000	-\$19,000	-\$3,000
Proposed Rates 2015/16	\$7,125.00	\$1,381.00	\$1,129.00
Actual 2014/15	7,401.00	1,408.00	1,045.00
Change	-276.00	-27.00	84.00
%	-3.7%	-1.9%	8.0%
	Arable Farm	Lifestyle	Residential
Commercial - Rural			
2014 Valuation	\$905,000	\$183,000	\$60,000
2011 Valuation	\$1,050,000	\$183,000	\$60,000
Difference	-\$145,000	\$0	\$0
Proposed Rates 2015/16	\$3,381	\$1,453	\$1,001
Actual 2014/15	\$3,664	\$1,437	\$958
Change	-\$283	\$16	\$43
%	-8%	1%	4%
Forestry			
2014 Valuation	\$10,145,000	\$1,241,000	\$27,000
2011 Valuation	\$9,845,000	\$1,317,000	\$30,000
Difference	\$300,000	-\$76,000	-\$3,000
Proposed Rates 2015/16	\$55,286	7,494.62	\$899
Actual 2014/15	\$46,764	\$6,960	\$844
Change	\$8,522	\$535	\$55
%	18%	8%	7%
Rural Town Ship			
	Tolaga Bay	Tolaga Bay	Tokomaru Bay
2014 Valuation	\$235,000	\$187,000	\$229,000
2011 Valuation	\$264,000	\$217,000	\$255,000
Difference	-\$29,000	-\$30,000	-\$26,000
Proposed Rates 2015/16	1,319.16	1,251.79	1,312.69
Actual 2014/15	\$1,367	\$1,280	\$1,428
Change	-\$48	-\$29	-\$115
%	-4%	-2%	-8%
Pest Plants Rural Fire Soil Con Contact Group			
2014 Valuation	\$2,400,000	\$2,730,000	\$325,000
2011 Valuation	\$2,820,000	\$2,520,000	\$352,000
Difference	-\$420,000	\$210,000	-\$27,000
Proposed Rates 2015/16	7,065.08	6,991.24	1,875.18
Actual 2014/15	\$8,463	\$6,875	\$1,884
Change	-\$1,398	\$117	-\$9
%	-17%	2%	-0%
Remission \$	828.12	\$1,324.38	201.32

Remissions Policies

There are four new Remissions Policies for the LTP:

1. Partial Use/ Partial Occupation of Māori Freehold Land: Allows portions of Māori Freehold Land greater than two hectares which are unoccupied to be eligible for rate remission.
2. Development of Māori Freehold Land: We can remit rates on Māori Freehold Land on a sliding scale where the land is being developed or used and has previously been unused or unoccupied.
3. Transitional Rate remission: We can remit rates on properties that have significant rates increases due to rating changes in the Revenue and Financing Policy if they meet a set criteria.
4. Pests and Plants, Rural Fires and Soil Conservation: Allows remission of rates for these activities to continue for certain properties already receiving this remission in 2014/15.

As part of the preparation of the 2015-2025 LTP, and as a result of the Strategic Review of Debt on Māori Land, Council has reviewed its remissions policy. There have been two new remissions policies created as a direct result of the findings of the Strategic Review of Debt on Māori Land (Policy 1 and 2 above).

Over recent years there has been concern raised over large swings in rates incidence when there is a substantial review of the Revenue and Financing Policy. As a result Council has developed a Transitional Rate Remission Policy (Policy 3 above) that can be applied for when there are large unintended rates increases as a result of significant changes to the Revenue and Financing Policy.

The rates remission on certain targeted rates - Pests and Plants, Rural Fires and Soil Conservation (Policy 4 above) has been applied consistently for 2013/14 and 2014/15 and will again be applied to those properties most affected by the change in the Revenue and Financing Policy in 2013/14.

The four new Remissions Policies are detailed in the Policies section.

Significant Forecasting Assumptions

The following section details the assumptions Council has made in preparing the estimates for the 2015-2025 Long Term Plan. These assumptions are necessary as they ensure that the readers are aware of the basis for the estimates and forecast.

The Long Term Plan provides forecast financial information in accordance with the Chartered Accountants Australia and New Zealand International Financial Reporting Standard No. 42 (NZ FRS-42) Prospective Financial Statements. Actual results are likely to vary from the information presented and the variations may be material.

Significant Forecasting Assumptions and Risks

Schedule 10 (Section 11) of the Local Government Act 2002 Amendment Act 2010 contains provisions relating to 'significant forecasting assumptions'. The Act requires that Council identifies the significant forecasting assumptions and risks underlying the financial estimates. Where there is a high level of uncertainty, Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions.

Council has made a number of assumptions in preparing the Long Term Plan. These assumptions are necessary as the planning term for the Long Term Plan is 10 years and the assumptions ensure that all estimates and forecasts are made on the same basis.

General

It is assumed there will be no changes in the nature of the Gisborne District Council's business.

Population Growth

The 2013 Census provided the following projections for the district:

- Usually resident population
- Age and sex of usually resident population
- Dwelling units
- Floor area of non-residential activities.

Population in Gisborne is projected to increase by an average of 67 persons per year from 2011 until 2025 (46,600 - 47,600) and reduce by 1.5% between 2016 and 2046.

The most notable projected changes to the population between 2011 and 2046 by age include:

- Increase in the population aged 65 years and over of 46%
- Decrease during the same period, in population under 15 years of 12%
- Decrease in working population aged 15 to 64 of 19%.

With household size decreasing, the number of households in the Gisborne area is projected to increase by around 100 households per year from 2006 to 2031, (an increase of 14%).

Development Contributions Funding

The income and expenditure forecast related to development contributions assume that growth occurs as projected and growth-related capital projects are implemented as planned.

GST

The Long Term Plan assumes a GST rate of 15%.

Interest Rates

Interest rates on Council external debt is estimated at 6% in this Long Term Plan. Council covers its interest rate exposure using interest rate swaps. The interest rates are based on estimates of the 90-day bank bill rate and include bank margins and the effect of the continuing use of interest rate swaps. Council has also utilised the NZ Local Government Funding Agency Ltd (LGFA) lower borrowing facility.

Internal Interest Charges - Activity Balances

Council has reviewed its practices around the charging of interest on Council activity balances in order to remove implicit cross-subsidisation.

At the end of a financial year each Council activity will have made either a deficit or a surplus. These deficits or surpluses are added to the preceding year's balance.

From July 2010, interest has been charged or credited to individual Council activities based on their opening activity balance.

Activities with significant deficit balances will require more rates funding whereas activities with surpluses will require less rates funding.

These interest charges will have no impact on the total rates collected across the district. They will however affect the incidence of rates.

Internal Interest Charges - Reserves

Reserves are a component of public equity and represent a specific purpose to which parts of equity have been set aside for.

Council has a range of reserves including restricted reserves, special funds and depreciation reserves.

Special funds are restricted in nature and can only be used for the special purpose for which they were originally set up.

Restricted reserves are subject to specific conditions which may not be revised by Council without reference to a third party or the Courts. These reserves are charged or credited with interest, based on their balance.

Council has depreciation reserve funds set up for major asset groups. These reserves are charged or credited with interest based on their balance. Council's depreciation reserves are used to fund the capital renewals programme.

Inflation

The forecast financial information includes provision for inflation. Council has used forecasts of price level changes prepared by Business and Economic Research Limited (BERL) to calculate the inflation rate for each year of the Long Term Plan. Council has reviewed the latest BERL indicators and adjusted the factors used in the Long Term Plan.

In preparation for this Long Term Plan Council reviewed trend financial information on all revenue and expenditure items controlled by Council. This resulted in a reduction of revenue and/or expenditure in some areas, rather than an increase in line with inflation.

Renewability of Funding

Bank facilities are arranged with multiple banks and structured to ensure there is a range of maturity dates. Bank facilities are reviewed every two years. Debentures on issue have a range of maturities out to 2021.

The Long Term Plan assumes that the necessary level of funding will continue to be available through a mixture of bank facilities and debentures.

Income Tax

It is anticipated no tax will be payable by Council during the term of the Long Term Plan.

Forecast Returns on Investments

Council has forecast the following returns for significant investments:

Tauwhareparae Farms Ltd

Gisborne Holdings Ltd (GHL) is a Council Controlled Organisation (CCO) set up to hold the district's strategic commercial business assets on behalf of the Council, and to provide the management expertise needed for their commercial operation. It is 100% owned by Gisborne District Council.

GHL directs and monitors the activities of its subsidiary, Tauwhareparae Farms Ltd. GHL wholly owns Tauwhareparae Farms Ltd and Tauwhareparae Forests Ltd.

Tauwhareparae Farms Ltd is the only trading operation and is involved in the ownership of farming activities.

The 2015-2025 Long Term Plan includes dividends of \$28m from Gisborne Holdings Ltd. The dividend is made up of forestry revenue \$18m and \$10m dividend. Payment of dividends is subject to the Directors' approval after taking into account the financial position of GHL.

Forestry

The Council owns 92.7ha of commercial forestry comprising a relatively large number of small blocks containing a variety of age-classes. Council is also involved in a joint venture with Juken NZ Ltd on Council's Pamoia lands.

External Funding

Included in the forecast financial statement are a number of operational and capital projects that are assumed to be either significantly or 100% funded by another agency or grant. There are also a number of major projects to be funded by a combination of Council and external funding.

Council has \$279m of capital projects planned for the Long Term Plan (after prioritisation). Of this, \$93m is budgeted to be funded from grants, subsidies or donations. NZ Transport Agency (NZTA) subsidies for Land Transport capital projects are included. NZTA contribute \$76m over the 10 years for the Long Term Plan for planned roading capital projects. There is a risk that sources of funds for some capital projects may not eventuate. It is assumed that if the external funds budgeted are not available then the projects will not proceed.

Depreciation

All assets, excluding those listed below, are assumed to be replaced at the end of their useful life. The following assets are assumed not to be replaced at the end of their useful life.

- Tolaga Bay Wharf
- Patutahi Hall.

Council does not fund depreciation on these assets. Council does not fully fund depreciation on its roading assets in the Forecast Financial Statements. It is assumed that a set proportion of the Land Transport capital expenditure will continue to be funded through NZTA financial assistance subsidies. It is therefore considered appropriate to only collect rates revenue on the portion of roading depreciation funded from Council reserves.

Council does not fund depreciation on the Airport assets as it is assumed that the Council lease of the Airport assets and operations to Eastland Infrastructure Ltd will result in the assets being returned to Council at the end of the lease in the same condition as when the lease began on 1 April 2005.

Useful lives of assets are as recorded in Asset Management Plans or based upon professional advice.

There is a risk that some assets may wear out and fail sooner, or later, than calculated. There is no certainty that asset components will last exactly their design lives. However, replacement is budgeted at the expected end of useful life and earlier replacement will result in a loss on disposal of any residual value.

Earlier replacement may result in deferring other discretionary capital projects in order to remain within Council's borrowing limits set out in the Council Liability Management Policy.

Depreciation on Planned Assets Acquisitions

The depreciation rates used for planned asset acquisition are in line with current policies.

Asset Sales

The forecast financial information does not make any provision for income from the sale of Council assets.

Resource Consents

All of Council's works projects require resource consents to be granted before works can commence. It has been

assumed that resource consents can be obtained for all capital works, and that obtaining those resource consents will not significantly impact on the timing of capital works shown in the Long Term Plan.

It is also assumed that the currency and condition of existing resource consents held by Council will not be altered significantly during the term of the Long Term Plan. The most significant resource consents currently held by Council are for:

- Waiapu Landfill
- Transfer stations
- Existing wastewater treatment (Marine Outfall into Poverty Bay)
- Gisborne Wastewater Treatment Plant.

Revaluation of Assets

The forecast financial information includes an annual estimate to reflect the change in asset valuations and depreciation. The effect of the revaluations is a best estimate based on historical asset values, forecast capital expenditure and the BERL inflation indices.

The most recent revaluation of Council's assets was at 30 June 2014. Roading infrastructure assets are revalued annually. It is assumed revaluations will result in an increase in the asset values, revaluation reserves and the depreciation expense.

Efficiency Gain Targets

Council has identified the need to reduce the rates demand by making efficiency gains. These gains will be made through improved systems and management within the organisation.

During the preparation phase of this Long Term Plan there was a review of trend information and operational revenue and expenditure was scrutinised.

Glossary

Activity

Related or like services that are grouped together.

Allocated Costs

Allocation of costs by support departments to other Council departments for services provided. Reflects the true cost of the provision of goods and services.

Annual Plan

Each year Council is required to have an Annual Plan which sets out the budget for the year. This is based on what is proposed in the Long Term Plan but also highlights any change or variance that is projected to occur which is not currently accounted for in the Long Term Plan.

Assets

Assets are items that the organisation own. Assets are defined as having a useful life of more than one year such as roads, parks, footpaths and buildings.

Capital Expenditure

This is the spending on new Council assets or replacing existing assets.

CBD

Central Business District.

Capital Value

The probable sale price of the freehold interest of the property if offered for sale at the time of valuation.

Community Outcomes

What the Council aims to achieve in order to promote the social, economic, environmental and cultural wellbeing of its district or region in the present and for the future.

Council Controlled Organisations (CCO)

A company where one or more local authorities have 50% or more of the shareholder voting rights or similar. For a more detailed meaning see Section 6 of the Local Government Act 2002.

Depreciation

This accounts for the annual cost of wearing out of, or the economic use of, our assets. It is generally based on the value of the asset divided by its remaining life.

Development Contributions

Fees paid by developers who subdivide (Subdivision Impact Fees) or build (Building Impact Fees). These fees cover the cost of upgrading the services (e.g. Water Supply) provided to those new sections/buildings.

The setting of development contributions is governed by the Development Contributions Policy.

Financial Year

Council's financial year runs from 1 July to 30 June the following year.

General Rate

A rate based on the value of every property in the district.

Hearing

A chance for your views to be expressed in person by Council, following receipt of your written submission.

Infrastructural Assets

Fixed utility systems that provide a continuing service to the community and are not generally regarded as

tradable. These include roads, waste, sewerage and stormwater systems.

Internal Recoveries

Recovery of costs by support departments from other Council departments.

Land Value

The probable price that would be paid for the land as at the date of valuation. The value includes development work such as drainage, excavation, filling, leveling, retaining walls, clearing, fertility build-up, flood protection.

Levels of Service

A measure of the service that the Council delivers e.g. Library opening hours, water quality etc.

Loan Funds

This is money used by Council that it has obtained by raising a loan.

Local Government Act 2002

The key legislation that defines the regulations and responsibilities for local authorities including Gisborne District Council.

Long Term Plan (LTP)

This plan sets out the strategic direction for Council over the next 10 years and outlines Council's contribution towards achieving the community outcomes. This plan is formally reviewed and updated every three years.

Mission

This describes Council's basic purpose (its fundamental reason for being) and specifies the role Council is going to play in its environment.

Outcomes

The impacts on, or consequences for, the community. Gisborne District Council's plan includes community outcomes which relate to the district as a whole and as a result of the operations of Gisborne District Council.

Policy

Guidelines to support effective decision making.

Public Benefit

This relates to spending which benefits the community in general and for which no individual beneficiaries can be clearly defined.

Private Benefit

This occurs when individuals who benefit from a service can be clearly identified and therefore charged for that service. It applies to user charges, application fees,

purchase price and water by meter, though there are exceptions to the rule.

Rates

Funds collected from property owners in the district.

Renewals Expenditure

This is spending that replaces deteriorating assets with new assets that have the same service potential as the originals.

Resource Consent

This is permission to use resources such as land, water and air, granted under the Resource Management Act 1991.

Revenue and Financing Policy

This is a statement about who should pay for the services provided by Council. The policy outlines who will benefit for each activity and who should pay for it, taking into account fairness and what is practical.

Significance

This is the degree of importance of an issue, proposal, decision, or matter as assessed by the local authority in terms of its likely impacts, and or likely consequences.

Special Funds/Reserve Funds

Money set aside for a specific purpose.

Strategy

Outlines how the Council is going to undertake particular actions to deliver community outcomes.

Submission

Your opportunity to tell the Gisborne District Council your views on the Long Term Plan. Submissions need to be made in writing.

Targeted Rating Area

A defined geographical area which attracts a specific rating requirement.

Uniform Annual General Charge (UAGC)

A specific levy of an equal amount on each rateable property. This amount does not vary with the value of the property.

User Fees and Charges

Fees charged to the community for use of specific services and facilities provided by Council.

Vested Assets

Infrastructural assets and land provided by the developer of a subdivision. Examples of this may be roads, street lights, water and wastewater reticulation, stormwater disposal systems and reserve land. At the completion of

the subdivision, the ownership, and hence future maintenance of these assets, passes to Council.

Vision

Council's view of the future state of its community. It is used to inspire people into action, define future direction and implies that what we do now can influence and change the future for the better.