

Prospective Financial Statements

Prospective Balance Sheet

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Assets			
Property, Plant and Equipment	534,403	543,873	9,470
Other Financial Assets	6,073	6,073	-
Biological Assets (Forest Estate)	1,225	1,225	-
Total Non-Current Assets	541,701	551,171	9,470
Working Capital			
Cash and Bank Deposits	21,734	6,432	(15,302)
Receivables and Accrued Revenue	8,539	9,359	820
Current Investment Balances	-	-	-
Total Current Assets	30,273	15,791	(14,482)
Less			
Payables and Staff Entitlements	13,121	12,600	521
Current Portion of Term Debt	-	-	-
Total Current Liabilities	13,121	12,600	521
Net Working Capital	17,152	3,230	(13,961)
	558,853	554,362	(4,491)
Represented By			
Accumulated Funds	307,892	300,777	7,115
Asset Revaluation Reserves	155,734	155,734	-
Restricted Reserves	5,831	5,661	170
Council Created Reserves	5,340	5,340	-
Public Equity	474,797	467,512	7,285
Non Current Liabilities			
Public Debt (gross)	84,056	86,850	(2,794)
	84,056	86,850	(2,794)
	558,853	554,362	(4,491)

Comment

The principal reason for the significant unfavourable variance in Cash and Bank Deposits relates to the large 'one-off' uniform targeted rates for connections to the new Mangawhai Community Wastewater Scheme. Assessments made at the time *Kaipara's Future - Working Together* was prepared assumed that most ratepayers would opt for the most cost-effective alternative and pay in full on connection. However, an unprecedented number of ratepayers opted to pay the rate over 25 years instead, resulting in substantially less up-front cash at the start of the scheme.

Prospective Income Statement

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Revenue			
Activity Revenue	6,881	7,003	122
Contributions	738	379	(359)
Investment Income	1,447	596	(851)
Subsidies	14,905	10,347	(4,558)
Rates	20,505	19,578	(927)
Gain/(Loss) on revaluation of forestry	274	274	-
Total Revenue	44,750	38,177	(6,573)
Expenditure			
Depreciation	14,415	14,415	-
Employee Benefits	3,059	3,421	(362)
Finance Costs	3,701	3,701	-
Other Direct Operating Costs	23,313	16,697	6,616
Total Expenditure	44,488	38,234	6,254
Net Surplus (Deficit)	262	(57)	(319)
Other Comprehensive Income			
Gains/(Loss) on infrastructure revaluation	-	-	-
Total other comprehensive income	-	-	-
Total Comprehensive Income for the year	262	(57)	(319)

Prospective Movement in Public Equity

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Equity at 1 July			
Total Comprehensive Income for Year	474,535	467,569	(6,966)
Total Recognised Revenue and Expenses	262	(57)	(319)
Equity at 30 June	474,797	467,512	(7,285)

Prospective Cashflows

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Operating Activities			
<i>Cash to be provided from:</i>			
Rates	18,498	19,316	818
Fees, Charges and Other	10,268	7,191	(3,077)
Grants and Subsidies	13,414	10,656	(2,758)
Interest Received	1,437	596	(841)
	<u>43,617</u>	<u>37,759</u>	<u>(5,858)</u>
<i>Cash to be applied to:</i>			
Suppliers and Employees	22,297	19,535	2,762
Interest Expense	3,217	3,517	(300)
Taxes Including Net GST	(63)	(63)	-
	<u>25,451</u>	<u>22,989</u>	<u>2,462</u>
Net Cash From/(To) Operating Activities	<u>18,166</u>	<u>14,770</u>	<u>(3,396)</u>
Investing Activities			
<i>Cash to be provided from:</i>			
Sale of Assets	-	-	-
Sinking Fund Withdrawal	-	-	-
Mortgage receipts	23	-	(23)
	<u>23</u>	<u>-</u>	<u>(23)</u>
<i>Cash to be applied to:</i>			
Fixed Asset Purchases	(15,932)	(18,627)	(2,695)
Loans and Advances	-	-	-
Sinking Fund Instalments	(657)	(646)	11
	<u>(16,589)</u>	<u>(19,273)</u>	<u>(2,684)</u>
Net Cash From/(To) Investing Activities	<u>(16,566)</u>	<u>(19,273)</u>	<u>(2,707)</u>
Financing Activities			
Loans Raised	1,796	5,018	3,222
Loan Repayments	-	-	-
Net Cash From/(To) Financing Activities	<u>1,796</u>	<u>5,018</u>	<u>3,222</u>
Net Increase (Decrease) in Cash Held	<u>3,396</u>	<u>515</u>	<u>(2,881)</u>
Cash as at 1 July	<u>18,338</u>	<u>5,917</u>	<u>(12,421)</u>
Cash Resources at 30 June	<u>21,734</u>	<u>6,432</u>	<u>(15,302)</u>

Comment

The significant unfavourable variance in opening cash at 1 July 2011 is explained in the comment at the base of the Prospective Balance Sheet.

Prospective Revenue Summary

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Revenue - Significant Activities			
Roading	15,531	10,834	(4,697)
Wastewater	332	157	(175)
Water Supply	2,269	2,279	10
Stormwater	2	6	4
Land Drainage	3	3	-
Refuse	158	29	(129)
Community Spaces	603	588	(15)
Economic Development	-	-	-
Development Management	2,164	1,717	(447)
Community Development	330	333	3
Democracy	-	-	-
Policy and Planning	-	-	-
Emergency Management	52	50	(2)
Forestry	-	-	-
Property	386	372	(14)
Miscellaneous	2,141	1,957	(184)
Total External Revenue	23,971	18,325	(5,646)

Prospective Analysis of Revenue

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Activity Revenue	6,881	7,003	122
Contributions	738	379	(359)
Investment Income	1,447	596	(851)
Subsidies	14,905	10,347	(4,558)
	23,971	18,325	(5,646)

Prospective Rates Revenue

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
General Rates	13,174	13,222	48
Targeted Rates			
▪ Water	109	124	15
▪ Wastewater	4,991	3,997	(994)
▪ Stormwater	1,040	1,266	226
▪ Land Drainage	497	491	(6)
▪ Mangawhai Harbour Restoration	257	267	10
▪ Dargaville Development	90	74	(16)
▪ Dargaville Town Hall	28	28	-
▪ Ruawai Tokatoka Hall	15	15	-
▪ Dargaville Community Swimming Pool	94	94	-
▪ Forest Owners' Targeted Rate	210	0	(210)
Targeted Rates	7,331	6,356	(975)
Total Council Rates	20,505	19,578	(927)

Annual rates of \$45,100 will be paid in 2011/12 by Council on behalf of ratepayers. These remissions are in respect of the rate liabilities of a number of community, sporting and other non-profit making organisations within the District. The remissions comply with both the Local Government (Rating) Act 2002, and Council's own rates remission policies. There is expected to be no remissions made under the Extreme Financial Hardship Policy. Council is not expected to postpone rates.

Prospective Expenditure Summary

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Expenditure			
Roading	25,819	19,603	6,216
Wastewater	6,695	5,718	977
Water Supply	2,072	2,255	(183)
Stormwater	899	1,099	(200)
Land Drainage	505	500	5
Refuse	757	604	153
Community Spaces	2,225	2,581	(356)
Economic Development	166	165	1
Development Management	2,400	2,360	40
Community Development	1,045	1,077	(32)
Democracy	680	664	16
Policy and Planning	329	516	(187)
Emergency Management	331	357	(26)
Forestry	176	191	(15)
Property	389	544	(155)
Miscellaneous	-	-	-
Total Expenditure	44,488	38,234	6,254

Prospective Rate Requirement and Public Debt Balances

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variance from LTCCP \$000
Public Debt – Net Balance see Note	78,059	80,729	(2,670)
Targeted Rates	7,331	6,356	(975)
General Rate including UAGC	13,174	13,222	48

	LTCCP 2011/12 \$000	Annual Plan 2011/12	Variance from LTCCP
District Population ¹	18,370	18,370	-
Rateable Properties	12,310	12,620	310
Public Debt Per Resident (\$)	4,249	4,395	(146)
Average General Rate Per Property (\$)	1,070	1,048	22

Note

Net debt is gross debt, minus any funded investment reserves (sinking funds) set aside to repay loans maturing in the future.

A significant contributor to the debt level is the Mangawhai Community Wastewater Scheme which totalled just under \$53 million.

¹ Refer Significance Forecasting Assumptions and Risks page 102

Significant Forecasting Assumptions and Risks

Significant Forecasting Assumptions and Risks, per *Kaipara's Future - Working Together*

Legislation requires us to state all significant forecasting assumptions and risks underlying the financial estimates². A number of assumptions have been made when preparing this *Kaipara's Future - Working Together* (LTCCP), and those assumptions were agreed to by Council on 11 March 2009, and reconfirmed on 24 June 2009.

Those assumptions include:

Assumption

- The principal assumption made for the ten-year period between 2009 and 2019 is that annual inflation will occur at rates broadly in line with the average of the cost indexing estimates collected for local government use by the Society of Local Government Managers, thus

Level of Uncertainty
Medium

Financial Significance
Medium

BERL Adjustors: Index June 2008 = 1000

Year ending	Road	Property	Water	Energy	Staff	Other
June 2006	918	928	941	912	932	910
June 2007	963	964	925	874	959	940
June 2008	1000	1000	1000	1000	1000	1000
June 2009	1050	1022	1089	1098	1028	1061
June 2010	1084	1050	1130	1121	1055	1098
June 2011	1116	1082	1164	1147	1083	1134
June 2012	1148	1111	1197	1177	1113	1160
June 2013	1175	1142	1229	1213	1140	1188
June 2014	1203	1174	1269	1248	1169	1213
June 2015	1230	1208	1306	1289	1198	1239
June 2016	1258	1245	1351	1331	1229	1267
June 2017	1288	1277	1393	1376	1268	1297
June 2018	1319	1306	1438	1422	1303	1328
June 2019	1349	1336	1486	1472	1343	1362

Council considered the recently released BERL data for March 2009. There were, however, no significant changes to the forecast inflation rates.

- Cost factors will mirror the inflation indices referred to in the above assumption
- The Plan has been based on 2008 conditions. Council borrowings are competitively tendered at each interest reset date

Level of Uncertainty
Medium

Financial Significance
Medium

Low Medium

² Local Government Act (LGA) 2002, Schedule 10

Significant Forecasting Assumptions and Risks

<ul style="list-style-type: none"> The activities and levels of service provided by Council will not be subject to major change within the term of the document, with the exception of the provision of reticulated wastewater at Baylys and three Kaipara Harbour communities, and stormwater services at Mangawhai 	Medium	High
<ul style="list-style-type: none"> The District's population is projected to remain the same³ between census periods 	Medium	Low
<ul style="list-style-type: none"> The present method of operating and funding the costs and operation of the roading network within the District during the period covered by the document will remain constant except for results of development contributions (roading) and the targeted rate for forestry which is subject to the level of regional development funding received from government 	Low	High
<ul style="list-style-type: none"> Council will continue to exist in its current form, activities and geographic area for the period covered by the document 	Medium	Low
<ul style="list-style-type: none"> No major natural event will affect the District or the infrastructure and other assets of the Council and its activities 	Medium	High
<ul style="list-style-type: none"> Estimates of assets which vest in Council have been based on historical trends, and expected subdivisional growth 	Medium	Medium
<ul style="list-style-type: none"> Useful lives of significant assets - refer to Accounting Policies - Property, Plant and Equipment. Depreciation calculations on additions, in this Plan, have been based on best estimates of the average useful lives of the various categories of assets 	Low	Medium
<ul style="list-style-type: none"> The infrastructural assets will continue to be revalued every three years in accordance with Council's revaluation cycle, and that all revaluation increments will broadly align with the BERL inflation indicators. Council will assess annually its assets against fair value for any material variance that may trigger revaluation between the revaluation cycle 	Low	Low
<ul style="list-style-type: none"> Sources of funds for future replacement of significant assets - refer to Revenue and Financing Policy, Capital Expenditure 	Medium	Medium
<ul style="list-style-type: none"> The principal assumption made for 2009-2019 in respect of NZ Transport Agency Financial Assistance Rates is that they will continue at 2008 levels 	Medium	Medium
<ul style="list-style-type: none"> The assumption made in respect of the split of roading expenditure between operating cost, and capital cost, was applied consistently for each year, and was based on the methodology prescribed in the NAMM's manual 	Low	Low

³ NZ Statistics, Resident Population Projections 2006-2031

Significant Forecasting Assumptions and Risks

• The Council owns a Biological Asset - its forestry estate. This asset is independently re-valued annually. The assumption underpinning this Plan is that net annual values will mirror those in 2008	Medium	Medium
• The interest earned on cash funds invested will be 5.8%	Medium	Medium
• The interest rates on new loans raised during the year will be 6.5%	Medium	Medium
• Depreciation rates on planned asset acquisitions - refer Accounting Policies - Property, Plant and Equipment. In the first year of asset acquisition, the period of asset use is assumed to be an average six months	Low	Medium
• Council will obtain and comply with the required resource consents for its existing and proposed infrastructure	Low	Medium
• Currency risk is the risk exposure to foreign currency financial instruments. As New Zealand law prohibits councils from dealing in foreign currency, it is assumed that this Council has no currency risk exposure	Low	Low
• The principal assumption as to renewability of external funding is that the face value of any existing or future loan, at its interest rate reset date, will be refinanced in full. Repayment of loan will occur when the loan sinking fund balance builds to equal the face value of the loan	Low	High

Statement of Prospective Financial Information

The financial information contained within this document is prospective financial information in terms of Financial Reporting Standard 42. The purpose for which it has been prepared is to enable the public to participate in the decision-making processes as to the services to be provided by the Kaipara District Council to the Kaipara community over the 2009/19 financial years. It is also intended to provide a broad accountability mechanism of the Council to the community. It must be noted that the information provided may not be appropriate for purposes other than as defined above.

In relation to the standard, the financial information presented in the *Kaipara's Future - Working Together 2009/19* is considered to be a 'forecast'. A forecast is based on assumptions which Councillors and staff reasonably expect to occur.

The principle assumptions made for 2009/19 are detailed in the bullet points above.

No actual financial results have been used within these statements, as they have been prepared before the completion of prior financial period results. Where required for opening balance values, forecasts of the final values for the 2009/10 year have been utilised.

Significant Forecasting Assumptions and Risks

The actual results for the financial years 2009/19 are likely to vary from the information presented and may vary materially depending upon circumstances that arise during the ten-year period.

Loans will be raised when needed throughout the period. Sensitivity to changes to interest rates on the borrowed funds will therefore depend both upon the interest rates actually achieved and the proportion of the period still to run when the loans are raised.

Borrowing Programme

The Local Government Act requires Council to include in *Kaipara's Future - Working Together* its borrowing needs and borrowing programme, in detail for years 1, 2 and 3 of the Plan and in general terms for the following seven years.

Total borrowing programmed for the 2009/12 financial years, after netting off existing local government stock roll-overs but including the new Mangawhai Community Wastewater Scheme loan, is now \$58.032 million. The borrowings are for essential infrastructure expenditure requirements and will supplement, for existing infrastructure, the funding provided through the infrastructural depreciation component of separate rates and user charges.

The Forecast annual borrowings reflect in the Prospective Cash Flow Statements.

Accounting Policies

Reporting Entity

Kaipara District Council is a territorial local authority governed by the Local Government Act 2002.

The primary objective of Kaipara District Council is to provide goods and/or services to the community for social benefit rather than making a financial return. Accordingly, Kaipara District Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Basis of Preparation

Statement of Compliance

The financial statements of Kaipara District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with NZ GAAP. They comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructural assets, biological assets, other financial assets, and loans.

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000's). The functional currency of Kaipara District Council is New Zealand dollars.

Standards, amendments and interpretations issues that are not yet effective and have not been early adopted.

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

- NZ IAS 1 *Presentation of Financial Statements (revised 2007)* replaces NZ IAS 1 *Presentation of Financial Statements (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires information in financial statements to be aggregated on the basis of shared characteristics and introduces a statement of comprehensive income. The statement of comprehensive income will enable readers to analyse changes in equity resulting from non-owner changes separately from transactions with owners. The revised standard gives Council the option of presenting items of income and expense and components of

Accounting Policies

other comprehensive income either in a single statement of comprehensive income with subtotals, or in two separate statements (a separate income statement followed by a statement of comprehensive income).

- NZ IAS 23 *Borrowing Costs (revised 2007)* replaces NZ IAS 23 *Borrowing Costs (issued 2004)* and is effective for reporting periods beginning on or after 1 January 2009. The revised standard requires all borrowing costs to be capitalised if they are directly attributable to the acquisition, construction or production of a quality asset. The revised standard will also require borrowing costs to be considered when revaluing property, plant and equipment to fair value based on depreciated replacement cost. Any necessary adjustments to depreciated replacement cost carrying values will have flow on effects to depreciation expense.
- NZ IFRS 3 *Business Combinations (revised 2008)* and the amended NZ IAS 27 *Consolidated and Separate Financial Statements* are effective for reporting periods beginning on or after 1 July 2009 and must be applied prospectively from that date. The main changes the revised NZ IFRS 3 and amended NZ IAS 27 will make to existing requirements or practice are:
 - Partial acquisitions - Non-controlling interests are measured either as their proportionate interest in the net identifiable assets (which is the original NZ IFRS 3 requirement) or at fair value.
 - Step acquisitions - The requirement to measure at fair value every asset and liability at each step for the purposes of calculating a portion of goodwill has been removed. Instead, goodwill is measured as the difference at acquisition date between the fair value of any investment in the business held before the acquisition, the consideration transferred and the net assets acquired.
 - Acquisition-related costs - Acquisition-related costs are generally recognised as expenses (rather than included in the cost of acquisition).
 - Contingent consideration - Contingent consideration must be recognised and measured at fair value at the acquisition date. Subsequent changes in fair value are recognised in accordance with other NZ IFRSs, usually in profit or loss (rather than by adjusting the cost of acquisition).

Significant Accounting Policies

Revenue

Revenue is measured at the fair value of consideration received, or receivable.

Rates Revenue

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

Accounting Policies

Grants Revenue

Kaipara District Council receives government grants from NZ Transport Agency, which subsidises part of Kaipara District 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

Water billing revenue is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Sales of goods are recognised when a product is sold to the customer. Sales are all in cash. The recorded revenue is the gross amount of the sale.

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 Kaipara District Council are recognised as revenue when control over the asset is obtained.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest income is recognised using the effective interest method.

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

Development Contributions

The revenue recognition point for development and financial contributions is at the later of the point when Kaipara District Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

Development contributions are classified as part of "Income from Significant Activities".

Construction Contracts

Contract revenue and contract costs are recognised as revenue and expenses respectively by reference to the stage of completion of the contract at balance date. The stage of completion is measured by reference to the contract costs incurred up to balance date as a percentage of total estimated costs for each contract.

Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and an allocation of overhead expenses incurred in connection with the group's construction activities in general.

Accounting Policies

An expected loss on construction contracts is recognised immediately as an expense in the income statement.

Where the outcome of a contract cannot be reliably estimated, contract costs are recognised as an expense as incurred, and where it is probable that the costs will be recovered, revenue is recognised to the extent of costs incurred.

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities.

Borrowing Costs

Borrowing costs 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 and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Kaipara District 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 the Kaipara District Council's decision.

Income Tax

Kaipara District Council is a Public Benefit Entity under Income Tax legislation, and is consequently exempt from Income Tax. Therefore no charge for income tax is provided for in the financial statements.

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.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less.

Trade and other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Accounting Policies

Loans, including loans to community organisations made by Kaipara District 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 expected future cash flows of the loan is recognised in the income statement as a grant.

A provision for impairment of receivables is established when there is objective evidence that Kaipara District Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Financial Assets

Kaipara District Council classifies its financial assets into the following four categories: financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

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

Purchases and sales of investments are recognised on trade-date, the date on which Kaipara District Council commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Kaipara District Council has transferred substantially all the risks and rewards of ownership.

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 used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Kaipara District 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.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss.

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired

Accounting Policies

principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the income statement.

Financial assets in this category include:

Currently, Kaipara District Council does not hold any financial assets in this category.

- Loans and receivables.

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the income statement. Loans and receivables are classified as “trade and other receivables” in the balance sheet. Cash and cash equivalents are held at fair value.

- Held to maturity investments.

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that Kaipara District Council has the positive intention and ability to hold to maturity.

After initial recognition they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the income statement.

Investments in this category include:

Sinking Funds

- Financial assets at fair value through equity.

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that Kaipara District Council intends to hold long-term but which may be realised before maturity; and
- Shareholdings that Kaipara District Council holds for strategic purposes.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the income statement. In the event of impairment, any cumulative losses previously

Accounting Policies

recognised in equity will be removed from equity and recognised in the income statement even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the income statement.

Impairment of Financial Assets

At each balance sheet date Kaipara District 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 income statement. The impairment test is applied to loans and other receivables, and quoted and unquoted equity investments, as follows.

Loans and Other Receivables

Impairment of a loan or a receivable is established when there is objective evidence that Kaipara District Council will not be able to collect amounts due according to the original terms. Significant financial difficulties of the debtor/issuer, probability that the debtor/issuer will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Income Statement. When the receivable is uncollectable, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (ie not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

Impairment of term deposits, local authority, government stock, and related party and community loans is established when there is objective evidence that the Council will not be able to collect amounts due to the original terms of the instrument. Significant financial difficulties of the issuer, probability the issuer will enter into bankruptcy, and default in payments are considered indicators that the instrument is impaired.

Quoted and Unquoted Equity Investments

For equity investments classified as fair value through equity, a significant or prolonged decline in the fair value of the investment below its cost is considered an indicator of impairment. If such evidence exists the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the Income Statement) is removed from equity and recognised in the Income Statement. Impairment losses recognised in the Income Statement on equity investments are not reversed through the Income Statement.

Accounting for Derivative Financial Instruments and Hedging Activities

Kaipara District Council does not use derivative financial instruments.

Accounting Policies

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. Non-current 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 non-current assets held for sale are recognised in the income statement.

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 consist of:

Operational Assets

These include land, buildings, plant and equipment, and motor vehicles.

Restricted assets

Restricted assets are elderly persons housing and parks and reserves owned by Kaipara District Council which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

Infrastructure assets

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

Property, plant and equipment are shown at cost or valuation, less accumulated depreciation and impairment losses.

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost such as a vested asset, it is recognised at fair value as at the date of acquisition.

Accounting Policies

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 income statement. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

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

Assets Under Construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated. The current carrying amount of items under construction is disclosed in Note 7.

Revaluation

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Accounting Policies

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

	Expected Life Years	Depreciation Straight Line %
Roading		
Top Surface (seal)	9-8	10.2
Pavement (basecourse)		
- Urban Sealed	35	2.9
- Rural Sealed	35	2.9
- Unsealed	6	16.7
Foundation and Unsealed Subgrade	n/a ⁴	-
Culverts	50	2.0
Kerb and Channel	50	2.0
Bridges	100	1.0
Signs	14	7.1
Lights	26	3.8
Footpaths	50	2.0
Water	60	1.7
Wastewater	40-60	1.7
Stormwater	60	1.7
Landfills and Transfer Stations	33.3	3.0
Halls	50	2
Elderly Persons Housing	50	2
Swimming Baths	50	2
Plant, Equipment and Motor Vehicles	5 - 10	10 - 20
Buildings	50	2
Building Contents	10	10
Other Plant	5	20
Computer and Office Equipment	5	20

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

⁴Not depreciated

Accounting Policies

Infrastructural asset classes: roads, land under roads, water reticulation, sewerage reticulation and stormwater systems

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date Kaipara District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by Duffill Watts Valuations and the valuation is effective as at 1 July 2007. All infrastructural asset classes carried at valuation were valued.

Accounting for revaluations

Kaipara District Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the income statement. Any subsequent increase on revaluation that offsets a previous decrease in value recognised in the income statement will be recognised first in the income statement up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Intangible Assets

Software Acquisition and Development

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by Kaipara District Council, are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite useful life and are not amortised, but are instead tested for impairment annually.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in income statement.

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

Computer software	3 years	33%
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Accounting Policies

Forestry assets

Forestry assets are independently revalued annually at 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.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the income statement.

The costs to maintain the forestry assets are included in the income statement.

Impairment of non-financial assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential.

The value in use for cash-generating assets is the present value of expected future cash flows.

If an asset's carrying amount exceeds its recoverable amount the asset is impaired and the carrying amount is written down to the recoverable amount.

For revalued assets the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the income statement.

For assets not carried at a revalued amount, the total impairment loss is recognised in the income statement.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the income statement, a reversal of the impairment loss is also recognised in the income statement.

For assets not carried at a revalued amount (other than goodwill) the reversal of an impairment loss is recognised in the income statement.

Creditors and Other Payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Accounting Policies

Employee Benefits

Short-term benefits

Employee benefits that Kaipara District Council expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date and sick leave.

Kaipara District Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that Kaipara District Council anticipates it will be used by staff to cover those future absences.

Superannuation Schemes

Defined contribution schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the income statement.

Provisions

Kaipara District Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense.

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting at fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if Council assessed that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Accounting Policies

Borrowings

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

Council finances new infrastructure over a twenty-year timeframe, but in five-yearly bites. At five years, the original loan is repaid in full, and an identical sum re-borrowed, at a new rate of interest. Loans are all long-term in nature, and are only re-classified as current in year twenty.

Equity

Equity is the community's interest in Kaipara District Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves. The components of equity are:

- Retained earnings
- Restricted reserves
- Council created reserves
- Asset revaluation reserves

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Kaipara District Council.

Restricted reserves are those subject to specific conditions accepted as binding by Kaipara District Council and which may not be revised by Kaipara District Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Also included in restricted reserves are reserves restricted by Council decision. The Council may alter them without references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Good and Service Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the balance sheet.

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Accounting Policies

Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by Kaipara District Council for the preparation of the financial statements.

Cost Allocation

Kaipara District Council has derived the cost of service for each significant activity of Kaipara District Council using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs, which cannot be identified in an economically feasible manner, with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers and floor area.

Critical Accounting Estimates and Assumptions

In preparing these financial statements Kaipara District Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or 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.

Closure and Post-Closure Provisions

Landfill closure and post-closure provisions were first established by Kaipara District Council in 2002 as a result of the introduction of New Zealand Financial Reporting Standard Number 15: Provisions, Contingent Liabilities and Contingent Assets (FRS-15). At the time of adoption, in accordance with FRS-15 and Generally Accepted Accounting Principles (GAAP) and with reference to additional authoritative support from other landfill operators in New Zealand, costs, deferred closure and post closure costs and the resulting provisions were assessed and valued as at the date of adoption (June 2002) and recognised in the accounts on that basis.

Provision has been made for the future costs of closing the Dargaville landfill at the end of its economic or consented life and for the associated post-closure costs, being the aftercare of the landfill for the prescribed period. Estimated costs, adjusted for inflation, have been built up on an item by item basis. The provision held, at each balance date, represents the net present value of the estimated future costs. A detailed reassessment and the anticipated remaining lives of the landfills is performed regularly. The impact of changes to the provision arising from the reassessment of the life of the landfill and estimated future costs are capitalised to deferred closure and post-closure costs within property, plant and equipment in the balance sheet. The annual change in the net present value of the provision due to the passage of time is recorded as the time value adjustment of provisions in the income statement.

Accounting Policies

Financial reporting standards require this to be disclosed as an interest cost in the income statement.

The transition to NZ IFRS did not require any adjustment to be made to the provision, including the valuation date of June 2002 used on initial recognition of the provisions as discussed above.

Infrastructural assets

There are a number of assumptions and estimates used when performing Discounted Replacement Cost valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by the local conditions, for example weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Kaipara District Council could be over or under estimating the annual depreciation charge recognised as an expense in the income statement. To minimise this risk Kaipara District Council's infrastructural asset 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, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of the Kaipara District Council's asset management planning activities, which gives Kaipara District Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

Critical Judgements in applying Kaipara District Council's Accounting Policies

Management has exercised the following critical judgements in applying the Kaipara District Council's accounting policies for the periods of this Plan.

Classification of property

Kaipara District Council owns a number of properties, which are maintained primarily to provide housing to pensioners.

The receipt of market-based rental from these properties is incidental to holding these properties.

These properties are held for service delivery objectives as part of the Kaipara District Council's social development policy. These properties are accounted for as property, plant and equipment.

Funding Impact Statement

1 Introduction

The Funding Impact Statement should be read in conjunction with Council's Revenue and Financing Policy.

The Local Government Act 2002 requires the inclusion of the information which follows:

2 Revenue and Funding Mechanisms

Council proposes that the following revenue and financing sources be used to cover estimated expenditure levels:

- General rates
- A uniform annual general charge
- Targeted rates for water supply, wastewater disposal, stormwater disposal, land drainage, Forest Owners, Mangawhai harbour restoration, Dargaville development, Dargaville community swimming pool, Dargaville town hall loan servicing and the Ruawai/Tokatoka Hall.
- Fees, charges and sales
- Subsidies and grants
- Sundry income and interest
- Working capital
- Depreciation funds
- Loan funds
- Development Contributions
- Financial Contributions

3 General Rates

3.1 Valuation System on which the General Rates will be assessed

Council proposes to set a general rate based on the land value of each rating unit in the District.

3.2 A Uniform Annual General Charge (UAGC) will be set

Council proposes to set a uniform annual general charge. The UAGC is calculated as one fixed amount per rating unit.

3.3 Is the General Rate set Differentially?

No. Council now sets the general rate based on land value, and wholly undifferentiated across the District.

4 Targeted Rates

Council proposes to set targeted rates as follows:

- (a) **Water Supply** – water will be charged by quantity consumed in all six Water Supply Areas, all differentiated by location, and with an additional uniform charge per separately rateable property at Glinks Gully, and at Maungaturoto (excluding Maungaturoto Station Village Area).

Funding Impact Statement

A non-connection fee of \$20.00 will apply annually to properties to which water can be provided, but which are not connected.

- (b) **Wastewater Disposal**
 - (i) A uniform annual connection charge per separately occupied or inhabited residential property, differentiated by location. A uniform non-connection charge, being 50% of the full connection charge per separately unoccupied or uninhabited residential property capable of being effectively connected to a public sewerage drain, differentiated by area.
 - (ii) A uniform annual pan charge per commercial wc or urinal, other than specified educational establishments, and differentiated by area.
 - (iii) A graduated scale of pan charges, based on a notional one pan per 20 pupils/staff members, for certain schools and educational establishments (paying sewerage charges) as defined in the Rating Powers (Special Provision for certain Rates for Educational Establishments) Amendment Act 2001, and any amending or repealing legislation in respect of that Act.
 - (iv) A one-off targeted rate for each separately occupied or inhabited residential property, differentiated by location, for the Mangawhai Community Wastewater Scheme and any other new scheme.
- (c) **Stormwater disposal** – an annual charge calculated on the basis of rateable land value, and differentiated by area.
- (d) **Land Drainage** – an annual charge calculated on the basis of land value, and differentiated by area.
- (e) **Mangawhai Harbour Restoration** – a uniform annual charge on every separately rateable property within the Mangawhai Harbour Restoration Rating Area.
- (f) **Dargaville Development** - an annual charge calculated on the basis of land value within the Dargaville Rating Area, and differentiated between Urban and Rural.
- (g) **Dargaville Town Hall Development Loan** - a uniform annual charge on every rateable property within the former Dargaville Borough, and the former Hobson County, and differentiated between those two Rating Areas.
- (h) **Dargaville Community Swimming Pool Development Loan** - a uniform annual charge on each rateable property within the former Dargaville Borough.
- (i) **Ruawai Tokatoka Hall Rate** - a uniform annual charge on each rateable property within the Raupo Drainage District.
- (j) **Forest Owners' Targeted Rate** - to fund roading impacts.

5 Funding Forecast Statement

The table which follows sets out the revenue and financing mechanisms proposed to be used, and the quantum of revenue forecast to be produced by each mechanism.

Funding Impact Statement

Funding for Operating Expenditure

	LTCCP 2011/12 \$000	Annual Plan 2011/12 \$000	Variances \$000
General Rates	9,399	9,377	(22)
Uniform Annual General Charge	3,775	3,845	70
Targeted Rates	7,331	6,356	(975)
Development Contributions	738	379	(359)
Fees, Charges and Sales	7,476	7,401	(75)
Subsidies and Grants	14,905	10,347	(4,558)
Sundry Income	864	529	(335)
Total Forecast Operating Expenditure	44,488	38,234	(6,254)

Indicative Rating Levels for 2011/12

- 1 The estimates below are indicative only, and will be recalculated on updated rating information database figures, and other relevant data, at the time of actually assessing the rates (approximately in early July).
- 2 These calculations exclude GST.

Income From Rates

	Annual Plan 2011/12 \$000	Annual Plan 2010/11 \$000	Increase/ (Decrease)
General Rates			
Land Rate	9,377	8,528	-
Uniform Annual General Charge (UAGC)	3,845	3,775	-
Total General Rates	13,222	12,303	7.47%
Targeted Rates			
Land Drainage	491	480	2.3%
Stormwater	1,266	1,008	25.6%
Water	124	103	20.4%
Wastewater	3,997	10,860	-63.2%
Mangawhai Harbour Restoration	267	267	-
Dargaville Town Hall Loan	28	28	-
Ruawai Tokatoka Hall Rate	15	15	-
Dargaville Development	74	85	-
Dargaville Pool	94	94	-
Forest Owners - Roading impacts	-	420	-
Total Targeted Rates	6,356	13,360	-52.4%
Total Rates (excluding GST)	19,578	25,663	-23.7%

Funding Impact Statement

Rates and Charges (including GST)

	Annual Plan 2011/12	Annual Plan 2010/11	Increase/ (Decrease)
General Rates			
Land Rate (cents in \$)	0.2299	0.2139	7.47%
Uniform Annual General Charge (flat charge)	\$353.00	353.00	-
Targeted Rates			
	Fee Sought 2011/12	Fee Sought 2010/11	Increase/ (Decrease)
Wastewater connection fees - (non school users)			
- Dargaville	\$341.00	\$328.00	4.1%
- Te Kopuru	\$454.00	\$442.00	2.8%
Maungaturoto	\$869.00	\$758.00	14.7%
Kaiwaka	\$666.00	\$648.00	2.8%
Glinks Gully	\$745.00	\$674.00	10.5%
Mangawhai - Annual Fee	\$773.00	\$750.00	3.0%
Mangawhai - 'One-off' Targeted Rate	\$8,397.00	\$8,152.00	3.0%
Water-metered rates per cubic metre			
Dargaville	\$1.93	\$1.81	6.8%
Glinks Gully	\$3.92	\$3.63	8.1%
Ruawai	\$5.05	\$4.77	6.0%
Maungaturoto			
- Station Village ⁵	\$2.36	\$2.06	14.4%
- Other Users ⁶	\$1.56	\$1.36	14.4%
Water - uniform annual charges			
Glinks Gully	\$349.00	\$323.00	8.1%
Maungaturoto	\$222.00	\$194.00	14.4%
Mangawhai Harbour Restoration	\$80.60	\$80.60	-
Dargaville Town Hall Loan -			
- Urban	\$10.45	\$10.45	-
- Rural	\$3.50	\$3.50	-
Dargaville Community Swimming Pool	\$51.10	\$51.10	-

⁵ Annual minimum is \$155.00.

⁶ The free quantity remains unchanged at 100 m³

Funding Impact Statement

Land Drainage (based on land values and all GST inclusive)	Annual Plan 2011/12 Revenue Sought \$000	Annual Plan 2010/11 Revenue Sought \$000	Increase/ (Decrease) \$000
1 Raupo Drainage District			
- Rural A	250	250	-
- Rural B	1	1	-
- Township	13	13	-
2 Other Drainage Districts (Hobson Area)			
Aoroa	3	3	-
Arapohue No 1	8	8	-
Arapohue No 2	7	7	-
Aratapu Swamp	31	31	-
Awakino Point	10	10	-
Awakino Valley	33	33	-
Greenhill	2	2	-
Hoanga	35	35	-
Horehore	28	28	-
Kaihu	26	26	-
Kopuru Swamp	12	12	-
Koremoa	3	3	-
Manganui	8	8	-
Mangatara	14	14	-
Mititai	10	10	-
Notorious	18	18	-
Oruariki	16	16	-
Otiria	3	3	-
Owairangi	5	5	-
Tangowahine No 1	9	9	-
Tangowahine No 2	14	14	-
Tangowahine Valley	9	9	-
Tatarariki No 1	6	6	-
Tatarariki No 2	7	7	-
Tatarariki No 3	7	7	-
Tikinui	7	7	-
Whakahara	6	6	-

Funding Impact Statement

Urban Stormwater (based on land values and including GST)	Annual Plan 2011/12 Revenue Sought \$000	Annual Plan 2010/11 Revenue Sought \$000	Increase/ (Decrease) \$000
Dargaville – urban differential area	565	539	4.9%
Dargaville – rural differential area	40	39	2.6%
Te Kopuru	19	18	5.3%
Baylys	36	35	3.2%
Mangawhai	352	335	5.0%
Kaiwaka	16	15	5.3%
Dargaville Development (based on land values)			
Urban differential	101	101	-
Rural differential	2	2	-

Variations from *Kaipara's Future - Working Together* 2009/2019

Council is required to report any variations between its Annual Plan and Revenue and Financing, Investment or Liability Management policies. There are no variances this year.