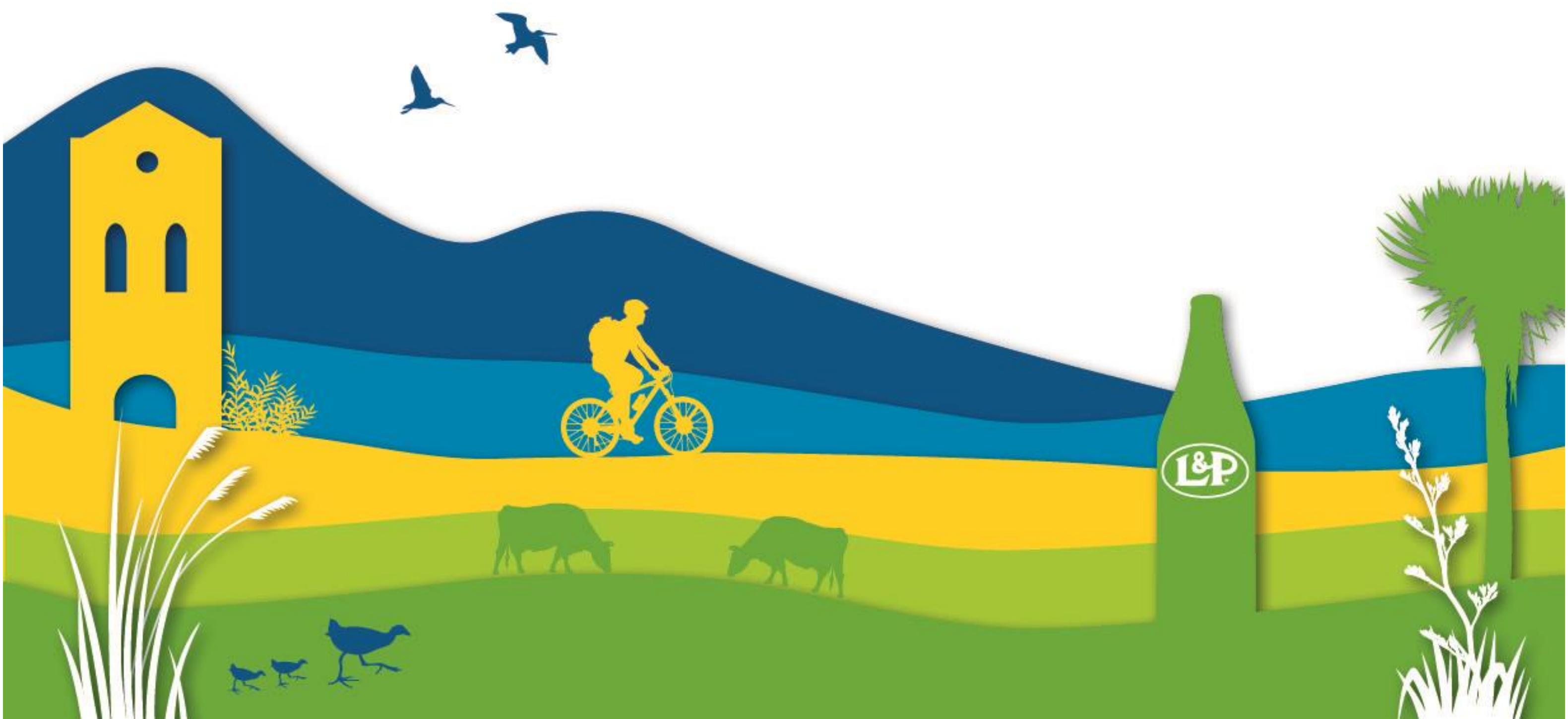
HAURAKI
DISTRICT COUNCIL

Our 2022/23 Annual Plan



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The year ahead

A message from the Mayor

As we think ahead towards the next financial year, the events of the past two years continue to play their part in shaping our future. The pandemic continues to evolve and affect us in ever-changing ways. Economic activity started to make a comeback late in 2021, but as we move forward in 2022, new challenges such as the Omicron variant and related disruptions, increasing inflation, and supply and demand issues are all affecting households and businesses, including Council.

Every three years we prepare our long term plan, and in years two and three we check in to see if anything has changed that may result in us needing to update our plan via the annual plan process. Our annual plan for the 2022/23 year is fairly business as usual, in an unpredictable environment. As local government, we are not immune to price rises, or supply issues. And much of the updates contained in our annual plan are simply reflecting the nature of the economy right now.

We had great feedback via our 2021-31 Long Term Plan process, and as a result we believe we have made sound plans for the coming years. Our annual plan for the 2022/23 year is therefore fairly 'business as usual' with a few updates to the timing and costs of some projects. As local government, we are not immune to price rises, or supply issues. Much of the budget updates contained in our annual plan are simply reflecting the nature of the economy right now. We are proud to be forecasting an average increase for non-water rates of 3.95% in 2022/23, and for water, that average increase will be 7.5%.

From 2022/23 onwards, we will also be implementing a more fair and equitable way of spreading rates across the district with a change to the way we rate some of our annual charges with the introduction of Separately Used and Inhabited Parts (SUIPs). SUIPs are 'separately used or inhabited parts' of a rating unit. That is, for example, retirement villages, additional houses on farming or lifestyle properties etc. We will be charging annual rates charges against each SUIP, rather than charging per rating unit. This would mean that households would pay their fair share of the cost of contributing to services that deliver benefit to the whole district.

The changes included in our annual plan include:

- Asset valuations and depreciation: compared to the depreciation figures we forecast in our long term plan (LTP) for 2022/23, depreciation has increased by $415,000 (3.8%). This is predominantly as a result of the new asset valuations which has seen land transport depreciation increase by $715,000 and land drainage by $130,000, while water decreased by $315,000 and wastewater decreased by $120,000.
- Updated interest rates: our external interest costs actually decreased by $310,000 from what was forecast in the LTP, mainly due to the timing of some capital projects and interest rate changes.
- Building activity nationally is at an all-time high. This has a direct impact on our building and resource management activities, and we need more staff to keep up.
- Additional income from grants and subsidies of $1.25 million; $900,000 of this is related to Waka Kotahi grants for land transport capital expenditure. A grant of $130,000 is related to the Mayor's Taskforce for Jobs project.
- Our overall operating expenditure is forecast to increase by $4.2 million (9.3%) in 2022/23 (compared to 2022/23 as forecast in the LTP).
- Compared to what we forecast in the LTP, our overall capital expenditure forecast for 2022/23 has increased from $27.9 million to $28.5 million.

We wish to thank all those who shared their feedback on our proposals for 2022/23. As always, your feedback helps shape our plans going forward. We look forward to working with our communities in the year ahead.

Toby Adams
Mayor – Hauraki District

Some background

2021-31 Hauraki Long Term Plan

Every three years we must prepare a detailed plan that sets out our direction for the next 10 years – a Long Term Plan. The 2021-31 Long Term Plan (LTP) sets out our priorities, what we intend to do, and how much it will cost. An annual plan is prepared for years two and three of the three year LTP cycle.

When developing the 2021-31 LTP document, we sought feedback from our local communities during early 2021 on our proposed approach for the coming ten years. Our "Alice in Our Place" campaign included a wide range of opportunities for feedback on our plans. The campaign described the main issues that we were facing at the time, and asked for feedback on key issues such as:

- A review of visitor information services across the district.
- A proposed Hauraki Rail Trail scenic route into Waihi.
- The revitalisation of Waihi town centre.
- The finalisation of upgrades to Mackay and Wharf Streets in Paeroa.

We also sought feedback on our:

- Rates remission and postponements policies
- 2021/22 fees and charges
- Revenue and financing policy
- Development contributions policy.

We received feedback from 263 submitters who raised 869 points. The Council considered all feedback received and in summary, some of the key decisions made were:

- We will provide $65,000 each for the provision of information services in Paeroa and Waihi, and $20,000 for the Plains for each of the next three years. A review of these services will be undertaken at the end of 2021/22.
- We will fund $12,000 per ward for each of the town promotional organisations, and employ one district events coordinator.
- We will fund an additional $500,000 to complete the upgrade of Mackay Street, Paeroa, and the development of Wharf Street, Paeroa.
- We have allowed a total of $1.2 million to refresh the Waihi town centre.
- We will invest $1.47 million to develop a Hauraki Rail Trail scenic route into Waihi township, creating a clearer and safer link into Seddon Street, that may in the future link up to the Waihi to Waihi Beach trail (if developed). Additionally, we will work with the Hauraki Rail Trail Charitable Trust to secure funding options for the resurfacing of the Hauraki Rail Trail, as the trail's current surface is reaching the end of its useful life.

Why prepare an annual plan

Things change from year to year so an annual plan is prepared in the interim years that an LTP isn't, to update the Council work programme and expected financial costs and income. This annual plan explains changes made to the work programmes that were outlined in the second year of the LTP – the 2022/23 year.

What you'll find in this document

- Progress against our financial strategy – how this plan stacks up.
- How much it costs to provide each service group.
- The specific changes to each activity including operating expenditure, capital programmes and income.
- Our forecast financial statements including sample rates properties.
- A full capital schedule of work to be carried out this year (2022/23).

Summary of changes for 2022/23

Our plans for 2022/23 are still largely on track; however, changes include updates to project costs, timing, and scope as appropriate to reflect the current environment.

The changes highlighted in the 2022/23 Annual Plan are described in this document under the headings 'What's changed since the Long Term Plan?' within each Group of Activities. At a high level, the amendments include:

- Asset valuations and depreciation: compared to the depreciation figures we forecast in our long term plan (LTP) for 2022/23, depreciation has increased by $415,000 (3.8%). This is predominantly as a result of the new asset valuations which has seen land transport depreciation increase by $715,000 and land drainage by $130,000, while water decreased by $315,000 and wastewater decreased by $120,000.
- Updated interest rates: our external interest costs actually decreased by $310,000 from what was forecast in the LTP, mainly due to the timing of some capital projects and interest rate changes.
- Building activity nationally is at an all-time high. This has a direct impact on our building and resource management activities, and we need more staff to keep up.
- Additional income from grants and subsidies of $1.25 million; $900,000 of this is related to Waka Kotahi grants for land transport capital expenditure. A grant of $130,000 is related to the Mayor's Taskforce for Jobs project.
- Our overall operating expenditure is forecast to increase by $4.2 million (9.3%) in 2022/23 (compared to 2022/23 as forecast in the LTP).
- Compared to what we forecast in the LTP, our overall capital expenditure forecast for 2022/23 has increased from $27.9 million to $28.5 million.

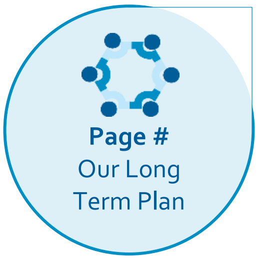
Compared to what we forecast in the LTP, our overall capital expenditure forecast for 2022/23 has increased from $27.9 million to $28.5 million. We value your feedback on our services at any time. If you have any queries regarding this annual plan or any other Council-related problems you would like to see addressed, please get in touch with our customer service advisors at one of our service centres in Waihi, Paeroa or Ngatea who are available to take your queries from 8:00am-4:30pm on weekdays. Alternatively you can send your query or feedback to info@hauraki-dc.govt.nz.

Our fees and charges

The full fees and charges schedule will be updated and made available as a separate document on our website, or from any Council service centre as of 1 July 2022.

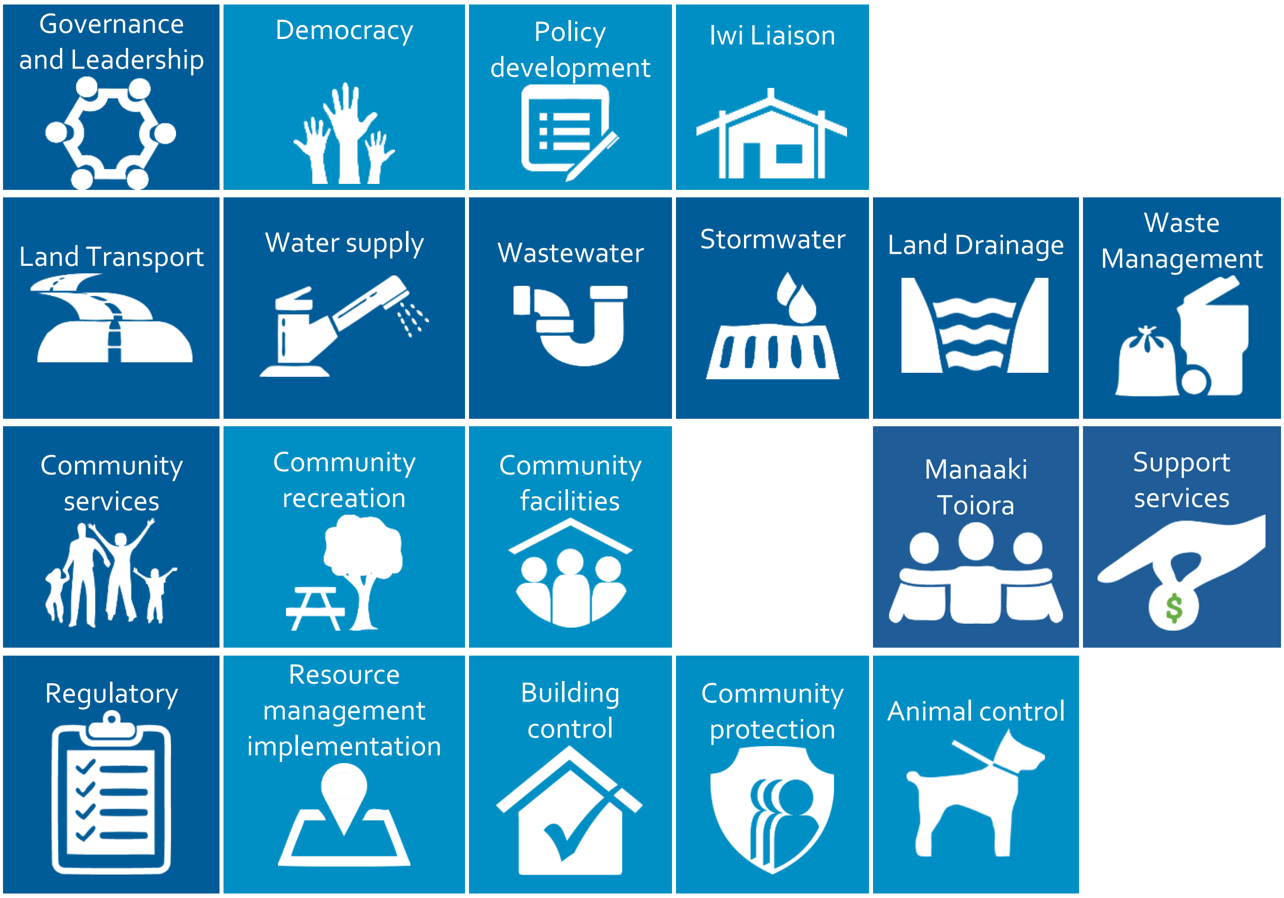
Our easy reference stamp

As mentioned above, a lot more information on our plans can be found in the LTP; this annual plan is a supporting document to the LTP for the 2022/23 year. This reference stamp placed throughout this annual plan will let you know where you can find out more in the LTP which is available at each Council service centre, or library, or you can download an electronic copy from www.hauraki-dc.govt.nz.



The services we provide

We provide the residents and ratepayers of the Hauraki District community with a wide range of services – some essential and some nice to have. Some services are provided as it is a requirement to do so by law. The services you can expect us to provide are:



For more detail on each activity that we provide, please refer to the 2021-31 Long Term Plan document available on Councils website www.hauraki-dc.govt.nz .

Progress against our financial strategy

Our financial strategy presented in our LTP consists of carefully reducing debt levels, minimising and smoothing rates increases and ensuring our business is well-managed.

We have three caps set out in our financial strategy, one which limits the amount of debt we hold, and two that limit the rates we set. If we go over our limits (or caps), we need to provide good reason as to why it happened.

There are also a number of other benchmarks that we use to measure our performance.

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Annual plan disclosure statement for the year ending 30 June 2023

What is the purpose of this statement?

The purpose of this statement is to disclose the 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.

The Council is required to include this statement in its annual plan 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.

Benchmark	Limit	Planned	Met
Rates affordability benchmark Council has two quantified limits for rates increases for both its water and non-water rates. The Council meets the rates affordability benchmark if its planned rates increases for the year equal or are less than each quantified limit on rates increases			
1. Non-water rates increases	7.4%	3.95%	Yes
2. Water rates increases	10.40%	7.5%	Yes
Debt affordability benchmark For this benchmark, the Council's planned borrowing is compared with four quantified limits on borrowing.			
a) External debt per rating unit (assessment)	$8,000	$4,921	Yes
b) Interest to total revenue	10%	2.37%	Yes
c) Interest to rates revenue	15%	3.54%	Yes
d) Debt to total revenue	175%	105%	Yes
Balanced budget benchmark For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant or equipment. The Council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses. The Council has a policy of smoothing rates increases and also of smoothing the funding of “lumpy” expenditure over several years (e.g. election costs fall every three years, but are funded evenly). This can cause surpluses or deficits in individual years.			
Revenue to operating expenditure	≥100%	108%	Yes

Benchmark	Limit	Planned	Met
Essential services benchmark For this benchmark, the Council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.			
Capital expenditure to depreciation	≥100%	256%	Yes
Debt Servicing benchmark For this benchmark, the Council's planned borrowing costs are presented 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). Because Statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.			
Interest to revenue	10%	2.8%	Yes

Governance and Leadership | Kāwangatanga me te rangatiratanga

Our governance and leadership group includes our local democratic system which represents the residents of our district, our relationships with Māori, and the development of policies and plans – including those required by law and other voluntary local policies. This includes:

- local governance system
- representation
- decision making structures
- oversight of council organisations
- relationships with Tangata Whenua
- fostering the capacity of Māori to contribute to Council decision making
- building readiness for Treaty of Waitangi settlement implications
- local policies, community plans, and bylaws, including our district plan.

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Cost of operating governance and leadership

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Democracy	2,301	2,451	2,451
Iwi Liaison	154	158	108
Policy Development	1,307	1,335	1,457
	3,762	**3,943**	**4,017**
REVENUE			
Fees, Charges and Other Income	0	0	0
External Subsidies	0	0	0
Targeted Rates	0	0	0
General Rates	3,600	3,704	3,593
	3,600	**3,704**	**3,593**
Operating Surplus/(Deficit)	**(162)**	**(239)**	**(424)**

Democracy | Te Manapori

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Local government in New Zealand receives its mandate from the government through legislation. We provide democracy services to provide representative and accountable governance, provide local leadership, assess issues that affect the district and local communities and responses, and make informed decisions on local services and funding on behalf of our communities.

What's changed since the Long Term Plan?

The funding and planned work programme for this activity has not significantly changed from what was planned in the Long Term Plan for the 2022/23 year.

Iwi liaison | Kaitakawaenga Iwi

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We provide iwi liaison services to fulfil the particular responsibilities the Council has to Hauraki Iwi and Māori in general, including acknowledging:

- the cultural and spiritual relationships that Iwi and Māori have with ancestral lands,
- taonga and issues that are relevant and important to Māori,
- engaging with the Kaitiaki (leadership) role that iwi have.

What's changed since the Long Term Plan?

Key

▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		**Change from LTP to 2022/23 AP**	**Type**
A reallocation of overhead costs has resulted in a reduction in Iwi Liaison operating expenditure.	▼	$48,000	Expenditure

Policy development | Whanaketanga kaupapa here

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This activity includes:

- Development of policy relating to our strategic intentions, particularly under the Local Government Act 2002.
- Development of local bylaws and other regulatory policy.
- Development of policy and plans relating to resource management under the Resource Management Act 1991.

We provide policy development services to develop appropriate responses to community needs, to ensure a consistent approach to decision-making and action across the Council, and sometimes the sub-region or Waikato Region as a whole. We meet our many statutory requirements, and provide accountability back to residents and ratepayers through reporting mechanisms.

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
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Changes		**Change from LTP to 2022/23 AP**	**Type**
The overhead costs for the RMA policy activity have increased in 2022/23 mainly due to an additional Resource Management Compliance Officer role and additional administrative support in the district planning and compliance areas.	▲	$105,000	Expenditure

Land Transport | Te kawa o ngā waka whenua

The land transport activity includes the maintenance of our sealed and unsealed roads, bridges, streetlights, and road drainage. It also includes the clearing of roads after weather events such as slips or flooding, footpaths, road safety and some public transport coordination, street cleaning, vegetation control for improved visibility for users and mobility purposes, and noxious weed control on road sides.

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Cost of operating land transport

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Amenity	147	151	155
Carriageways and Bridges	3,279	3,380	3,430
Footpath Maintenance	88	90	90
Lighting	300	309	309
Network Management	1,438	1,483	1,483
Other	900	858	973
Depreciation/Assets written off	3,577	3,631	4,345
Interest	409	407	404
	10,136	**10,308**	**11,189**
REVENUE			
Fees, Charges and Other Income	252	236	252
External Subsidies	5,393	5,497	6,430
Targeted Rates	5,013	5,592	5,792
General Rates	0	0	0
	10,658	**11,324**	**12,473**
Operating Surplus/(Deficit)	**522**	**1,016**	**1,284**

What's changed since the Long Term Plan?

Key

▼	Decrease in income or expenditure	▶	Deferred from current or previous years
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=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
The cost of depreciation has increased following revaluations of land transport assets.	▲	$715,000	Expenditure
The funding for bridge maintenance has increased (removal of hazardous trees).	▲	$50,000	Expenditure
The income for land transport has increased as a result of Waka Kotahi (NZTA) subsidies.	▲	$933,000	Income
Development contributions income has increased.	▲	$18,000	Income
Funding previously allocated for public transport ($105,000 in total) has been repurposed for a new project called Hauraki Community Connections, which will develop a local community transport programme to cater for community needs. The project now has $120,000 allocated in 2022/23.	▲	$15,000	Expenditure
Capital			
We have increased the budget for new road extensions by $156,000; the new total for 2022/23 is $286,000.	▲	$156,000	Level of service
We have carried forward $500,000 from the previous year to 2022/23 for the completion of the Paeroa streetscape project.	▶	$500,000	Level of service
Due to cost increases, we have increased the pavement rehabilitation budget to $1.15 million. This increase is still covered by NZTA subsidy.	▲	$135,000	Renewal
The minor improvements budget has increased to a total of $989,000 for the 2022/23 year due to $825,000 being carried over for the multi-year Mahuta Road North bridge project.	▶	$825,000	Renewal
The budget for sealed road resurfacing has increased by $496,000 to a total of $1.85 million due to an increase in NZTA subsidy which has enabled an increased reseal budget.	▲	$496,000	Renewal
The budget for structures component replacements has increased to $258,000 due to additional funding from NZTA for the removal of hazardous trees.	▲	$50,000	Renewal

Water supply | Te Waipuna

The water supply activity provides domestic, commercial, industrial and agricultural water to our communities. We currently service our three main urban communities of Paeroa, Waihi and Ngatea, as well as six smaller communities, and the rural areas of Hauraki Plains, Kaimanawa and Ōhinemuri. Nearly 65% of the water treated by the Council is consumed by rural communities for agriculture.

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Cost of operating water supply

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Treatment	1,736	1,790	2,193
Reticulation	777	803	936
Intakes and Headworks	1,177	364	1,140
Fixed Costs	215	222	215
Overheads	1,195	1,231	1,476
Pumpstations	66	68	68
Major Maintenance	31	32	32
Other	470	555	518
Depreciation/Assets written off	2,242	2,452	2,148
Interest	779	805	871
	8,686	**8,321**	**9,597**
REVENUE			
Fees, Charges and Other Income	730	369	369
External Subsidies	0	0	0
Targeted Rates	7,565	8,133	8,133
General Rates	0	0	0
	8,296	**8,502**	**8,502**
Operating Surplus/(Deficit)	**(390)**	**181**	**(1,095)**

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Treatment expenses increased due to large increases in chemical prices, as well as additional treatment operator staff.	▲	$405,000	Expenditure
Interest costs for the water supply activity increased due to capital projects from previous years.	▲	$67,000	Expenditure
The overhead costs for the water supply activity increased due to an internal restructure, and other expenses such as IT.	▲	$245,000	Expenditure
The costs associated with the removal of old headworks has increased due to delays in the decommissioning of the dams at Paeroa, Waikino and Mangatarata. This will not impact rates as this has already been funded in year one of the LTP.	=	$776,000	Expenditure
The budget for reticulation increased mainly due to increased traffic management costs.	▲	$133,000	Expenditure
The depreciation costs for water supply assets has decreased due to revaluations.	▼	$304,000	Expenditure
Capital			
The funding for manganese treatment – online monitoring, and green sand filter – has been deferred. We are currently implementing online monitoring equipment, which will inform the design of the green sand filters.	▶	$6.9 million	Level of service
The budget for the second membrane at Waihi has been reduced to $250,000 in 2022/23. A feasibility study and concept design will be completed in 2022/23 which will allow us to better plan and design the incorporation of the second membrane into the system thereafter.	▶	$2.2 million	Level of service
An additional $243,000 has been allocated to water meter renewals across the district. The total budget for 2022/23 is $453,000.	▲	$243,000	Renewal
The budget for the renewal of the Kerepehi raw water main has been increased to $3.2 million in 2022/23.	▲	$60,000	Renewal

Wastewater | Te wai ururua

Our wastewater activity involves the collection, treatment and disposal of wastewater for seven urban townships in the district. At our treatment plants the wastewater is treated to clean it up before releasing it – mostly to waterways. We also make sure that trade wastes are appropriately collected and treated.

We provide this service to protect public health, to mitigate the risks of pollution and disease associated with wastewater and to protect the receiving environments from the effects of wastewater products and by-products.

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We operate seven wastewater schemes in the District, which services approximately 5,720 properties.

Cost of operating wastewater

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Treatment	569	587	641
Reticulation	144	149	162
Intakes and Headworks	0	0	0
Fixed Costs	143	148	143
Overheads	687	707	709
Pumpstations	283	293	292
Major Maintenance	1,019	19	19
Other	472	177	477
Depreciation/Assets written off	1,325	1,353	1,265
Interest	191	261	304
	4,833	**3,695**	**4,011**
REVENUE			
Fees, Charges and Other Income	1,820	567	567
External Subsidies	0	0	0
Targeted Rates	3,584	3,674	3,584
General Rates	0	0	0
	5,404	**4,241**	**4,152**
Operating Surplus/(Deficit)	**571**	**546**	**140**

What's changed since the Long Term Plan?

Key

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▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Funds for wastewater investigations and strategies have been carried forward from 2021/22, however this will not be rate funded in 2022/23.	▲	$300,000	Expenditure
The costs associated with wastewater treatment have increased to include additional staff hours.	▲	$53,000	Expenditure
Interest costs for the wastewater activity increased due to capital projects from previous years.	▲	$42,000	Expenditure
The depreciation costs for wastewater assets has decreased due to revaluations.	▼	$88,000	Expenditure
Capital			
The funding for the upgrade of the Kerepehi sewer has been carried over from 2021/22 to 2022/23.	▶	$50,000	Level of service
We have allowed $100,000 in 2022/23 to complete a district wide wastewater strategy, before we commence the renewal of our wastewater consents.	▶	$100,000	Level of service
We have reduced the funding allocated to the upgrade of the Paeroa wastewater treatment plant from $1.57 million to $1 million in 2022/23. The construction period will extend over more than one year; $575,000 will be carried over to 2023/24.	▶	$575,000	Level of service
We have delayed the upgrade of the Ngatea new rising main from Kerepehi to Ngatea to 2024.	▶	$283,000	Level of service
$225,000 has been added for the Waihi DAF sludge process. This project is dependent on the discharge quality specified in the resource consent for Waihi.	▲	$225,000	Renewal
We have allocated funding for the design of the Paeroa pipe hydraulics.	▶	$323,000	Renewal
$77,000 has been added for renewals at the Whiritoa irrigation block.	▲	$77,000	Renewal
$100,000 has been allocated for renewals relating to the Paeroa wastewater resource consent process.	▶	$100,000	Renewal

Stormwater | Wai āwhātanga

The stormwater activity involves collecting and disposing of excess rainfall runoff from urban areas using various drainage systems. These services are provided in Paeroa, Waihi, Ngatea, Turua, Kerepehi, Whiritoa, Mackaytown, Karangahake, Waikino and Kaiaua. Stormwater assets include open drains, piped network, manholes and pump stations which operate in combination to remove surface water runoff. All stormwater systems eventually discharge into the Waihou or Piako Rivers, with the exception of the Kaiaua and Whiritoa systems which discharge directly to sea.

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Cost of operating stormwater

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Vegetation Control	23	24	31
Reticulation	52	54	54
Maintenance/Fencing/Culverts	9	10	10
Mechanical Cleaning	21	22	22
Floodgates	1	1	1
Pumps	10	11	11
Overheads	245	251	249
Other	319	226	295
Depreciation/Assets written off	467	470	481
Interest	(51)	(48)	(53)
	1,096	**1,020**	**1,099**
REVENUE			
Fees, Charges and Other Income	157	155	155
External Subsidies	0	0	0
Targeted Rates	902	967	962
General Rates	159	171	170
	1,218	**1,292**	**1,286**
Operating Surplus/(Deficit)	**122**	**272**	**187**

What's changed since the Long Term Plan?

Key

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Changes		Change from LTP to 2022/23 AP	Type
Operating			
The budget for data maintenance (collection and validation of asset data in Paeroa and Ngatea) has increased. $40,000 of this was funded in 2021/22.	▲ ▶	$29,000 $40,000	Expenditure
Capital			
$127,000 has been carried forward from 2021/22 for stormwater upgrades in Christensen Street, Waihi.	▶	$127,000	Level of service
Additional funds have been included for the renewal of the Waihi stormwater discharge consent. The total budget for 2022/23 is $270,000.	▲	$191,000	Renewal

Land drainage | Te rerenga whenua me te aukatinga ō ngā waipuke

Land drainage involves collecting runoff from the rural catchment areas of the district and leading it to the primary flood protection assets which discharge it directly to river or sea outlets. Additional drainage assets include stopbanks, floodgates and pumps. Land drainage services are provided in four drainage districts – Western Plains, Eastern Plains, Paeroa Rural and Taramaire.

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Flood protection is provided by the Waikato Regional Council's river schemes except in the northwest part of the District (Waitakaruru to Pūkorokoro / Miranda) where it is provided by the Hauraki District Council. Flood protection assets include stopbanks, floodgates and pump stations that provide direct protection from river and tidal flooding.

Cost of operating land drainage

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Vegetation Control	175	181	181
Maintenance/Fencing/Culverts	17	17	17
Mechanical Cleaning	263	272	272
Floodgates	33	34	34
Pumps	297	307	307
Overheads	247	253	243
Other	67	70	70
Depreciation/Assets written off	284	284	413
Interest	(57)	(36)	(84)
	1,326	**1,382**	**1,453**
REVENUE			
Fees, Charges and Other Income	0	0	0
External Subsidies	0	0	0
Targeted Rates	1,108	1,175	1,223
General Rates	196	207	216
	1,304	**1,383**	**1,439**
Operating Surplus/(Deficit)	**(22)**	**1**	**(14)**

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
The budget for depreciation has increased mainly due to a change in the depreciation of stopbanks.	▲	$129,000	Expenditure
Interest income has increased due to lower capital costs in previous year.	▲	$48,000	Income
Capital			
$345,000 carried over from previous years for our contribution to the Waikato Regional Council Muggeridge pump project.	▶	$345,000	Level of service
Internal drainage structures for the Pouarua Maukoro drain in the Western Plains has been carried over from previous years while the Regional Council's work is completed.	▶	$204,000	Level of service
Renewals to address the communication needs for the Rawerawera pump station has been from 2021/22 to 2022/23.	▶	$55,000	Renewal
Mangawhero flume replacement (carried over from 2021/22): the investigation into the requirements to replace the flume to acceptable RMA standards will commence in 2022/23.	▶	$415,000	Renewal

Waste Management | Whakahaere ururua

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Our waste management services includes:

- Kerbside collection of refuse and recyclables.
- Waste minimisation promotion and education including promoting activities such as worm farming.
- Landfill aftercare.
- Litter bin, loose litter and illegal dumping collections.
- Refuse transfer stations at Paeroa and Waihi.

Cost of operating waste management

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Refuse Collection	1,178	1,220	1,265
Closed Tip Sites	80	82	72
Transfer Stations	701	759	1,459
Other	166	160	194
	2,125	**2,222**	**2,990**
REVENUE			
Fees, Charges and Other Income	1,136	1,169	1,765
External Subsidies	75	77	225
Targeted Rates	270	290	334
General Rates	733	764	871
	2,214	**2,300**	**3,196**
Operating Surplus/(Deficit)	**89**	**78**	**206**

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Due to changes in reporting requirements and an increase waste minimisation education funding, the budget for waste minimisation has increased.	▲	$35,000	Expenditure
We have allocated additional funds for the operation of our transfer stations due to increases in waste levies and ETS, i.e. the costs per tonne of carbon have increased. This is offset by an increase in income of $744,000 from projected fees and charges.	▲ ▲	$700,000 $744,000	Expenditure Income
The cost of operating our kerbside recycling services has increased due to increases in CPI and other operating costs.	▲	$44,000	Expenditure

Performance measures

Our Waste Management and Minimisation Plan (WMMP) was revised late in 2021 and adopted in February 2022, after the development and adoption of our 2021 Long Term Plan. The new WMMP contains updated measures and targets for minimising waste. As a result, the following performance measures from our previous WMMP have been removed from this annual plan:

How we will measure our performance	Baseline	Targets
You can expect: public education on waste minimisation to be increasing and the adverse effects of waste on the environment minimised.		
The quantity of household waste collected from the kerbside per person is decreasing, measured by kerbside collection weight.	2019/20: 12.6% decrease from 78kg per person per annum.	2021/22: A 5% decrease in kerbside household waste to landfill from approx. 78 kg per person per annum to 74 kg per person by 2022. 2022/23: Target to be set when the WMMP is revised. 2023/24: Target to be set when the WMMP is revised. 2024/25-31: Target to be set when the WMMP is revised.
The total quantity of waste sent to landfill per person per annum is reducing, measured by all Council waste going to landfill.	2019/20: 24% reduction from 363 kg per person per annum.	2021/22: A 13% reduction in the total quantity of waste sent to landfill from 363 kg per person per annum to 316 kg per person by 2022. 2022/23: Target to be set when the WMMP is revised. 2023/24: Target to be set when the WMMP is revised. 2024/25-31: Target to be set when the WMMP is revised.

The measures for the 2022/23 year (to replace the above measures) are as follows:

How we will measure our performance	Baseline	Targets
You can expect: public education on waste minimisation to be increasing and the adverse effects of waste on the environment minimised.		
Reduction in solid waste to landfill from the Council's transfer stations and kerbside collection, measured by monthly landfill disposal data.	End of year 2021/22 tonne waste sent to landfill	3% reduction
Reduction in organics being disposed of at the kerbside, measured by triennial Solid Waste Analysis Protocol (SWAP) Waste Audits.	1,402 tonnes of organic waste (May 2021 Audit)	28% reduction by 2023/24

Community services | Ratonga Hapori

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Our community services group involves the provision of recreation services such as libraries, parks, reserves, and facilities like public conveniences, cemeteries, elder persons housing and the Waihi event centre.

We provide a number of services intended to enhance our communities' needs for recreation and enjoyment. We provide these services to meet our district's recreational, sporting and educational expectations. In addition to this, we provide facilities for public use, such as public conveniences, halls, cemeteries and elder housing. We do this to help make our communities a vibrant place to live and visit.

Cost of operating community services

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Recreation	5,752	5,686	5,861
Community Facilities	2,119	2,155	2,198
	7,871	**7,841**	**8,059**
REVENUE			
Fees, Charges and Other Income	927	938	935
External Subsidies	5	5	55
Targeted Rates	3,119	3,233	3,342
General Rates	3,936	3,970	4,013
	7,988	**8,147**	**8,345**
Operating Surplus/(Deficit)	**117**	**306**	**286**

Community recreation | Ngā hapori rēhia

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Our community recreation services include:

- Provision of public libraries in Ngatea, Paeroa and Waihi which lend a variety of resources, deliver education programmes and provide free internet access.
- Support of community-operated libraries at Kaiaua, Turua and Whiritoa.
- Operation of three community pools in Ngatea, Paeroa and Waihi.
- Provision of sports fields in Paeroa, Ngatea, Waihi and Whiritoa.
- Maintenance of a number of recreation reserves, including playgrounds, furniture, walkways and other amenities, travellers reserves, passive reserves and cycleways.
- Two jetties/boat ramps on the Waihou River available for community use.
- Provision of the Waihi events centre facility for indoor sporting and some non-recreational use.
- Provision of sports coordination services to foster residents' participation in sports, recreation and leisure.

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		**Change from LTP to 2022/23 AP**	**Type**
Operating			
Additional budget has been allocated for repairs and maintenance to the Poppit Head in Waihi.	▲	$10,000	Expenditure
Additional budget has been allocated for ongoing emergency erosion control at Whiritoa beach.	▲	$10,000	Expenditure
Additional budget has been allocated to cover an increase in mowing costs.	▲	$27,000	Expenditure
The budget for maintenance of the cycleway has increased.	▲	$30,000	Expenditure
The budget allocated for seasonal turf maintenance at Morgan Park has been increased.	▲	$10,000	Expenditure
The budget has been increased to reflect the current refuse collection contract (town centres).	▲	$16,000	Expenditure
Additional budget has been allocated to cover an increase in gardening costs (town centres).	▲	$15,000	Expenditure
Capital			
$1.1 million is carried over from 2021/22 for the Ngatea library and service centre rebuild.	▶	$1.1 million	Renewal
The funding for development of a carpark at Karangahake Reserve is carried over to 2022/23.	▶	$325,000	Level of service
Funding for the Waihi extension of the Hauraki Rail Trail is carried over to 2022/23.	▶	$1 million	Level of service

Funds have been allocated for the reinstatement of the Pipiroa to Kopu section of the Hauraki Rail Trail following works to reconstruct the stopbank.	$413,000	Renewal

Community facilities | Ngā wharenui o te hāpori

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Our community facilities activity includes halls, elderly persons housing, public conveniences, and cemeteries. Our halls sub-activity consists of three memorial halls (Paeroa, Ngatea and Waihi) which are owned and operated by the Council, and 12 community halls which are owned and managed by hall committees or incorporated societies (those being Kaihere, Kerepehi, Karangahake, Netherton, Kaiaua, Mangatangi Community Centre, Mangatarata, Kopuarahi, Patetonga, Turua, Waikino and Waitakaruru halls). We collect rates on behalf of community hall committees to fund their operation (except for Kopuarahi and Mangatarata).

We also own and administer 57 elderly persons housing units within nine individual complexes. In Waihi there are 21 units, in Paeroa there are 24 units and in Ngatea there are 12 units. The units range in amenity from bedsit units to one-bedroom units. Condition grading has shown that our elderly persons housing are in a well-maintained condition with a full operational maintenance and renewal programme.

We own or manage 22 public conveniences. We provide three cemetery sites (Waihi, Paeroa, and Miranda) and one ashes memorial wall site (Ngatea). We provide these facilities to meet public health needs (public conveniences, cemeteries) and social/cultural needs (public halls, elderly person housing).

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes	**Change from LTP to 2022/23 AP**		**Type**
Operating			
Additional budget has been allocated for grave top-ups at both Pukerimu (Paeroa) and Waihi cemeteries.	▲	$20,000	Expenditure

Manaaki Toiora

Manaaki Toiora means 'to assist in wellbeing or to lift one's mana in the sense of wellbeing'. The Manaaki Toiora activity consists of:

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- Economic project assistance.
- Social project assistance.
- Promotions (whakatairanga).
- Donations and grants.
- Extended relationships (whakawhanaunga).

We provide these services to support and encourage local groups and initiatives that benefit the greater community and support increased economic growth.

Cost of operating Manaaki Toiora

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Economic project assistance	490	508	432
Social initiatives	226	231	428
Promotions	369	379	317
Grants and Donations	308	316	317
Extended relationships | Whakawhanaunga	66	67	60
	1,459	**1,502**	**1,554**
REVENUE			
Fees, Charges and Other Income	56	56	56
External Subsidies	0	0	132
Targeted Rates	156	161	158
General Rates	1,257	1,305	1,181
	1,469	**1,522**	**1,527**
Operating Surplus/(Deficit)	**10**	**21**	**(28)**

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Increase in overheads due to additional roles such as the District Events Co-ordinator and the Community Advocacy Officer and administration.	▲	$100,000	Expenditure
Increased funding income from the Ministry of Social Development for the job creation initiative *Mayors Taskforce for Jobs*.	▲	$130,000	Income
District Events Co-ordinator – as this has become an ongoing role, this has been removed from the Manaaki Toiora budget and moved into overheads.	▼	$90,000	Expenditure

Regulatory Services | Ratonga whakahaere

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We're involved in a number of regulatory services from preparing regulations to promoting compliance. Our focus areas include supporting:

- Appropriate land use management.
- Safe building development (including building consent).
- Community health and safety (including food and alcohol safety, civil defence, animal control).
- Animal welfare.

We aim to ensure our processes promote safely constructed buildings so people can have confidence that buildings within our district are safe to use. Our animal control and community protection services ensure a safe environment for the public and ensures we are prepared for natural hazards. Some of our regulatory services are provided so that we continue to meet our legal responsibilities to ensure the protection of the environment and the community

Cost of operating regulatory services

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
RMA Implementation	1,148	1,170	1,597
Building Services	1,544	1,581	1,613
Community Protection	862	884	984
CCTV and Abandoned Mines	37	37	83
Animal Control	577	598	631
	4,169	**4,270**	**4,909**
REVENUE			
Fees, Charges and Other Income	1,757	1,804	2,062
External Subsidies	0	0	0
Targeted Rates	0	0	0
General Rates	2,409	2,476	2,738
	4,166	**4,280**	**4,801**
Operating Surplus/(Deficit)	**(3)**	**10**	**(108)**

Resource management implementation | Te whakatinanatanga ō ngā māhere taiao

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We are involved in a number of regulatory services from applying regulations to promoting compliance. This includes regulating land use and development activities through implementation of resource management legislation and district plans (i.e. resource consents).

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		**Change from LTP to 2022/23 AP**	**Type**
Operating			
Total increase of $210,000 in RMA Implementation overheads. This is largely due to the digitisation project that will ensure all property records are scanned and available electronically (this will not be rate funded).	▲	$210,000	Expenditure

Building control | Mana hanga

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We are involved in a number of regulatory services from applying regulations to promoting compliance. This includes regulating building work (building consents), building warrants of fitness monitoring, swimming pool fencing, project information memorandums, implementing earthquake prone, dangerous and insanitary building regulations.

What's changed since the Long Term Plan?

The funding and planned work programme for this activity has not significantly changed from what was planned in the Long Term Plan for the 2022/23 year.

Performance measures

We have identified an error in one of the performance measures for Building Control in the Long Term Plan. The following performance measure regarding pool inspections has been amended to remove the total number pools to be inspected annually, as this can change at any time. The target for this measure now only includes the percentage of all pools to be inspected annually.

How we will measure our performance	Baseline	Targets
You can expect: that known privately owned swimming pools comply with the Building Act 2004.		
Private swimming pools on Council's pools register will be inspected at least every three years as measured by the pools register.	2019/20: 100% of pools inspected annually	2022/23: 33% of all pools to be inspected annually. 2023/24: 33% of all pools to be inspected annually. 2024/25-31: 33% of all pools to be inspected annually.

Community protection | Tiaki hāpori

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We are involved in a number of regulatory services from applying regulations to promoting compliance. This includes (but is not limited to) liquor licensing, hazard zone monitoring, food licensing, noise control, public pools, gambling venue policy, psychoactive substances policy, responsible freedom camping policy and compliance.

Emergency management is also part of our community protection activity. It involves planning to reduce risks that could result in an emergency situation, responding and recovering from emergency situations that do occur. The government is increasingly expecting natural hazards to be managed in such a way that emergency events and their impacts are reduced. We provide emergency management services to:

- Ensure our community are aware of natural risks and are prepared for these.
- Keep essential services known as lifelines operating in and after an emergency.
- Keep people safe during and after an emergency event.
- Put arrangements in place to recover after an emergency event.

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		**Change from LTP to 2022/23 AP**	**Type**
Operating			
Total increase of $105,000 in Community Protection; the majority of this is due to overheads and increased administration for the Ministry of Primary Industries (MPI) food audits.	▲	$104,000	Expenditure

Animal control | Mana kararehe

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We play a role in protecting public safety from nuisance animal behaviours as well as promoting animal control.

What's changed since the Long Term Plan?

Key

▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Total increase of $38,000 in Animal Control due to increased overhead costs. After hours noise control costs have increased with the need to have a second officer for health and safety reasons.	▲	$38,000	Expenditure

Support services | Ngā ratonga tautoko

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Our Support Services Group includes the sub-activities of property, forestry, subdivision, fleet management, overheads and project operations (previously encompassing all Council Business Units).

Our property function includes managing a range of corporate buildings such as Council libraries, area offices, depots, dog pounds and property that supports a range of our activities. Wastewater, water supply and land drainage buildings are not included in the property function (these are covered in those activities), with the exception of the land.

As part of our Support Services Group, we own three main forestry blocks; and we purchase and develop land and provide infrastructure to ensure that our communities have the opportunity to purchase land for homes and other activities.

We operate a project operations team and through the fleet management activity, manages our fleet of vehicles and construction and maintenance plant and equipment.

We operate a number of support areas, otherwise known as overheads, which assist all of our activities to deliver on their objectives where it is not cost efficient or practicable for each activity to have its own dedicated team. Examples include Finance, Human Resources, and Information Technology amongst others. These overheads are fully re-charged out across the activities of Council (using a cascade / waterfall method) across the rest of the organisation.

Cost of operating support services

	2021/22 (per LTP) $000	2022/23 (per LTP) $000	2022/23 Annual Plan $000
Expenditure			
Business Units	(26)	123	47
Overheads	14	14	(2)
Other P&L	(708)	(60)	(365)
Property	587	600	791
Plant	(78)	(80)	(44)
Forestry	185	69	54
	(27)	**668**	**481**
REVENUE			
Fees, Charges and Other Income	868	4,441	4,551
External Subsidies	0	0	0
Targeted Rates	(361)	(381)	(361)
General Rates	(328)	(343)	(328)
	179	**3,717**	**3,862**
Operating Surplus/(Deficit)	**206**	**3,049**	**3,381**

What's changed since the Long Term Plan?

Key			
▼	Decrease in income or expenditure	▶	Deferred from current or previous years
▲	Increase in income or expenditure	◀	Brought forward from future years
=	No overall $ change		

Changes		Change from LTP to 2022/23 AP	Type
Operating			
Total increase of $45,000 for CCTV maintenance and cyclical replacements.	▲	$45,000	Expenditure
Capital			
Remaining funding of $110,000 to be carried over from 2021/22 for Waihi museum earthquake strengthening project.	▶	$110,000	Renewal
Ngatea southern estate subdivision – funds have been allocated to undertake works as appropriate to meet consent requirements for the commencement of the site, including some earthworks.	▲	$1.5 million	Level of service
Funding for the development of services at stage 4 of the Ngatea North subdivision was carried over from 2021/22.	▶	$1.3 million	Level of service
$500,000 of funding for the rationalisation and upgrade of Council's depot has been carried forward from 2021/22.	▶	$500,000	Level of service

Capital project list

Capital Project:	2022/23 as per 2021-31 LTP ($)	Revised 2022/23 Annual Plan ($)
Community Facilities – Levels of Service		
Waihi Ashes Garden	15,405	15,405
Paeroa Ashes Garden	15,405	15,405
Total	**30,810**	**30,810**
Community Facilities – Renewals		
Elderly Housing Renewals - Plains	40,053	40,053
Elderly Housing Renewals - Paeroa	31,837	31,837
Elderly Housing Renewals - Waihi	32,864	32,864
Ngatea Hall Replace Zip	4,622	4,622
Ngatea Memorial Hall Water Units	3,081	3,081
Total	**112,457**	**112,457**
Community Recreation – Levels of Service		
Karangahake Reserve development	0	325,292
Hauraki Rail Trail - Waihi Extension	0	1,010,000
Whiritoa Beach Reserve - Electric BBQ - Joint Funding	7,702	7,702
Whiritoa Beach Reserve - Additional Playground Swings	25,675	25,675
District wide - Rubber matting for playground resurface	46,215	46,215
New Ramp access for Ngatea pool	154,050	154,050
Total	**233,642**	**1,568,934**
Community Recreation – Renewals		
Hauraki Rail Trail - Re construction Pipiroa Bridge to Kopu	0	413,514
District Libraries - Book Budget	148,282	148,282
Paeroa - Renewals Recreation	9,243	9,243
Plains - Renewals Recreation	5,135	5,135
District Pools - Miscellaneous Renewals	25,675	25,675
Waihi - Renewals Recreation	5,135	5,135
Hauraki Rail Trail – Resurfacing	80,252	80,252
Plains - Minor Reserve - Carpark renewals	2,141	2,141
Waikino Domain - Entrance way upgrade	5,135	5,135
Paeroa - Railway Reserve Skate Park	71,890	71,890
Kaiaua Playground - replacement swing set	8,730	8,730
Kerepehi Playground - replacement modular playground	46,215	46,215
District Pools - Water pump at each pool	20,540	20,540
District Pools - Covers	15,405	15,405
Lane ropes at the three pools	20,540	20,540
Total	**464,318**	**877,832**

Land Drainage – Level of Service		
WPDD Pouarua Maukoro Structures	0	204,000
WPDD Capital contribution to WRC Muggeridge pump project	0	345,000
Total	**0**	**549,000**
Land Drainage – Renewals		
WPDD (F1) - Primary SB Reconstruction	308,100	308,100
WPDD Rawerawe Pump Station	0	55,110
WPDD Mangawhero Flume Replacement	0	414,768
Total	**308,100**	**777,978**
Land Transport – Levels of Service		
Access and Mobility	176,970	176,970
Minor Improvements	537,572	537,572
New Footpaths - Paeroa	93,690	93,690
New Footpaths - Waihi	93,690	93,690
New Kerb Channel Stormwater Control - Plains	31,230	31,230
New Kerb Channel Stormwater Control - Paeroa	57,255	57,255
New Road Extensions	156,150	286,150
Paeroa Urban Streetscape	0	500,000
Waihi Urban Streetscape	1,041,000	1,041,000
Total	**2,187,557**	**2,817,557**
Land Transport – Renewals		
Drainage Renewals	145,740	145,740
Footpath Renewal - Paeroa	29,564	29,564
Footpath Renewal - Plains	19,050	19,050
Footpath Renewal - Waihi	72,662	72,662
Minor Improvements	164,478	989,478
Pavement Rehabilitation	1,020,180	1,153,283
Sealed Road Resurfacing	1,353,300	1,850,000
Bridges (Structures Component Replacement)	208,200	258,200
Traffic Services Renewal	88,485	88,485
Unsealed Roading Renewals	104,100	104,100
Car Parks	67,040	67,040
Total	**3,272,799**	**4,777,602**
Stormwater – Levels of Service		
Stormwater Kaiaua Upgrades	5,250	5,250
Waihi SW Waihi upgrades - Christensen Street manhole installation	0	127,746
Stormwater Kaiaua Stormwater consents	52,500	52,500
Stormwater Ngatea Upgrades	22,050	22,050
Stormwater Waihi Upgrades	63,000	63,000
Total	**142,800**	**270,546**

Stormwater – Renewals		
Stormwater Kaiaua Renewals	3,150	3,150
Stormwater Kerepehi Renewals	3,150	3,150
Stormwater Ngatea Renewals	6,300	6,300
Stormwater Paeroa Renewals	8,400	8,400
Stormwater Turua Renewals	3,150	3,150
Stormwater Waihi Renewals	8,400	8,400
Stormwater Criterion Bridge stormwater pump station upgrade	241,500	241,500
Stormwater Waihi Comprehensive stormwater discharge consent	78,750	270,470
Stormwater Paeroa Comprehensive stormwater discharge consent	78,750	78,750
Stormwater Plains Comprehensive stormwater discharge consent	78,750	78,750
Stormwater Whiritoa Comprehensive stormwater discharge consent	78,750	78,750
Total	**589,050**	**780,770**

Wastewater – Levels of Service		
Kerepehi sewer	0	50,000
Pump Stations SCADA	63,000	63,000
Paeroa Northern sewer	577,500	577,500
Wastewater Consents (District wide)	0	100,000
Paeroa Upgrading WWTP	1,575,000	1,000,000
Ngatea New Pumpstation	51,975	51,975
Ngatea New Rising Main from Kerepehi to Ngatea	283,500	0
Generator Shed Waihi	21,000	21,000
Whiritoa Upgrading WWTP	315,000	315,000
Total	**2,886,975**	**2,178,475**

Wastewater – Renewals		
Wastewater Waihi DAF Sludge Process	0	225,000
District Wide Pipe Renewals Condition	157,500	157,500
District Wide Reactive Renewals Plants Pumpstations	36,750	36,750
District Wide Sewer Pump Renewals	65,100	65,100
Paeroa - Pipe Renewals Hydraulic	0	322,839
Waihi East - Pipe Renewals Hydraulic	57,750	57,750
Waitakaruru Prostep Onsite Set Renewals	4,116	4,116
Waitakaruru STP Component Renewals	15,288	15,288
Whiritoa Irrigation Block Renewals	0	77,174
Wastewater (Renewal) Paeroa Resource Consents	0	100,000
Paeroa Aerator Component Renewals	1,050	1,050
Paeroa Meters	94,500	94,500
Paeroa Storage Chamber Pump	26,250	26,250
Paeroa UV Renewal	42,000	42,000
Paeroa VSD Renewals	10,500	10,500
Waihi Aerator Component Renewals	10,500	10,500
Waihi Scada Instrumentation Renewals	8,400	8,400

Pit Rim sewer	31,500	31,500
Total	**561,204**	**1,286,217**

Water Supply – Levels of Service		
Manganese Treatment – Phase 1 online monitoring - Phase 2 Green sand filter	6,982,500	0
Waihi Second Membrane	2,362,500	250,000
Waihi WTP plant screening	5,250	5,250
2nd intake for Paeroa(Resilience)	31,500	31,500
Plains & Paeroa Water connection	1,050,000	1,050,000
Total	**10,431,750**	**1,336,750**

Water Supply – Renewals		
District Cast Iron Pipe Renewal	157,500	157,500
District Treatment Asset Renewals	139,650	139,650
District Upgrading and Replacing of SCADA Equipment	2,100	2,100
District Water Meter Renewals	210,000	453,099
District Wide Pipe Renewal Programme (Service Continuity)	892,500	892,500
Kerepehi UV Lamps Renewal	4,725	4,725
Kerepehi raw water main	3,150,000	3,210,000
Concrete Pipe replacement	525,000	525,000
Paeroa UV Lamps	4,200	4,200
Waitakaruru Backwash VSD	12,600	12,600
Waitakaruru Retic 1 VSD	12,600	12,600
Waitakaruru Reticulation Flowmeter	11,550	11,550
Mangatarata intake Flowmeter	11,550	11,550
Mangatarata intake VSD	11,550	11,550
Waitakaruru UV Lamps Renewal	9,135	9,135
Pressure improvements to Orongo	94,500	94,500
Housing of Generator Kerepehi	15,750	15,750
Mangatarata intake pump renewal	15,750	15,750
Total	**5,280,660**	**5,583,759**

Overheads		
Corporate Services – Levels of Service		
Corporate overheads	238,830	0
Total	**238,830**	**0**

Corporate Services – Renewals		
Technology Renewals (including CCTV)	255,000	255,000
Total	**255,000**	**255,000**

Plant – Renewals		
Plant Renewals	510,000	510,000
Total	**510,000**	**510,000**

Property		
Miscellaneous – Levels of Service		
Ngatea North Stage 4	0	1,300,000
Ngatea Southern Estate Subdivision	0	1,500,000
Property overheads	125,768	0
Depot upgrade and rationalisation	0	500,000
Total	**125,768**	**3,300,000**
Miscellaneous – Renewals		
Hauraki House - Replace air conditioning units	20,400	20,400
Miscellaneous Property Renewal	257,040	257,040
Waihi Museum Earthquake Strengthening	0	110,000
Total	**277,440**	**387,440**
Offices - Renewals		
Ngatea library and service centre	0	1,132,284
Total	**0**	**1,132,284**
Grand Total	**27,909,160**	**28,533,411**

Financial Statements

Funding impact statement for 1 July 2022 to 30 June 2023 (whole of council)

	2021/22 Long Term Plan $000	2022/23 Long Term Plan $000	2022/23 Annual Plan $000
Sources of Operating funding			
General rates, uniform annual general charges, rates penalties	11,962	12,254	12,454
Targeted rates	21,357	22,844	23,167
Subsidies and grants for operating purposes	3,253	3,300	3,660
Fees and charges	4,188	4,262	5,125
Internal charges and overheads recovered	0	0	0
Interest and dividends from investments	0	0	0
Local Authorities fuel tax, fines, infringement fees, and other receipts	168	4,252	4,348
Total Operating Funding (A)	**40,929**	**46,912**	**48,753**
Application of Operating Funding			
Payments to staff and suppliers	33,010	32,738	36,825
Finance Costs	1,475	1,573	1,260
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total Applications of Operating Funding (B)	**34,484**	**34,311**	**38,085**
Surplus/(Deficit) of operating Funding (A - B)	**6,445**	**12,601**	**10,669**
Sources of Capital Funding			
Subsidies and grants for capital expenditure	3,784	2,279	3,182
Development and financial contributions	1,027	931	949
Increase (decrease) in debt	12,776	17,339	17,549
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total Sources of Capital Funding (C)	**17,586**	**20,549**	**21,680**
Application of Capital Funding			
Capital Expenditure			
- to meet additional demand	0	0	0
- to improve the level of service	10,622	16,278	12,052
- to replace existing assets	12,350	11,631	16,481
Increase (decrease) in reserves	1,059	5,241	3,815
Increase (decrease) of investments	0	0	0
Total Applications of Capital Funding (D)	**24,031**	**33,150**	**32,349**
Surplus/(Deficit) of Capital Funding (C-D)	**(6,445)**	**(12,601)**	**(10,669)**
Funding Balance ((A - B) + (C - D))	**(0)**	**0**	**0**

Reconciliation of Comprehensive Income Statement to Funding Impact Statement

Operating Surplus/(Deficit)	**1,059**	**5,241**	**3,815**
Depreciation/Assets written off	10,477	10,861	11,275
Subsidies and grants for capital expenditure	(3,784)	(2,279)	(3,182)
Development and financial contributions	(1,027)	(931)	(949)
Less Doubtful Debts	0	0	0
Vested Asset Income	(281)	(290)	(290)
Gains and Losses	0	0	0
Surplus/(Deficit) of operating Funding (A - B)	**6,445**	**12,601**	**10,669**

Prospective statement of financial position

	2021/22 Long Term Plan $000	2022/23 Long Term Plan $000	2022/23 Annual Plan $000
Assets			
Current assets			
Cash and cash equivalents	1,721	755	2,203
Receivables	8,598	9,274	8,689
Derivative financial instruments	0	0	0
Other financial assets	87	87	141
Prepayments	0	0	0
Inventories	306	306	306
Non-current assets held for resale	0	0	0
Total current assets	10,712	10,422	11,339
Non-Current assets			
Other financial assets			
Borrower notes	645	645	621
- Community loans	5	5	96
- Investments in other entities	101	101	187
Total other financial assets	751	751	904
Property, plant & equipment	634,532	669,906	676,767
Intangible assets	568	568	584
Forestry assets	1,311	1,311	1,373
Investment properties	0	0	0
Total non-current assets	637,162	672,536	679,628
Total assets	**647,874**	**682,958**	**690,967**
Current liabilities			
Payables and deferred revenue	4,401	4,196	4,533
Derivative financial instruments	759	759	759
Borrowings and other financial liabilities	7,000	10,000	10,000
Employee entitlements	2,382	2,393	2,804
Provisions	340	340	340
Total Current Liabilities	14,882	17,688	18,436
Non-Current Liabilities			
Derivative financial instruments	2,808	2,808	1,727
Borrowings and other financial liabilities	48,000	57,000	46,000
Employee entitlements	476	479	479
Provisions	202	202	202
Total non-current liabilities	51,486	60,489	48,408
Total liabilities	**66,368**	**78,177**	**66,844**
Net assets (assets minus liabilities)	**581,506**	**604,781**	**624,123**

Represented by:

EQUITY			
Accumulated Funds	410,152	415,249	421,664
Other reserves	3,025	3,168	3,095
Asset revaluation reserve	168,329	186,364	199,364
TOTAL EQUITY	**581,506**	**604,781**	**624,123**

Prospective statement of changes in net assets/equity

	2021/22 Long Term Plan $000	2022/23 Long Term Plan $000	2022/23 Annual Plan $000
TOTAL EQUITY			
As at 1 July	577,243	581,506	601,932
Comprehensive Revenue & Expense for the year	4,263	23,276	22,191
As at 30 June	581,506	604,782	624,123
TOTAL EQUITY CONSISTS OF:			
Accumulated Funds			
As at 1 July	409,239	410,152	417,991
Transfers from/(to):			
Asset Revaluation Reserve on disposal of PPE	0	0	0
Restricted Reserves	(143)	(143)	(143)
Surplus/(Deficit) for the year	1,056	5,241	3,815
As at 30 June	410,152	415,250	421,664
Other Reserves			
As at 1 July	2,882	3,025	2,928
Transfers to Retained Earnings	(56)	(56)	(56)
Transfers from Retained Earnings	199	199	199
As at 30 June	3,025	3,168	3,071
Asset Revaluation Reserves			
As at 1 July	165,122	168,329	180,989
Revaluation gains/(losses)	3,207	18,035	18,375
Transfer of revaluation reserve to retained earnings PPE	0	0	0
As at 30 June	168,329	186,364	199,364
Forestry Revaluation Reserves			
As at 1 July	0	0	0
Revaluation gains/(losses)	0	0	0
As at 30 June	0	0	0
Asset Revaluation Reserves			
As at 1 July	165,122	168,329	180,989
Revaluation gains/(losses)	3,207	18,035	18,375
Transfer of revaluation reserve to retained earnings PPE	0	0	0
As at 30 June	168,329	186,364	199,364
Asset Revaluation Reserves consist of:			
Operational Assets			
Land	46,402	46,402	54,446
Buildings	16,231	16,231	18,186
Infrastructure Assets			
Wastewater System	14,255	14,255	18,410
Water System	9,368	9,368	7,864
Drainage Network	8,094	8,094	8,184
Land Transport Network	73,979	92,014	92,274
Total	168,329	186,364	199,364

Fair value through other comprehensive income and expense reserve			
As at 1 July	0	0	23
Change in fair value	0	0	0
As at 30 June	0	0	23
As at 30 June	581,506	604,782	624,123

Prospective statement of comprehensive revenue and expense

	2021/22 Long Term Plan $000	2022/23 Long Term Plan $000	2022/23 Annual Plan $000
Revenue			
Rates Revenue	33,319	35,098	35,621
Development/Financial Contributions	1,027	931	949
Subsidies and Grants	7,037	5,579	6,842
Interest Revenue	0	0	100
Other Revenue	5,112	8,804	9,663
Total Revenue	**46,495**	**50,412**	**53,175**
Expenses			
Personnel Costs	15,879	15,953	18,694
Depreciation and Amortisation	10,477	10,861	11,275
Finance Costs	1,475	1,573	1,260
Other Expenses	17,605	16,785	18,131
Total Expenses	**45,436**	**45,172**	**49,360**
Share of Joint Venture Surplus/(Deficit)	0	0	0
Share of Associates Surplus/(Deficit)	0	0	0
Surplus/(Deficit) before tax	**1,059**	**5,241**	**3,815**
Income Tax Expense	0	0	0
Surplus/(Deficit) after tax	**1,059**	**5,241**	**3,815**
Other comprehensive revenue and expense			
Gain/(Loss) on Revaluation	3,207	18,035	18,375
Movement in fair value of available for sale financial instruments	0	0	0
Total other comprehensive revenue and expense	**3,207**	**18,035**	**18,375**
Total comprehensive revenue and expense	**4,266**	**23,276**	**22,191**

Prospective cash flow statement

	2021/22 Long Term Plan $000	2022/23 Long Term Plan $000	2022/23 Annual Plan $000
Cash Flows from operating activities			
Receipts from rates revenue	33,289	34,742	36,489
Receipts from other revenue	12,582	14,704	16,541
Interest received			100
Payments to suppliers and employees	(34,895)	(32,929)	(41,248)
Interest paid	(1,475)	(1,573)	(1,260)
Net cash flow from operating activities	**9,501**	**14,944**	**10,622**
Cash Flows from investing activities			
Purchase of property, plant & equipment	(20,979)	(27,909)	(28,278)
Purchase of intangible assets	0	0	(255)
Net cash flow from investing activities	**(20,979)**	**(27,909)**	**(28,533)**
Cash Flows from financing activities			
Proceeds from borrowings	12,500	19,000	21,000
Repayment of borrowings	(8,000)	(7,000)	(7,000)
Net cash flow from financing activities	**4,500**	**12,000**	**14,000**
Net increase(decrease) in cash and cash equivalents	(6,978)	(965)	(3,911)
Cash and cash equivalents at the start of the year	8,699	1,721	6,115
Cash and cash equivalents at the end of the year	**1,721**	**756**	**2,203**

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

Reserve funds statement

	Opening Balance $000	Deposited into Reserve $000	Withdrawn from Reserve $000	Closing Balance $000	Activity that the reserve relates to:
Other Reserves					
District Community Recreation	24	0	0	24	Community Services
Plains Community Recreation	140	0	0	140	Community Services
Paeroa Community Recreation	139	0	0	139	Community Services
Waihi Community Recreation	732	0	0	732	Community Services
Dist. Community Projects Assistance	816	199	(56)	959	All Activities
Economic development projects	77	0	0	77	Community Services
Quarry Renewal	1,000	0	0	1,000	Corporate
	2,928	199	(56)	3,071	
Asset Revaluation Reserves					
Land	54,446		0	54,446	All Activities
Buildings	18,186		0	18,186	All Activities
Wastewater System	18,410		0	18,410	Wastewater
Water System	7,864		0	7,864	Water
Drainage Network	8,184		0	8,184	Land Drainage
Land Transport Network	73,899	18,375	0	92,274	Land Transport
	180,989	18,375	0	199,364	

District Community Projects Assistance Fund

This reserve fund is to provide funding for community projects.

Paeroa, Plains, and Waihi Community Recreational Funds

These reserve funds are historic and were used to accumulate financial contributions prior to the HDC changing to a development contributions regime. The balances will be used to fund recreation and community facilities capital works.

Quarry Renewal Fund

This reserve fund is to provide funding for the cost of rehabilitating Tetley's Quarry post-closure.

Asset Revaluation Reserves

These reserve funds are to hold the net balances from gains/losses from asset revaluations.

Notes supporting our financial statements

Note 1: Statement of Accounting Policies for the Forecast Year ending 30 June 2023.

Reporting entity

The Hauraki District Council (HDC) is a territorial local authority governed by the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the HDC's operations includes the LGA and the Local Government (Rating) Act 2002.

HDC provides local infrastructure, local public services, and performs regulatory functions to our communities. HDC does not operate to make a financial return.

HDC has designated itself as a public benefit entity (PBE) for financial reporting purposes.

These prospective financial statements are for Hauraki District Council as a separate legal entity. Consolidated perspective financial statements comprising of the Council and its subsidiaries and associates have not been prepared.

The financial information contained within these documents is prospective financial information in terms of Financial Reporting Standard 42 Prospective Financial Statements (PBE). The purpose for which this has been prepared is to enable the public to participate in decision making processes as to the services to be provided by the Council over the next ten financial years, and to provide a broad accountability mechanism of the Council to the community. The financial information in the LTP may not be appropriate for purposes other than those described.

Basis of preparation

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

Budget figures

The budget figures are those approved by the Council. The budget figures have been prepared in accordance with PBE FRS 42, using accounting policies that are consistent with those adopted by the Council in preparing these financial statements.

Standards issued and not yet effective.

Financial instruments

In March 2019, the XRB issued PBE IPSAS 41 Financial Instruments. PBE IFRS 41 supersedes parts of PBE IPSAS 29 Financial Instruments: Recognition and Measurement. It also supersedes PBE IFRS 9 Financial Instruments. PBE IPSAS 41 is effective for annual periods beginning on or after 1 January 2022, with early application permitted.

The main changes under PBE IPSAS 41 are:

- Introduces a new classification and measurement model for financial assets that considers the characteristics of the asset's cash flows and the objective for which the asset is held. This could result in some instruments moving from amortised cost accounting to fair value accounting, or vice versa.
- Applies a forward-looking expected credit loss model that is applicable to all financial instruments subject to impairment testing.
- Introduces a hedge accounting model that broadens the hedging arrangements in scope of the guidance. The model develops a strong link between an entity's risk management strategies and the accounting treatment for instruments held as part of the risk management strategy. Entities that adopt PBE IPSAS 41 have a choice of either adopting the new hedging model of PBE IPSAS 41 or continuing to apply the hedging model of PBE IPSAS 29.

The Council has determined that adopting PBE IPSAS 41 will not materially impact the financial statements of Council.

Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the LGA, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with PBE FRS42 Prospective Financial Statements, NZ PBE (Tier1) IPSAS and other applicable Financial Reporting Standards, as appropriate for New Zealand public benefit entities.

It is a requirement of the LGA to present prospective financial statements that coming year covered by the Annual Plan. This provides an opportunity for ratepayers and residents to review the prospective financial results and position of HDC.

The information in these statements may not be appropriate for purposes other than those prescribed above. Prospective financial statements are revised annually to reflect updated assumptions and costs. These financial statements are for the period 1 July 2022 to 30 June 2023 and are presented in New Zealand dollars, and rounded to the nearest thousand ($000), unless otherwise stated.

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

The prospective financial statements were authorised for issue by the Hauraki District Council on 30 March 2022. HDC is responsible for the prospective financial statements presented, including underlying assumptions underlying prospective financial statements and other disclosures.

To meet all requirements of the local government legislation we provide three sets of financial information as set out in the table below.

Set of financial information	Key differences between these three sets of information
Usual Generally Accepted Accounting Principles (GAAP) regulated statements of financial position, comprehensive revenue and expenses, etc.	The GAAP regulated financial statements must adhere to GAAP requirements;
Non-GAAP compliant Funding Impact Statements (FIS's)	The FIS is intended to make the sources and applications of HDC funds more transparent to its stakeholders than might be the case if only the usual GAAP financial statements were provided. The FIS is prescribed by the Local Government (Financial Reporting and Prudence) Regulations 2014 and is required by the LGA; and
Annual Plan disclosure statement as required by the Local Government (Financial Reporting and Prudence) Regulations 2014.	The Long Term Plan disclosure statement is to disclose HDC's planned financial performance in relation to various benchmarks to help our communities assess whether HDC is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

Measurement Base

The financial statements have been prepared on a historical cost basis, except where modified by the revaluation of land and buildings, certain infrastructural assets, investment property, biological assets and financial instruments.

Judgements and estimations

The preparation of prospective financial statements using public benefit entity (PBE) standards requires the use of judgements, estimates and assumptions. Where material, information on the main assumptions is provided in the relevant accounting policy.

The estimates and assumptions are based on historical experience as well as other factors that are believed to be reasonable under the circumstances. Subsequent actual results may differ from these estimates.

The estimates and assumptions are reviewed on an ongoing basis and adjustments are made where necessary.

Judgements that have a significant effect on the financial statements and estimates, with a significant risk of material adjustment in the next year, are discussed in the relevant notes within this section. Significant judgements and estimations include asset revaluations, impairments, certain fair value calculations and provisions.

Subsidiaries

HDC has no subsidiaries.

Associates

HDC's associate investment is accounted for in the financial statements using the equity method. An associate is an entity over which HDC has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount in the financial statements is increased or decreased to recognise HDC's share of the surplus or deficit of the associate after the date of acquisition. Distributions received from an associate reduce the carrying amount of the investment.

HDC discontinues recognising its share of further deficits if the share of deficits of an associate equals or exceeds its interest in the associate. After HDC's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that HDC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, HDC will resume recognising its share of those surpluses only after its share of the surpluses equals the share of deficits not recognised.

Where HDC transacts with an associate, surpluses or deficits are eliminated to the extent of HDC's interest in the associate.

Joint ventures

A joint venture is a binding arrangement whereby two or more parties are committed to undertake an activity that is subject to joint control. Joint control is the agreed sharing of control over an activity.

For jointly controlled operations, the Council recognises in its financial statements the assets it controls, the liabilities and expense it incurs, and the share of revenue that it earns from the joint venture..

Revenue

Accounting policy

Revenue is measured at fair value. The specific accounting policies for significant revenue items are explained below.

Rates revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

Development and financial contributions

Development and financial contributions are recognised as revenue when the Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as revenue in advance until such time as the Council provides, or is able to provide, the service.

Waka Kotahi roading subsidies

The Council receives funding assistance from Waka Kotahi, which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

Building and resource consent revenue

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

Entrance fees

Entrance fees are fees charged to users of the Council's local pools. Revenue from entrance fees is recognised upon entry to the pool.

Provision of commercially based services

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Infringement fees

Infringement fees mostly relate to noise and dog infringements. Revenue is recognised when the infringement notice is paid.

Sales of goods

Revenue from the sale of goods is recognised when a product is sold to the customer.

Landfill fees

Fees for disposing of waste at the Council's landfill are recognised as waste is disposed by users.

Vested or donated physical assets

For assets received for no or nominal consideration, the asset is recognised at its fair value when the Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability is released to revenue as the conditions are met (for example, as the funds are spent for the nominated purpose).

Interest and dividends

Interest revenue is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Revenue from exchange and non-exchange revenue

The Council receives their revenue from exchange or non-exchange transactions. Exchange transaction revenue arises when the Council provides goods and services to a third party and receives approximately equal value in return that is directly related to those goods and services. Non-exchange transaction revenue arises when the Council receives value from another party without having to provide goods or services of equal value directly. Non-exchange revenue comprises rates and transfer revenue.

Critical judgements in applying accounting policies

Accounting for donated or vested land and buildings with use or return conditions

The Council has received land and buildings from non-exchange transactions that contain use or return conditions. If revenue is not recognised immediately for such assets when received, there is the possibility that a liability would be recognised in perpetuity and no revenue would ever be recognised for the asset received. The Council considers that an acceptable and more appropriate accounting treatment under PBE IPSAS 23 is to recognise revenue immediately for such transfers and a liability is not recognised until such time as it is expected that the condition will be breached.

Borrowing costs

Borrowing costs are recognised as an expense in the financial year in which they are incurred.

Grant expenditure

The Council's grants awarded have no substantive conditions attached. 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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant.

Taxation

Goods and Services Tax (GST)

The financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable, which are stated with GST included.

Where GST is not recoverable as input tax, 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 statement of financial position.

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.

Fringe Benefit Tax (FBT)

Where a fringe benefit tax liability arises this has been charged to operating expenditure.

Leases

Finance leases

A finance lease 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 start of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item and the present value of the minimum lease payments.

The finance charge is charged to the surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no reasonable certainty as to whether the Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term. Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

Trade and other receivables

Trade and other receivables are recorded at the amount due, less any provision for un-collectability.

A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

Financial assets

HDC classifies its financial assets into four categories. 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 surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of investments are recognised on trade-date, the date on which HDC 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 HDC 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. HDC 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 as follows.

1. Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading unless they are designated into a hedge accounting relationship for which hedge accounting is applied.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. Derivatives are classified as current if they mature within 12 months of balance date, and are classified as non-current if they mature greater than 12 months after balance date.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the surplus or deficit.

2. Loans and Receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

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 surplus or deficit.

Loans to community organisations made 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 financial instrument. The loans 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 surplus or deficit as a grant.

3. Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that HDC 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 surplus or deficit.

They are included in current assets, except for those with maturities greater than 12 months after balance date, which are included in non-current assets.

HDC does not hold any assets in this category at present.

4. Financial assets at fair value through other comprehensive revenue and expense

Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. HDC includes in this category:

- investments that it intends to hold long-term but which may be realised before maturity; and
- shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit. On derecognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Impairment of financial assets

Loans and receivables

Impairment of a loan or a receivable is established when there is objective evidence that HDC 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 surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (i.e. not past due). For term deposits, local authority stock, government stock and community loans, impairment losses are recognised directly against the instruments carrying amount.

At each balance sheet date HDC 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 surplus or deficit.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, 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 surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

Accounting for derivative financial instruments

HDC uses Derivative financial instruments are used to manage exposure to interest rate risks arising from the Council's financing activities. In accordance with its Investment and Liability Management Policy, the Council does not hold or issue derivative financial instruments for trading purposes. HDC's interest rate swap portfolio was valued as at 30 June 2021 by Council staff using software provided by Hedgebook, and the 2022-23 Annual Plan assumes no change to this valuation.

Derivative financial instruments are initially measured at fair value on the contract date, and are remeasured to their fair value at each balance date. The fair value of interest rate swap contracts is determined by reference to market values for similar instruments. Any gains or losses arising from changes in fair value are recognised in the surplus or deficit.

Derivatives embedded in other financial instruments or other non-financial host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contract and the host contract is not carried at fair value with unrealised gains or losses reported in the surplus or deficit. The portion of the fair value of an interest rate derivative that is expected to be realised within 12 months of balance date is classified as current, with the remaining portion classified as non-current.

Council did not hold any forward exchange contracts at balance date.

Non-current assets held for sale

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit. 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 are not depreciated or amortised while they are classified as held for sale (including those that are part of a disposal group). The only asset currently included in this category is property held for sale.

Property, plant and equipment

Property, plant, and equipment consist of:

Operational assets – These include land, buildings, landfill post-closure, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are mainly parks and reserves owned by the Council and group that 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 the Council and group. 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.

Land (operational and restricted) measured at fair value, buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

Revaluation

Land and buildings (operational and restricted), and infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

The carrying values of revalued assets are assessed annually 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.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

Additions

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

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 the Council and group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

Disposals

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

Depreciation

Land and assets under construction are not depreciated.

All other assets are depreciated on a straight line basis that will spread the cost of the asset, less any residual value, over the expected useful life of the asset. The useful lives of assets have been identified on a component–by–component basis. The useful lives and associated depreciation rates of major classes of assets has been estimated as follows:

Asset class	Asset Subclass	Estimated useful life	Depreciation rate range
Roading	Seal	10-20 years	5%-10%
	Base Course	20-100 years	1%-5%
	Surface water channels	10-75 years	1.3%-10%
	Culverts	75 years	1.3%
	Footpaths	15-75 years	1.3%-6.7%
	Bridges	30-100 years	1%-3.3%
	Street Lighting	25 years	4%
	Retaining walls	85 years	1.2%
	Railings	20-50 years	2%-5%
	Signs	12.5-20 years	5%-8%
Buildings	Structure	80 years	1.3%
	Roof cladding	30 years	3.3%
	Electrical/Mechanical	25 years	4%
	Plumbing	30 years	3.3%
	Internal wall linings	25 years	4%
	Lifts	25 years	4%
	Air conditioners	15 years	6.7%
	Site improvements	25 years	4%
All other assets	Water reticulation	70-120 years	0.8%-1.4%
	Water treatment	10-100 years	1%-10%
	Wastewater reticulation	65-130 years	0.8%-1.5%
	Wastewater treatment	10-80 years	1.3%-10%
	Stormwater reticulation	50-130 years	0.8%-2%
	Drainage and flood protection	20-200 years	0.5%-5%
	Library books	8 years	12.5%
	Vehicles	3-21 years	4.8%-33.3%
	Equipment	2-94 years	1.1%-50%
	Technology	2-10 years	10%-50%
	Furniture and fittings	7-10 years	10%-14.3%

Assets purchased during the financial year are depreciated on a remaining month's basis.

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Impairment of property, plant, and equipment

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and 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 its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as 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 surplus or deficit.

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus or deficit, a reversal of the impairment loss is also recognised in the surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash-generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a restoration cost approach, or a service units' approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Value in use for cash-generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Critical accounting estimates and assumptions

Estimating the fair value of land, buildings, and infrastructure

Land (operational, restricted, and infrastructural)

All land was valued at 30 June 2021.

The most recent valuation of land was performed by Quotable Values NZ Ltd, who are qualified, independent valuers. All values were confirmed as being suitable for financial reporting.

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Adjustments have been made to the 'unencumbered' land value where there is a designation against the land or the use of the land is restricted because of reserve or endowment status. These adjustments are intended to reflect the negative effect on the value of the land where an owner is unable to use the land more intensely.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits of outright ownership.

Buildings (operational and restricted)

All buildings were valued at 1 July 2020 plus additions/development at cost, less disposals. Building valuations were completed by independent valuers, and confirmed as being suitable for financial reporting.

Specialised buildings were valued by SPM Assets Ltd at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line deprecation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential buildings) were valued by SPM Assets Ltd, using market data provided by Curnow Tizard Ltd at fair value using market-based evidence. Market rents and capitalisation rates were applied to reflect market value.

The valuation of earthquake prone buildings does not include any adjustment

Infrastructural assets

Roading assets were valued by an independent valuer, WSP-OPUS Limited as at 1 July 2019.

Water, Wastewater, Stormwater and Drainage Assets were valued by Council staff and peer reviewed by an independent valuer, Waugh Valuers Ltd as at 1 July 2020.

Infrastructural assets are also carried at fair value, which is deemed to be depreciated replacement costs because the assets are of a specialised nature. The depreciated replacement costs are determined on the basis of valuations prepared ever three years. The revaluation process involves assessing the current optimised replacement cost of a brownfields basis, using highest and best use basis and remaining useful lives.

Depreciated replacement cost is determined using a number of significant assumptions. Significant assumptions include:

- The replacement asset is based on the replacement with modern equivalent assets with adjustments where appropriate for obsolescence due to over-design or surplus capacity.
- The replacement cost is derived from recent construction contracts of similar assets and Property Institute of New Zealand cost information.
- The remaining useful life of assets is estimated.
- Straight-line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Critical judgements in applying accounting policies

Classification of property

The Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than as investment property.

Intangible assets

Software acquisition and development

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

Costs that are directly attributable to the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Easements

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

Carbon credits

Purchased carbon credits are recognised at cost on acquisition. Free carbon credits received from the Crown are recognised at fair value on receipt. They are not amortised, but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

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 financial year is recognised in the surplus or deficit.

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

Asset class	Asset Subclass	Estimated useful life	Depreciation rate range
Technology	Software	3-10 years	10%-33.3%
Resource Consents	Drainage and flood protection, Water, Wastewater	20 years 10 years 20 years	5% 10% 5%

Impairment of intangible assets

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

For further details, refer to the policy for impairment of property, plant, and equipment above. The same approach applies to the impairment of intangible assets.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus or deficit.

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, HDC measures all investment property at fair value as determined annually by an independent valuer.

Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Trade and deferred revenue

Trade and other payables are recorded at their face value.

Employee benefits

Short-term employee entitlements

Employee benefits that are due to be settled within 12 months after the end of the year in which the employee provides the related service are measured 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.

A liability and an expense are recognised for bonuses where the Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation and a reliable estimate of the obligation can be made.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the year in which the employee provides the related service, such as retirement and long service leave, have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement, and contractual entitlement information; and
- the present value of the estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability.

Non-vested retirement and long service leave expected to be settled within 12 months of balance date are also classified as a current liability. All other employee entitlements are classified as a non-current liability.

Critical accounting estimates and assumptions

Estimating retirement and long service leave obligations

The present value of retirement and long service leave obligations depend on a number of factors that are determined on an actuarial basis.

Two key assumptions used in calculating this liability include the discount rate and the salary inflation factor. Any changes in these assumptions will affect the carrying amount of the liability.

Expected future payments are discounted using forward discount rates derived from the yield curve of New Zealand government bonds. The discount rates used have maturities that match, as closely as possible, the estimated future cash outflows.

The salary inflation factor has been determined after considering historical salary inflation patterns and after obtaining advice from an independent actuary.

A weighted average discount rate in 2021 of 3.23% (2020: 2.67%) and an inflation factor of 3.08% (2020: 2.72%) were used.

Long-term benefits

Long service leave and retirement leave entitlements that are payable beyond 12 months have been calculated on an actuarial basis. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information, and
- the present value of the estimated future cash flows. A discount rate of 6% and an inflation factor of 4% were used. The discount rate is based on expected interest rates for terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long-term increase in remuneration for employees.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability. Non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date are classified as a current liability. All other employee entitlements are classified as a non-current liability.

Superannuation schemes

HDC has not entered into a defined benefit scheme. Payments to defined contributions schemes are expensed in the surplus or deficit when incurred.

Provisions

HDC 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 an outflow of future economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

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 and is included in finance costs.

Financial guarantee contracts

A financial guarantee contract is a contract that requires HDC to make specified payments to reimburse the holder of the contract 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 arm's 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 that HDC 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 to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if HDC assesses 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.

Borrowings

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

Borrowings are classified as current liabilities unless the HDC has an unconditional right to defer settlement of the liability for at least 12 months after balance date or if the borrowings are expected to be settled within 12 months of balance date.

Equity

Equity is the community's interest in HDC 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:

- accumulated funds
- other reserves
- asset revaluation reserves.

Other reserves

Other reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Other reserves are those subject to specific conditions accepted as binding by HDC and which may not be revised by HDC without approval by HDC. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met.

Asset revaluation reserves

This relates to the revaluation of property, plant and equipment to fair value.

Cost allocation

The cost of service for each significant activity of HDC has been derived using the cost allocation system outlined below.

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that 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 HDC 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:

Landfill aftercare provision

HDC has responsibility under resource consents to provide ongoing maintenance and monitoring of three closed landfills. The cash outflows for landfill post closure are expected to occur over 30 years. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 2.66%.

Infrastructural assets

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

- The physical deterioration and condition of an asset, for example HDC 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 storm water, wastewater and water supply pipes that are underground. This risk is minimised by HDC 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, ground condition and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then HDC could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk HDC's infrastructural asset useful lives have been determined with reference to the NZ 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 HDC's asset management planning activities, which gives HDC further assurance over its useful life estimates.
- Experienced independent valuers perform/review HDC's infrastructural asset revaluations.

Critical judgements in applying Council's accounting policies

Classification of property

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 HDC's social housing policy. These properties are accounted for as property, plant and equipment.

Funding impact statement: rating implications | Te tauākī pūtea – te hiraunga ki ngā take kaunihera

This statement should be read in conjunction with the HDC's Revenue and Financing Policy, available in our LTP document. All figures in this statement include GST at the prevailing rate.

SEPARATELY USED OR INHABITED PART OF A RATING UNIT (SUIP)

A SUIP is every rating unit and, without limitation, every additional dwelling, commercial or community activity. This includes:

a) any part or parts of a rating unit used or occupied by the ratepayer for more than one single use
b) any parts, whether or not actually occupied at any particular time, which are used for rental (or other form of occupation) on an occasional or long-term basis,
c) vacant land and vacant premises offered or intended for use or habitation and usually used as such are defined as 'used'.

For the purposes of clarity, every rating unit has a minimum of one SUIP.

In particular, for residences

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used as for residential purposes:

- ✓ the second and each additional SUIP must have a separate bathroom, bedroom or living area, and separate sink
- ✓ any part of a rating unit as described in a-c above that is inhabited by virtue of a tenancy, lease, license or other agreement on an occasional or long-term basis
- ✓ single dwelling with flat attached
- ✓ two or more houses, flats or apartments on one rating unit
- ✓ individually surveyed lots of vacant land on one Certificate of Title offered for sale separately or in groups; and
- ✓ residential accommodation rented individually per room. For a residential property to be classified as having additional SUIPs, each part must have a separate bathroom, bedroom or living area and separate sink.

Further detail on residential villages is included below.

In particular, for home occupations

Some commercial activities carried out on residential properties will qualify as additional SUIPs.

If the commercial activity carried out meets the criteria of a home occupation in accordance with the Hauraki District Plan, then these activities would not qualify as an additional SUIP and therefore will not be charged.

The current definition of a home occupation is as follows:

(a) At least one person, including the principal operator of the home occupation, shall reside on the site.

(b) A home occupation involving the care, tuition and/or accommodation of no more than five persons at any one time (in addition to the owner(s)/operator(s)) may be undertaken provided the activity and accommodation is principally undertaken within the dwelling.

(c) Except for (b) above, all other home occupations shall be carried out wholly within the dwelling or an accessory building erected or modified for the purpose, provided that the gross floor area of the dwelling or accessory building used for the home occupation including any area used for retail sales shall not exceed 30% of the total gross floor area of buildings on the site.

(d) Not more than one person from outside the household residing on the site shall be employed in the home occupation.

(e) There shall be no exterior display, external storage of materials or other indication of the home occupation or variation from the residential character of the property. Hauraki District Plan 16 September 2019 Section 5.7: Residential Zone (Words in italics in rules and assessment criteria are defined in Section 4.0 Definitions) 5.7-19

(f) The home occupation shall be operated so as not to attract pedestrian or vehicular traffic between the hours of 10.00pm and 7.00am the following day.

(g) The home occupation may not use equipment which creates electrical interference with television and radio sets on neighbouring properties.

(h) Only goods directly produced or assembled by the home occupation may be sold or offered for sale from the site on which the home occupation is conducted– in accordance with the rules for produce stalls in 8.4.1.3. (Note: Assembled means putting together pre-fabricated parts to make a product)

(i) Home occupations shall not include a business or trade that involves panel beating, spray painting, mechanical repairs to vehicles and machinery, engineering work, animal boarding or bee keeping.

In particular, for farms

A farming unit with one dwelling will be treated as one use/part, with each additional dwelling counting as an additional separately used part of the rating unit. Each additional dwelling will be assessed as a separate unit for the purposes of assessing any rate calculated on the basis of a SUIP.

A farming unit is defined as a rating unit primarily or predominantly used for the purposes of agriculture, viticulture, horticulture or silviculture.

In particular, for businesses

Separately used and inhabited parts refers to the ability to use part or parts of the rating unit for independent commercial/industrial operations. A separately used and inhabited part includes where the property has been set up to accommodate, or is accommodating, separate businesses

As part of this definition, the list below sets out our intent in the application of SUIPs to rating units used for commercial activities:

- ✓ a commercial activity is any activity involving the exchange of goods or services for reward (whether for profit or not)
- ✓ any part of a rating unit as described in a-c above that is inhabited through a tenancy, lease, license or other agreement on an occasional or long-term basis
- ✓ commercial building where there are clearly defined vacant parts, advertised for lease or tenancy
- ✓ business premise with separate permitted residential activity
- ✓ each use within a single rating unit involving a different activity conducted by a person, company, or organisation different to the ratepayer (i.e. a large store which has a café operating within it, where the café is a separate business entity)
- ✓ commercial building leased, or subleased, to multiple tenants
- ✓ a separate dwelling used for short-term accommodation
- ✓ commercial accommodation provided on a single rating unit for short-term stays (where average occupancy is limited as prescribed within the District Plan) will be one SUIP.

In particular, for Residential Villages

There are a number of ownership structures for residential villages including unit title, cross lease, rental, lease, and licence to occupy arrangements. For the sake of clarity, in regard to Councils SUIP definition, each individual villa or unit is considered an additional separately used or inhabited part of the rating unit in terms of assessing its rates.

In addition to the primary use, the list below defines our intent in the application of SUIPs to rating units used as community activities:

- ✓ a community activity is any activity operated by an organisation (including clubs and societies)
- ✓ any activity meeting the definition of Schedule 1 of the Local Government Rating Act 2002.

The Council sets the following rates on the basis of Separately Used or Inhabited Parts of a Rating Units:

- the uniform annual general charge
- ward targeted rates
- ward business targeted rates.
- community hall targeted rates
- refuse collection targeted rates

Lump Sum Contributions

HDC is not inviting lump sum contributions in respect of any targeted rates.

Uniform Annual General Charge (UAGC)

The UAGC is a fixed charge per separately used or inhabited part of a rating unit. It is used to fund the following activities: iwi liaison, libraries, swimming pools, solid waste, animal control, health, liquor licensing, building services, civil defence, sports fields, events centres, passive reserves, sports co-ordinators, cemetery reserves, town halls, community initiatives.

HDC sets a Uniform Annual General Charge on each rating unit within the Hauraki District.

In the 2022/23 year this charge is estimated to be $607.33 (2021/22 $660.51).

The revenue sought is approximately $6,763,838 (2021/22 $6,360,156).

General rate – capital value - district

The General Rate is assessed on all rating units in the district based on capital value. It is used to fund activities where HDC believes the activity delivers a public benefit to the whole of the community and where a fixed charge per rating unit is not considered appropriate. In particular, for the purpose of funding the following activities: democracy, policy development, solid waste building services, resource management implementation, civil defence, land drainage, urban stormwater, economic development, information centres, Destination Coromandel, community initiatives, and other sundry activities.

HDC sets the capital value general rate differentially. The differential is based on land use, based on the categories below:

- **Residential/Rural** - means all rating units used primarily for residential, recreational, cultural purposes or primarily or predominately for the purposes of agriculture, viticulture, horticulture or silviculture.
- **Commercial/Industrial** - means all rating units used for commercial or industrial purposes, including utility networks.
- **Mineral Extraction** - means all mineral value rating units that are not used in precious metal mining.
- **Mining** – means the rating unit with the valuation number 05030/009.00 that is used in precious metal mining.

The 2022/23 estimated rates (in cents per dollar of capital value) per category are:

Differential General Rate	Estimated Rate in the Dollar	Revenue Sought 2022/23
Residential/Rural	0.07446	$6,739,357
Commercial/Industrial	0.19360	$1,202,507
Mineral Extraction Land Use	0.74462	$40,011
Mining Land Use	22.00103	$284,915

Targeted rates

HDC uses targeted rates (as defined in the Local Government (Rating Act) 2002) to collect funds over areas of benefit. Targeted rates are chosen where the services provided are specific to a particular community or area within our District and it is not considered fair to charge all ratepayers, or where it is more transparent to set a separate rate to fund a specific activity. Details of HDC's targeted rates, how the targeted rates are calculated and revenue to be generated by targeted rates is detailed below.

Roading rate

The Roading Rate is assessed on all rating units in the District based on capital value. It is used to fund the roading activity, travellers reserves, and public toilets.

The 2022/23 estimated rates are:

Targeted Rate	Estimated Rate in the Dollar	Revenue Sought 2022/23
Capital Value Roading	0.07425	$6,985,721

Ward

HDC sets three targeted rates, one for each ward, based on an annual charge per separately used or inhabited part of a rating unit for the purpose of fully and partially funding activities within the ward. These activities include footpaths and street-cleaning, information and visitors' centres, town centres, sports fields and recreation reserves, events centres, township co-ordinators and other sundry activities. The charges will be set on a uniform basis per category with the categories based on the matter location.

The Paeroa Ward Targeted Rate is set on all separately used or inhabited part (SUIP) of rating units situated within the Paeroa Ward.

The Plains Ward Targeted Rate is set on all separately used or inhabited part (SUIP) of rating units situated within the Plains Ward.

The Waihi Ward Targeted Rate is set on all separately used or inhabited part (SUIP) of rating units situated within the Waihi Ward.

Annual charges

For each separately used or inhabited part of a rating unit within each of the wards annual charges are set, which for 2022/23 are estimated at:

Category	Annual Charge	Revenue Sought 2022/23
Paeroa Ward	$352.42	$1,111,173
Plains Ward	$268.69	$869,025
Waihi Ward	$321.80	$1,481,591

Ward - business

HDC sets targeted rates for each ward, based on a differential annual charge per separately used or inhabited part of a commercial and industrial rating unit for the purpose of partially funding activities within the ward. These activities include, information and visitor centres, town centre improvements, and economic development. The rate funding of these activities comes partly from this targeted rate, partly from the ward targeted rate and also from general rates.

The charges will be set on a differential basis on categories based on location and land use. These rates will only be assessed on separately used or inhabited commercial and industrial parts of commercial and industrial rating units. HDC sets its Community Facilities Business Rate on the basis of separately used and inhabited parts.

For the purposes of this rate separately used and inhabited parts refers to the ability to use part or parts of the rating unit for independent trading operations. A separately used and inhabited part will be classified where the property has been set-up to accommodate, or is accommodating, separate businesses.

Separately used or inhabited commercial and industrial parts of commercial and industrial rating units in the rural areas of the Paeroa and Waihi Wards will be assessed a rate equivalent to half the rate assessed on urban rating units. In the Plains Ward the rural rate assessed is equivalent to 56% of the rate assessed on urban rating units. This is due to Positively Promoting the Plains being funded equally by urban and rural rating units.

The categories for the **Paeroa Ward Business Targeted Rate** are:

- **Paeroa Ward Urban** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the valuation rolls 5001, 5002, 5003 and 5004.
- **Paeroa Ward Rural** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the Paeroa Ward but outside the valuation rolls 5001, 5002, 5003 and 5004.

The categories for the **Plains Ward Business Targeted Rate** are:

- **Plains Ward Urban** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the valuation roll 4771.
- **Plains Ward Rural** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the Plains Ward but outside the valuation roll 4771.

The categories for the **Waihi Ward Business Targeted Rate** are:

- **Waihi Ward Urban** – all separately used or inhabited parts of a rating unit used principally for commercial and industrial purposes situated within the valuation rolls 5020 and 5030.
- **Waihi Ward Rural** – all separately used or inhabited parts of a rating unit used principally for commercial and industrial purposes situated within the Waihi Ward but outside the valuation rolls 5020 and 5030.

Annual charges

On each separately used or inhabited part of a rating unit within each of the wards, HDC sets the following annual business rate charges.

The 2022/23 estimated rates are:

Category		Annual Charge	Revenue Sought 2022/23
Paeroa Ward	- Urban	$158.14	$36,846
	- Rural	$ 79.07	$1,107
Plains Ward	- Urban	$194.05	$11,255
	- Rural	$108.66	$9,780
Waihi Ward	- Urban	$254.27	$53,904
	- Rural	$127.13	$2,288

Capital Value Rates

HDC sets targeted rates for each ward, based on capital value on commercial and industrial rating units, for the purpose of partially funding activities within the ward. These activities include, information and visitor centres, town centre improvements, and economic development. The rate funding of these activities comes partly from this targeted rate, partly from the ward targeted rate and also from general rates.

The charges will be set on a differential basis on categories based on location and land use. These rates will only be assessed on separately used or inhabited commercial and industrial parts of commercial and industrial rating units. HDC sets its Community Facilities Business Rate on the basis of separately used and inhabited parts.

For the purposes of this rate separately used and inhabited parts refers to the ability to use part or parts of the rating unit for independent trading operations. A separately used and inhabited part will be classified where the property has been set-up to accommodate, or is accommodating, separate businesses.

Separately used or inhabited commercial and industrial parts of commercial and industrial rating units in the rural areas of the Paeroa and Waihi Wards will be assessed a rate equivalent to half the rate assessed on urban rating units. In the Plains Ward the rural rate assessed is equivalent to 56% of the rate assessed on urban rating units. This is due to Positively Promoting the Plains being funded equally by urban and rural rating units.

The categories for the **Paeroa Ward Business Targeted Rate** are:

- **Paeroa Ward Urban** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the valuation rolls 5001, 5002, 5003 and 5004.
- **Paeroa Ward Rural** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the Paeroa Ward but outside the valuation rolls 5001, 5002, 5003 and 5004.

The categories for the **Plains Ward Business Targeted Rate** are:

- **Plains Ward Urban** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the valuation roll 4771.
- **Plains Ward Rural** – all separately used or inhabited part of a rating unit used principally for commercial and industrial purposes situated within the Plains Ward but outside the valuation roll 4771.

The categories for the **Waihi Ward Business Targeted Rate** are:

- **Waihi Ward Urban** – all separately used or inhabited parts of a rating unit used principally for commercial and industrial purposes situated within the valuation rolls 5020 and 5030.
- **Waihi Ward Rural** – all separately used or inhabited parts of a rating unit used principally for commercial and industrial purposes situated within the Waihi Ward but outside the valuation rolls 5020 and 5030.

The 2022/23 estimated rates (in cents per dollar of capital value) are:

Category	CV Rate in the dollar	Revenue Sought 2022/23
Paeroa Ward Urban	0.02572	$36,666
Paeroa Ward Rural	0.01286	$1,288
Plains Ward Urban	0.02196	$10,393
Plains Ward Rural	0.01230	$10,643
Waihi Ward Urban	0.02187	$54,146
Waihi Ward Rural	0.01093	$2,047

Community halls

HDC sets targeted rates on all rating units in Community Hall Rating Areas for the purpose of funding community halls. A separate targeted rate will be set for each Community Hall Rating Area.

For maps of the Community Hall Rating Areas, refer to the HDC website: www.hauraki-dc.govt.nz/rating-area-maps

Land value rates

HDC sets targeted rates, based on land value, on each of the following categories based on location.

The categories are:

- **Kaihere Hall** – all rating units situated within the Kaihere Hall Rating Area.
- **Patetonga Hall** – all rating units situated within the Patetonga Hall Rating Area.

The 2022/23 estimated rates (in cents per dollar of land value) are:

Category	LV Rate In the dollar	Revenue Sought 2022/23
Kaihere Hall	0.00417	$4,707
Patetonga Hall	0.00134	$1,777

Annual charges

HDC sets the following targeted rates, based on an annual charge per separately used or inhabited part of a rating unit.

The targeted rates are:

- **Hikutaia Hall Targeted Rate**– all rating units situated within the Hikutaia Hall Rating Area within the Hauraki District.
- **Kaiaua Hall Targeted Rate** – all rating units situated within the Kaiaua Hall Rating Area.
- **Karangahake Hall Targeted Rate** – all rating units situated within the Karangahake Hall Rating Area.
- **Kerepehi Hall Targeted Rate**– all rating units situated within the Kerepehi Hall Rating Area.
- **Mangatangi Community Centre Targeted Rate** – all rating units situated within the Mangatangi Community Centre Rating Area within the Hauraki District.
- **Netherton Hall Targeted Rate** – all rating units situated within the Netherton Hall Rating Area.
- **Turua Hall Targeted Rate** – all rating units situated within the Turua Hall Rating Area.
- **Waikino Hall Targeted Rate** – all rating units situated within the Waikino Hall Rating Area.
- **Waitakaruru Hall Targeted Rate** – all rating units situated within the Waitakaruru Hall Rating Area.

In the 2022/23 year the estimated charges are:

Category	Annual Charge	Revenue Sought 2022/23
Hikutaia Hall	$23.00	$2,369
Kaiaua Hall	$10.00	$4,962
Karangahake Hall	$25.17	$3,701
Kerepehi Hall	$15.16	$4,319
Mangatangi Community Centre	$23.00	$989
Netherton Hall	$19.62	$3,414
Turua Hall	$21.62	$8,844
Waikino Hall	$23.45	$4,830
Waitakaruru Hall	$26.20	$5,946

Land drainage

HDC sets targeted rates for each of the Drainage Districts for the purpose of funding drainage activity within those drainage districts.

For maps of the Drainage Districts, refer to the HDC website, www.hauraki-dc.govt.nz/rating-area-maps

Drainage rates (D rates)

HDC sets land value rates on each rating unit within the following locations for the purpose of funding drainage activity.

The targeted rates are:

- **Eastern Plains** – all rating units situated within the Eastern Plains Drainage District, excluding those residential, commercial and industrial, and community land use rating units within the townships of Kerepehi and Turua.
- **Western Plains** – all rating units situated within the Western Plains Drainage District, excluding those residential, commercial and industrial, and community land use rating units within the town of Ngatea.
- **Komata North Drainage District** – all land situated within the Komata North Drainage District.
- **Opukeko Drainage District** – all land situated within the Opukeko Drainage District excluding those residential, commercial and industrial, and community land use rating units within the town of Paeroa.
- **Tirohia-Rotokohu Drainage District** – all land situated within the Tirohia-Rotokohu Drainage District excluding those residential, commercial and industrial, and community land use rating units within the town of Paeroa.
- **Taramaire Drainage District** – all land situated within the Taramaire Drainage District.

The 2022/23 estimated rates (in cents per dollar of land value) are:

Category	LV Rate in the dollar	Revenue Sought 2022/23
Eastern Plains D Rate	0.05452	$411,030
Western Plains D Rate	0.07910	$566,078
Komata North D Rate	0.12165	$97,106
Opukeko D Rate	0.12497	$47,663
Tirohia-Rotokohu D Rate	0.14766	$133,300
Taramaire D Rate	0.07197	$12,321

Flood protection rates (F Rates)

HDC sets land value rates on a differential basis on each rating unit within the following locations for the purpose of funding flood protection activity.

For maps of the Flood Protections Areas, refer to the HDC website, www.hauraki-dc.govt.nz/rating-area-maps

The targeted rates are:

- **Flood Protection Class 1 (F1)** – all rating units situated within the Western Plains Drainage District Flood Protection Area 1.
- **Flood Protection Class 2 (F2)** – all rating units situated within the Western Plains Drainage District Flood Protection Area 2.
- **Flood Protection Taramaire** – all rating units situated within the Taramaire Flood Protection area.
- **Flood Protection Kaiaua** – all rating units situated within the Kaiaua Flood Protection area.

The 2022/23 estimated rate (in cents per dollar of land value) is:

Category	LV Rate in the dollar	Revenue Sought 2022/23
Western Plains F1	0.09612	$74,488
Western Plains F2	0.02383	$7,336
Taramaire	0.08328	$10,028
Kaiaua	0.00523	$10,966

Pump rates (P rates)

HDC sets a land area rate on a uniform basis on all land within the following category based on provision of service, for the purpose of funding the replacement of drainage pumps.

Western Plains Class P – all land serviced by the Hopai West, Martinovich, Central, North and Rawerawe West pump stations.

For maps of the land serviced by pump stations, refer to the HDC website, www.hauraki-dc.govt.nz/rating-area-maps

The 2022/23 estimated rates (in dollars per hectare of land area) are:

Category	Rate per Hectare	Revenue Sought 2022/23
Western Plains Class P	$40.58	$47,730

Urban stormwater

HDC sets targeted rates on all non-rural land use rating units in the towns of Paeroa, Ngatea, Kerepehi, Turua, Waihi, Whiritoa and on some rating units within the Kaiaua Coastal Area for the purpose of funding the urban stormwater activity.

For maps of the urban stormwater rating areas, refer to the HDC website, www.hauraki-dc.govt.nz/rating-area-maps

Capital value rates

HDC sets capital value targeted rates on each rating unit within the following locations.

The targeted rates are:

- All rating units within the Paeroa Stormwater Rating Area.
- All rating units within the Ngatea Stormwater Rating Area.
- All rating units within the Kerepehi Stormwater Rating Area.
- All rating units within the Turua Stormwater Rating Area.
- All rating units within the Waihi Stormwater Rating Area.
- All rating units within the Whiritoa Stormwater Rating Area.
- All rating units within the Kaiaua Stormwater Rating Area.

The 2022/23 estimated rates (in cents per dollar of capital value) are:

Category	Capital value rate in the dollar	Revenue Sought 2022/23
Paeroa	0.02584	$309,690
Ngatea	0.05292	$227,743
Kerepehi	0.04088	$61,617
Turua	0.10368	$103,427
Waihi	0.01475	$265,461
Whiritoa	0.00877	$49,142
Kaiaua	0.04876	$89,601

Water supply

HDC sets targeted rates for water supply based on, the volume of water supplied and, the number of connections to the supply on all rating units connected to a water supply, for the purpose of funding the water supply activity. Water supply rates are billed separately twice yearly on varying dates in the various water supply areas.

For the purposes of water supply, properties are 'connected' to a water supply when the means to connect has been installed, i.e. a water lead has been installed from HDC water main to the boundary.

Annual charges

HDC sets an annual charge per connection to a water supply on each rating unit within the following category based on the provision of a service:

- Connected – all rating units with a connection to an HDC water supply.

The 2022/23 estimated annual charge is $141.57 (2021/22 $131.69) per metered connection.

Every connection will be charged the annual charges in conjunction with their usage charges for water consumed.

Water volume rates (metered supply)

HDC sets a targeted rate per unit of water supplied to each rating unit connected to an HDC water supply.

The 2022/23 estimated rates (in cents per cubic metre of water supplied) are:

	2022/23
Base Rate – Consumption up to 200 cubic metres	229.33c
Step One – Consumption between 200 and 400 cubic meters	192.51c
Step Two – All consumption over 400 cubic metres	174.10c

The revenue sought from water supply targeted rate annual charges and water volume rates is approximately $9,352,707 (2021/22 $8,700,193).

Wastewater

HDC sets targeted rates for wastewater based on an annual charge per rating unit for unconnected rating units, or per water closet / urinal (pan) for connected rating units. Rating units used primarily as a residence for one household will only be charged one pan charge. The targeted rates are for the purpose of funding the wastewater activity.

Annual charges

Unconnected

HDC sets an annual charge on all rating units not connected to an HDC wastewater scheme but with part of a boundary within 30 metres of a wastewater main belonging to an HDC wastewater scheme.

The 2022/23 estimated annual charge per rating unit is:

	Uniform Charge	Revenue Sought 2022/23
Per rating unit	$308.19	$195,593

Connected

HDC sets an annual charge per wastewater pan on all rating units connected to an HDC wastewater scheme.

The 2022/23 estimated annual charge per wastewater pan is:

	Uniform Charge	Revenue Sought 2022/23
Per pan	$616.42	$4,308,878

Rating units used primarily as a residence for one household will be treated as having one pan.

There may be further reductions in pan charges for educational establishments dependent upon regulations made under section 25 of the Local Government (Rating) Act 2002. HDC's remission policy on wastewater charging for educational establishments should be read in conjunction with this policy.

Refuse collection targeted rates

HDC sets targeted rates for refuse collection and kerbside recycling based on a uniform charge per separately used or inhabited part of a rating unit serviced by a HDC funded refuse collection.

The targeted rates are for the purpose of funding the kerbside recycling activity, and the administration of the refuse collection activity. The annual charge is on a differential basis (based on location and the provision of service).

Annual charges

HDC sets an annual charge per separately used or inhabited part of a rating unit on a differential basis (based location and the provision of service). Whiritoa rating units have an increased number of collections per year.

The categories are:

- **District Collected** – all rating units serviced by HDC's kerbside recycling collection excluding those in the Whiritoa township.
- **Whiritoa Collected** – all rating units serviced by HDC's kerbside recycling collection in the Whiritoa township.

The 2022/23 estimated annual charges are:

Category	Uniform charge	Revenue Sought 2022/23
District Collected	$50.36	$348,719
Whiritoa Collected	$65.98	$35,957

Penalties for late payments and due date of payments

Payment methods

The above rates are payable at HDC Offices at William Street, Paeroa, Orchard Road, Ngatea and Rosemont Road, Waihi between 8.00am and 4.30pm Monday to Friday. Payments may also be made by way of Direct Debits and Automatic Payments. Direct Credits in the form of telephone and internet banking services are also accepted. Credit card payments on the HDC website are also accepted.

Rates (excluding water rates) due dates

Excluding water supply targeted rates, the above rates are by way of four instalments, the dates of such instalments being:

Instalment number	Invoice due date	Penalty added
One	31 August 2022	2 September 2022
Two	30 November 2022	2 December 2022
Three	22 February 2023	24 February 2023
Four	31 May 2023	2 June 2023

Rates (excluding water rates) penalties for late payment

The following penalties will be added to outstanding rates (excluding water supply rates):

- A penalty of 10% will be added to the amount of any instalment remaining unpaid by the relevant due date above. The penalty will be added on the date stated in the 'Penalty Added' column in the tables above.
- A further penalty of 10% will be added to all rates assessed in a previous year which remain unpaid on 1 March 2023. The penalty will be added on 1 March 2023.

Water supply targeted rates due dates

Water supply targeted rates are by way of two instalments per year for those rating units that have received less than 10,000kl over the last two billing periods. Those rating units who have used more than 10,000kl over the last two billing periods, will be billed bi-monthly.

Instalment dates are staggered throughout the year. Refer to HDC's website to find a map of the various reading areas www.hauraki-dc.govt.nz/rating-area-maps. For a list of rating units (over 10,000kl as described above) by assessment number refer to HDC's website. These rating units will be billed bi-monthly. The dates of instalments are:

For rating units billed twice a year:

Instalment number	Reading area	Invoice due date	Penalty added
One	1- Ngatea township - Paeroa township - Waihi township	31 August 2022	2 September 2022
One	2 – Turua and surrounds – Paeroa commercial –Waihi commercial – Waihi gold	28 September 2022	30 September 2022

Instalment number	Reading area	Invoice due date	Penalty added
One	3 – Waitakururu and Ngatea North – Waihi rural	26 October 2022	28 October 2022
One	4 – Kerepehi and Ngatea South – Ohinemuri and Kaimanawa	30 November 2022	2 December 2022
One	5 - Netherton	28 December 2022	30 December 2022
One	6 - Karangahake/Mackaytown - Waikino	25 January 2023	27 January 2023
Two	1- Ngatea township - Paeroa township - Waihi township	22 February 2023	24 February 2023
Two	2 – Turua and surrounds – Paeroa commercial –Waihi commercial – Waihi gold	29 March 2023	31 March 2023
Two	3 – Waitakururu and Ngatea North – Waihi rural	26 April 2023	28 April 2023
Two	4 – Kerepehi and Ngatea South – Ohinemuri and Kaimanawa	31 May 2023	2 June 2023
Two	5 - Netherton	28 June 2023	30 June 2023
Two	6 - Karangahake/Mackaytown - Waikino	26 July 2023	28 July 2023

For rating units billed bi-monthly:

Instalment number	Invoice due date	Penalty added
One	20 August 2022	
Two	20 October 2022	28 October 2022
Three	20 December 2022	
Four	20 February 2023	
Five	20 April 2023	28 April 2023
Six	20 June 2023	

Water supply targeted rates penalties for late payment

The following penalties will be applied to water supply rates:

For rating units billed twice a year:

- An additional charge of 5% will be added to all current and previous years' rates that remain outstanding on date showing in the "Due Date" column in the tables above for Instalment Number One. The penalty will be added on the date showing in the "Penalty Added' column in the tables above for Instalment Number One.
- An additional charge of 5% will be added to all current and previous years' rates that remain outstanding on date showing in the "Due Date" column in the tables above for Instalment Number Two. The penalty will be added on the date showing in the "Penalty Added' column in the tables above for Instalment Number Two.

For rating units billed bi-monthly:

- A penalty of 5% will be added to all current and previous years' rates outstanding on 26 October 2022. The penalty will be added on 28 October 2022.
- A penalty of 5% will be added to all current and previous years' rates outstanding on 26 April 2023. The penalty will be added on 28 April 2023.

Rating base information

The projected number of rating units within our district at 30 June 2022 is 11,696

The projected total capital value of rating units within our district at 30 June 2022 is $9,662,312,600.

The projected total land value of rating units within our district at 30 June 2022 is $5,812,424,000.

Rating changes - Summary of rating changes by type

Forecast Changes by Rate (%)	Forecast 2022/23 Long Term Plan	Forecast 2022/23 Annual Plan
General Rates - UAGC	2.50%	4.00%
General Rates - CV	2.50%	4.00%
Targeted Rates - Land Transport	12.72%	17.70%
Targeted Rates - Paeroa Community Facilities	1.25%	-3.08%
Targeted Rates - Paeroa Community Facilities Business	2.50%	0.00%
Targeted Rates - Plains Community Facilities	1.60%	6.61%
Targeted Rates - Plains Community Facilities Business	2.50%	4.56%
Targeted Rates - Waihi Community Facilities	0.97%	5.51%
Targeted Rates - Waihi Community Facilities Business	2.50%	5.93%
Targeted Rates - Wastewater	2.50%	0.00%
Targeted Rates - Western Plains 'D'	2.50%	9.50%
Targeted Rates - Eastern Plains 'D'	10.00%	11.18%
Targeted Rates - Komata North 'D'	20.00%	20.00%
Targeted Rates - Opukeko 'D'	10.00%	7.04%
Targeted Rates - Tirohia-Rotokohu 'D'	2.50%	7.97%
Targeted Rates - Taramaire 'D'	2.50%	6.15%
Targeted Rates - Taramaire 'F'	2.50%	6.16%
Targeted Rates - Western Plains 'F1'	2.50%	9.50%
Targeted Rates - Western Plains 'F2'	2.51%	9.51%
Targeted Rates - Western Plains 'P'	2.50%	9.50%
Targeted Rates - Paeroa Stormwater	2.50%	0.00%
Targeted Rates - Ngatea Stormwater	20.00%	20.00%
Targeted Rates - Kerepehi Stormwater	2.50%	10.00%
Targeted Rates - Turua Stormwater	20.00%	20.00%
Targeted Rates - Waihi Stormwater	2.50%	2.50%
Targeted Rates - Whiritoa Stormwater	2.50%	2.50%
Targeted Rates - Kaiaua Stormwater	2.50%	0.00%
Targeted Rates - Waste Collection and Recycling	7.50%	23.98%
Targeted Rates - Rural Hall Rates	2.70%	0.00%
Rates excluding water	**3.57%**	**6.56%**
Cap for rates excluding water	7.40%	7.40%
Targeted Rates - Water	**7.40%**	**7.50%**
Water Charges Cap	10.40%	10.40%
Total Rates	**3.48%**	**6.80%**

Note: The above shows the increase in the total rates being set. The increase per property is lower because of growth in the total number of properties.

Examples of changes to rates

1 SUIP	2021/22 rates	2021/22 rates - updated valuations	2021/22 rates - 1 SUIP	Annual Plan 2022/23 - 1 SUIP
Rural				
Low value - $565,000 (previous valuation was $550,000)				
Plains	$2,386	$2,135	$2,034	$2,104
Paeroa	$2,910	$2,588	$2,495	$2,524
Waihi	$2,061	$1,808	$1,726	$1,769
Medium value - $1,610,000 (previous valuation was $1,573,000)				
Plains	$4,969	$4,246	$4,145	$4,322
Paeroa	$6,204	$5,293	$5,200	$5,318
Waihi	$4,017	$3,286	$3,203	$3,323
High value - $4,850,000 (previous valuation was $4,741,000)				
Plains	$13,132	$10,953	$10,853	$11,371
Paeroa	$16,756	$13,994	$13,900	$14,300
Waihi	$10,074	$7,866	$7,783	$8,142
Residential				
Low value - $330,000 (previous valuation was $210,000)				
Plains	$2,213	$2,299	$2,198	$2,208
Paeroa	$2,271	$2,337	$2,243	$2,203
Waihi	$2,174	$2,236	$2,153	$2,135
Medium value - $545,000 (previous valuation was $345,000)				
Plains	$2,561	$2,706	$2,606	$2,642
Paeroa	$2,586	$2,699	$2,605	$2,578
Waihi	$2,468	$2,574	$2,491	$2,487
High value - $875,000 (previous valuation was $555,000)				
Plains	$3,101	$3,331	$3,231	$3,307
Paeroa	$3,076	$3,254	$3,161	$3,154
Waihi	$2,925	$3,092	$3,010	$3,026
Commercial/Industrial				
Low value - $180,000 (previous valuation was $121,000)				
Plains	$3,061	$3,083	$2,983	$2,970
Paeroa	$3,130	$3,137	$3,043	$2,976
Waihi	$3,125	$3,128	$3,046	$3,015
Medium value - $485,000 (previous valuation was $330,000)				
Plains	$4,000	$4,043	$3,942	$4,015
Paeroa	$4,047	$4,048	$3,954	$3,950
Waihi	$3,997	$3,989	$3,907	$3,943
High value - $1,355,000 (previous valuation was $924,000)				
Plains	$6,670	$6,779	$6,679	$6,997
Paeroa	$6,652	$6,646	$6,553	$6,729
Waihi	$6,474	$6,445	$6,363	$6,592

2 SUIPs

2 SUIPs	2021/22 rates	2021/22 rates - updated valuations	2021/22 rates - 2 SUIPs	Annual Plan 2022/23 - 2 SUIPs
Rural				
Low value - $565,000 (previous valuation was $550,000)				
Plains	$2,386	$2,135	$2,901	$2,980
Paeroa	$2,910	$2,588	$3,475	$3,483
Waihi	$2,061	$1,808	$2,653	$2,698
Medium value - $1,610,000 (previous valuation was $1,573,000)				
Plains	$4,969	$4,246	$5,012	$5,198
Paeroa	$6,204	$5,293	$6,180	$6,278
Waihi	$4,017	$3,286	$4,130	$4,252
High value - $4,850,000 (previous valuation was $4,741,000)				
Plains	$13,132	$10,953	$11,719	$12,247
Paeroa	$16,756	$13,994	$14,880	$15,260
Waihi	$10,074	$7,866	$8,710	$9,071
Residential				
Low value - $330,000 (previous valuation was $210,000)				
Plains	$2,921	$3,006	$3,772	$3,751
Paeroa	$2,978	$3,044	$3,930	$3,829
Waihi	$2,881	$2,943	$3,787	$3,731
Medium value - $545,000 (previous valuation was $345,000)				
Plains	$3,268	$3,413	$4,179	$4,184
Paeroa	$3,293	$3,406	$4,292	$4,204
Waihi	$3,175	$3,281	$4,125	$4,083
High value - $875,000 (previous valuation was $555,000)				
Plains	$3,808	$4,038	$4,804	$4,850
Paeroa	$3,783	$3,961	$4,848	$4,780
Waihi	$3,632	$3,799	$4,644	$4,622
Commercial/Industrial				
Low value - $180,000 (previous valuation was $121,000)				
Plains	$3,286	$3,308	$4,074	$4,091
Paeroa	$3,330	$3,337	$4,223	$4,144
Waihi	$3,409	$3,413	$4,257	$4,248
Medium value - $485,000 (previous valuation was $330,000)				
Plains	$4,225	$4,267	$5,033	$5,136
Paeroa	$4,246	$4,247	$5,134	$5,118
Waihi	$4,281	$4,274	$5,118	$5,177
High value - $1,355,000 (previous valuation was $924,000)				
Plains	$6,894	$7,003	$7,769	$8,118
Paeroa	$6,852	$6,846	$7,732	$7,897
Waihi	$6,759	$6,730	$7,574	$7,826