



**PART THREE**

# **OUR FINANCES**

APPENDIX 1



## APPENDIX 1

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# FINANCIAL STRATEGY

## 1.0 INTRODUCTION

The *Local Government Act 2002* requires the Council to adopt a financial strategy that covers every year of the long-term plan.

Our financial strategy is intended to guide the decisions we make now and in the future to ensure they contribute to our Community outcomes and the vision and strategic goals of *Wellington Towards 2040: Smart Capital* so Wellington can continue to grow as a creative, inclusive and vibrant city where people choose to live, work, study and play. The Financial Strategy aids in delivering a financially sustainable city in the long term, one in which its citizens can afford to live in the near future, but also in 50 and 100 years from now

It also will help us consult with you about what we plan to do by making it clear how those plans will affect our services, rates, borrowings and investments.

## 2.0 CURRENT FINANCIAL SITUATION AND FORECAST

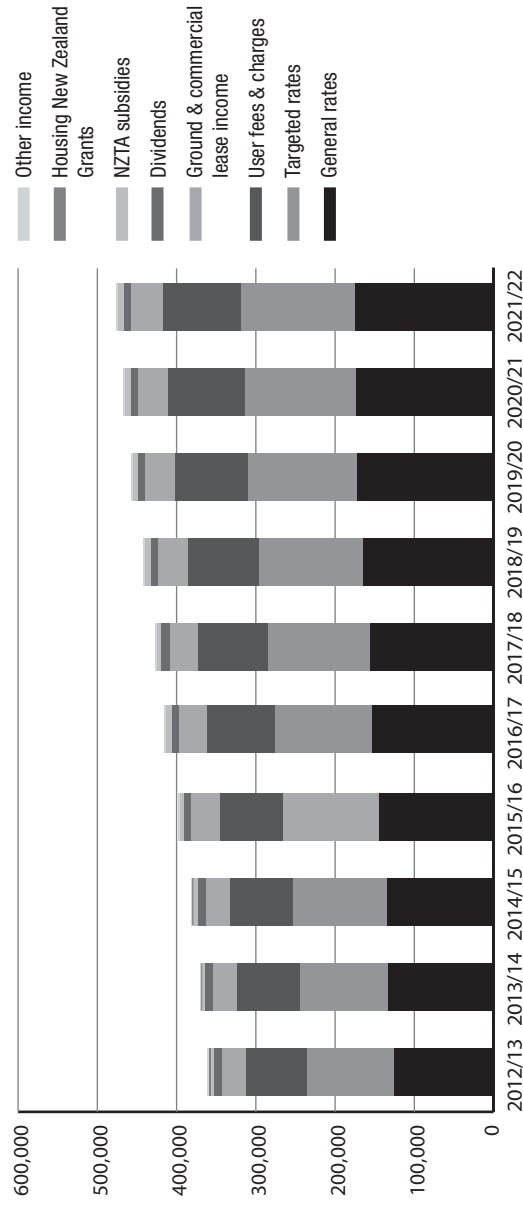
The council is in a strong financial position. At 30 June 2011 we had assets of \$6.7billion and total liabilities of \$472million. While a lot of our assets have a low market value (underground pipes, for example), we maintain a portfolio of investments with a current market value of \$363million, which is around the level of our net borrowings.

In the past, the proceeds from rates increases and borrowings increases as well as asset sales have allowed us to fund significant expenditure on new projects, assets and services.

The next five years, and into the future it will be much more challenging and it is unlikely we will have the same level of funds to spend from these sources.

Over the last 10 years, our expenditure on meeting demand for new capital assets has increased our borrowings. This level of capital expenditure is unsustainable in the long term, especially if it is increasing faster than the growth in our ratepayer base and the growth in our ratepayers' disposable incomes.

Funded operating expenditure and funding sources (\$000) – 2012-22



	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Total Funded Operating Expenditure	365,289	375,736	386,376	402,734	419,411	431,793	446,830	463,694	472,797	481,245

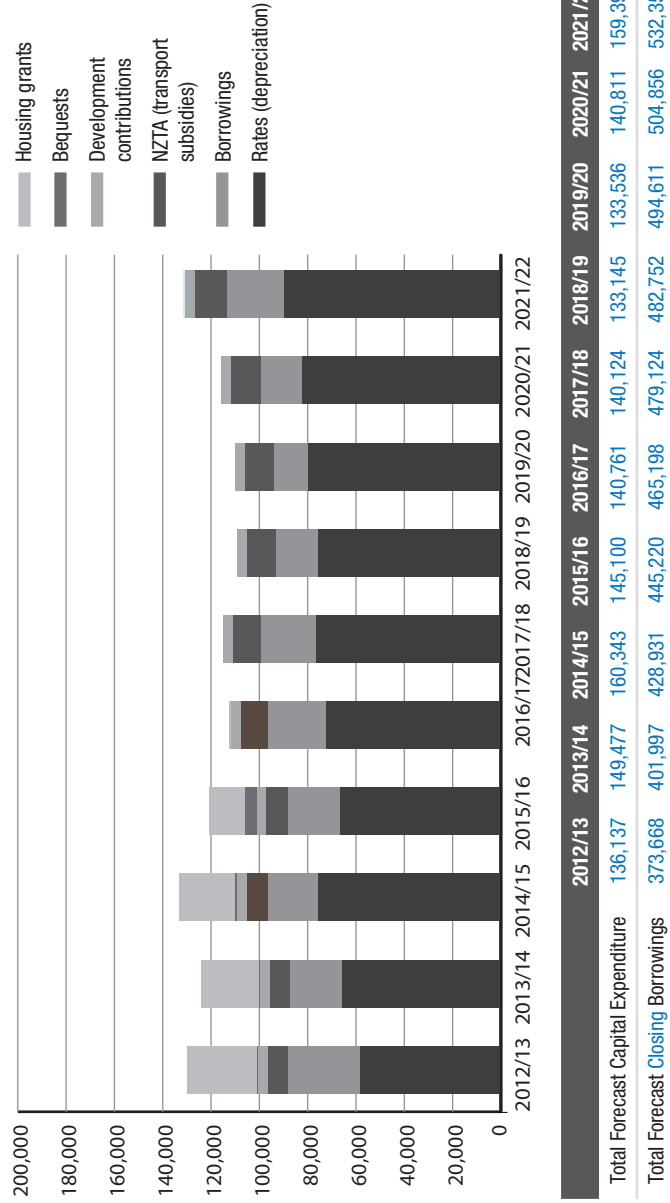
**Operational Expenditure**

The Council's forecast Operational Expenditure of \$4.4 billion (10 yr total) is shown in the graph on the previous page. This level of expenditure shows the cost of continuing with councils programme to prioritise spend based on the *Wellington Towards 2040: Smart Capital*, and also taking into account a number of items, other than inflation, that are impacting on councils budget which are explained in section 4 below. The two most immediate and significant of these pressures is the operational impact of funding for weathertight homes and earthquake strengthening Councils assets to improve Wellington's resilience.

**Capital Expenditure**

The Council is forecasting a capital expenditure programme of \$1.4bn over the next ten years. The cost of this programme and the funding sources are shown on the graph to the right. This expenditure includes the cost of renewing existing assets that are coming to the end of their useful lives, as indicated by asset management plans. It also includes the cost of improving existing assets and investing in new assets.

**Capital expenditure by funding source (\$000) – 2012-22**



## 3.0 GUIDING PRINCIPLES

The following principles guide the councils funding of expenditure. These principles are already embedded in our existing financial and funding policies such as the Revenue and Financing Policy, Investment and Liabilities Management policies, Rates Remission Policy, Rates Postponement Policy and Development Contributions Policy. The Financial Strategy clarifies the meaning of these principles and how they should be applied in decision making and policy:

### 3.1 Fairness and Equity

Fairness and equity relates primarily to ensuring that the funding of expenditure is fair, both across present ratepayers and to future ratepayers (intergenerational equity).

#### 3.1.1 Ability to pay

Ratepayers ability to pay means they have sufficient income to pay for rates expenditure without unreasonably compromising other expenditure.

Determining affordability requires consideration of a number of factors including:

- The cost of rates relative to income and also relative to wealth (to the extent that wealth can be converted into income)
- The potential for ratepayers to earn greater income as a result of council investment in infrastructure, services and economic development.
- The impact of changes in other household costs, electricity, fuel and food for example.

Where a service is deemed to be essential or very important in terms of contributing to wellbeing, consideration is given to ensuring that people are not excluded from using a service because they cannot afford to pay.

#### 3.1.2 Intergenerational equity

The principle of intergenerational equity is that ratepayers should not be required to pay the costs when they enjoy the associated benefits of a service eg a swimming pool. This is reflected in matching capital repayment to asset lives, which then allows future Councils to more easily fund the replacement of those assets, as it is assumed that the debt principal incurred in the initial purchase has been repaid through the depreciation charge.

#### 3.1.2.1 Balanced Budget

Council maintains the practice that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. This ensures the current ratepayers are paying the right amount of costs for the service they receive and are neither subsidising future ratepayers or transferring current operating costs to future ratepayers.

#### 3.1.2.2 Borrowings funding

Council's debt is used to fund the purchase of assets that Council has agreed, after consultation with the public, will add sufficient value to the city to more than compensate for the expenditure incurred on that asset. Council's financial policies require that new assets are to be funded by debt, with assets being replaced to be funded from depreciation. This is consistent with the intergenerational equity principle.

#### 3.1.2.3 Depreciation funding

The depreciation funding principle is reflected in matching capital repayment to asset lives, which then allows future Councils to more easily fund the replacement of those assets, as it is assumed that the debt principal incurred in the initial purchase has been repaid through the depreciation charge.

#### 3.1.2.4 Asset Management Planning

If depreciation funding is a means of ensuring today's ratepayers meet the cost of their 'consumption' of the asset, then Asset Management Planning and considering the useful lives of assets effectively plans for the period over which the consumption occurs. This will be crucial over the next 30 years, particularly as key infrastructure assets near the end of their life cycles.

#### 3.1.3 Distribution of benefits

Consideration is given to each activity of the distribution of the benefits (of the activity) over identifiable parts of the community, the whole community or individuals (users). This then informs the consideration of who should pay for the activity. The distribution of benefits is explained in detail in the Revenue and Financing Policy.

#### 3.1.5 Development Contributions

The Development Contributions Policy provides the Council with a method to recover funding for additional infrastructure required for population and workforce growth in the city.

#### 3.1.6 'Polluter' and 'Exacerbator' Pays

'Polluter' pays and 'exacerbator' pays principles can be explained as 'those whose actions or inactions give rise to a need to undertake a particular activity should meet part of the cost of that particular activity'. In other words, those creating a need for a service should pay for the cost of providing it.

#### 3.1.7 Market Neutrality

The impact of Councils funding mechanisms on commercial markets should be neutral where possible, and where appropriate.

### 3.2 Willingness to pay

Ratepayer concerns often reflect unwillingness rather than inability to pay.

This reflects relative satisfaction with perceived value for money from rates or with council decision making/consultation. Willingness to pay may reflect the real or perceived benefit from rates and may reflect private v public good issues (ratepayers may perceive that they are paying for services that largely benefit others, for example). The following are factors of willingness to pay:

#### 3.2.1 Limits on rates

The limits on rates are the amount of rates income forecast to be collected by Council based on the increase set by the rates increase limit which references the Local Government Cost Index (LGCI) annually. As an indication based on the 10 year forecast of the LGCI, this would equate to:

	2012/13	2013/14	2014/15	2015/16	2016/17
Forecast Rates Limit	240,161	249,671	258,834	268,592	279,121
	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast Rates Limit	289,616	300,853	313,459	327,220	341,618

The rates limit includes the forecast for each subsequent year for estimated growth in the ratepayer base.

#### 3.2.2 Limits on rates increases<sup>1</sup>

We have set a limit and a target for rates increases to be clear about our intentions.

Limits should not be confused with targets. 'Targets' are a level that is intended to be achieved. 'Limits' are a level that is not

intended to be breached

#### Limits on rate increases:

The limits on rate increases is set as an indexation based on the Local Government Cost Index (LGCI)<sup>2</sup>. The base year is the 2011/12 rates income<sup>3</sup>.

#### Target on Rates Increases:

The target for 2012/13 equates to the increase of the local Government Cost index (LGC). The 2013/14 target is the average of the Local Government Cost Index and the Consumer Price index<sup>4</sup>. From 2014/15 to 2021/22 the target is based on the Consumer Price index (CPI)<sup>5</sup>. It will be set annually with the updated forecast of the relevant indexation for the subsequent year, and will be net of growth in the ratepayer base.

An indication based on the current year on year forecasts for these increases are:

	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Forecast rates requirement % increase target (rates limit before growth in the ratepayer base)	4.3%	3.4%	2.9%	2.9%	3.0%	3.0%	3.1%	3.1%	3.2%	3.1%
Rates Target – After Growth	3.8%	2.9%	2.4%	2.4%	2.5%	2.5%	2.6%	2.6%	2.7%	2.6%
Forecast rates requirement % increase limit (rates limit before growth in the ratepayer base)	4.3%	4.0%	3.7%	3.8%	3.9%	3.8%	3.9%	4.2%	4.4%	4.4%
Rates Limit – After Growth	3.8%	3.5%	3.2%	3.3%	3.4%	3.3%	3.4%	3.7%	3.9%	3.9%
Forecast Rates Limit (\$000)	240,161	249,671	258,834	268,592	279,121	289,616	300,853	313,459	327,220	341,618

<sup>1</sup> The limits will be the amount published as a forecast for the year prior to the striking of the rates.

<sup>2</sup> Local Government Cost Index as Published by Business and Economic Research Limited (BERL) for the Society of Local Government Managers (SOLGM) and Local Government NZ.

<sup>3</sup> It will be set annually with the updated LGCI forecast for the subsequent year, and will be expressed as the impact on the average rates paid so is considered 'net' of forecast growth in the ratepayer base.

<sup>4</sup> Average of LGCI and CPI, as published by Business and Economic Research Limited (BERL) for SOLGM and Local Government NZ

<sup>5</sup> As published by Business and Economic Research Limited (BERL) for SOLGM and Local Government NZ

The rates increase limits are based on the forecast rate of inflation applied to the Council's current operational expenditure. These limits are not intended to be breached.

The rates increase limits only apply to average rates increases, and not rates increases for individual properties, as these depend on a number of factors outside the Council's control, like changes in property valuations or remission status changes, for example.

### 3.3 Value for money

Value for money considers:

- The contribution of a proposal to the community
- The degree of outcome contribution per dollar of cost
- That the total cost is reasonable

It also considers the means chosen to fund the expenditure is the most cost effective. This analysis includes the cost of financing an initiative, market maturity and demand analysis, an assessment of risks, and ensuring market neutrality where appropriate.

### 3.4 Risk management and assessment

Risk management is important when managing public services and assets and includes consideration of insurance, self insurance reserves and any other provisions and/or reserves (Weather-tight homes provision for example).

Risk assessments consider the likelihood and consequence of risks associated with an expenditure proposal. Following a risk assessment consideration needs to be given to risk mitigation. In a financial context this can include insurance and provisions.

### 3.5 Good financial governance and stewardship

Good Stewardship of Council's assets and finances requires Council to ensure that its actions now do not compromise the ability of future Councils to fund their needs. Under this principle:

- assets are not rundown for future generations to pay for;
- debt is not used to fund operating expenditure other than specific exceptional circumstances;
- the level of debt is regularly reviewed to ensure it is at a level that is both aligned with Council's assets and rating base, and that it will not restrict a future Council's ability to fund new assets through debt
- the operational expenditure implications of capital expenditure decisions are considered

### 3.5.1 Borrowing limits

We control our borrowing levels by self imposed 'prudential borrowing limits'. These limits are consistent with the liabilities management policy.

There are five measures which are set to control both the cost of borrowings and level of borrowings.

Ratio	Limit
Net borrowing as a percentage of equity	<10%
Net borrowing as a percentage of income	<150%
Net Interest as a percentage of income	<15%
Net Interest as a percentage of annual rates income	<20%
Liquidity (Term borrowing + committed loan facilities to 12 month peak net borrowing forecast)	>110%

Operational borrowing target

The *operational borrowing target* is that net borrowings (net of cash and housing funding) will be maintained at a level no higher than 105% of our **operating income**.

This is closely aligned with the Council's independently assessed credit rating. These will help ensure that we are able to maintain a strong externally assessed credit rating

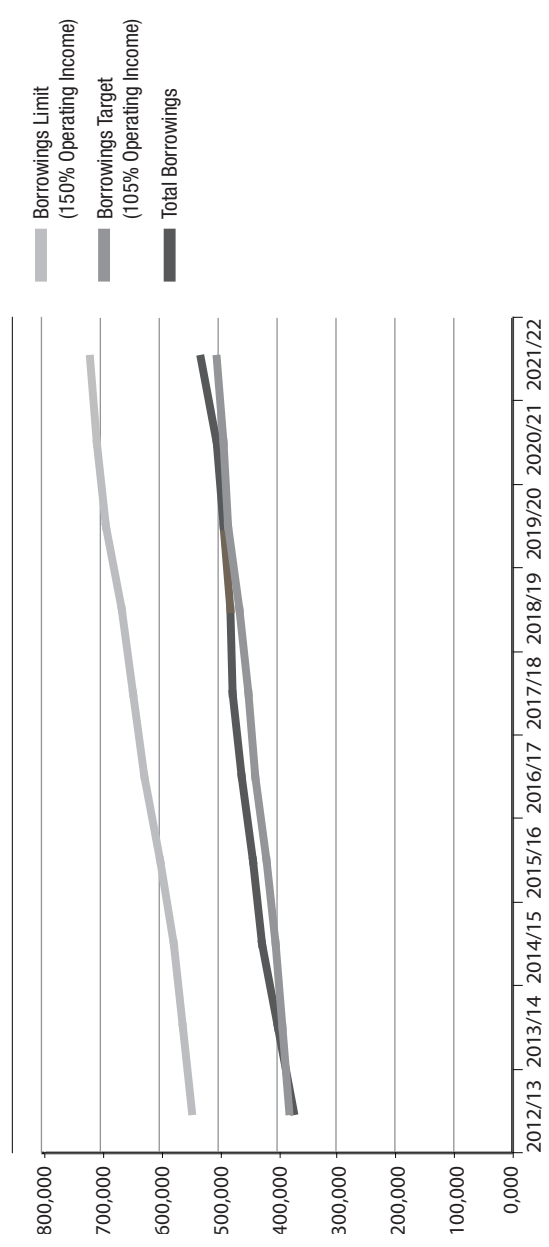
As an indication the operational borrowing limit is shown as a forecast below for the next 10 years.

Capital Investment Limit (funded by borrowings)

A 'new<sup>6</sup> Borrowings funded Capital Investment target and Limit' will control the cost of new capital expenditure funded by the Council over each three year statutory Long Term Plan period. This also includes loans for the purpose of capital expenditure eg to CCO's.

<b>Target</b>	at or under \$45 million over each three year statutory Long Term Plan period
<b>Limit</b>	\$60 million over each three year statutory Long Term Plan period

Current 10 Year Borrowings (\$000) - 2012-22



<sup>6</sup> 'New' refers to a net increase in borrowings, net of any other funding from non income producing asset sales and include new loans



# 4.0 OPERATING ENVIRONMENT AND FINANCIAL CHALLENGES

### 3.5.3.1 Objectives

The primary objective of holding and managing investments is to optimise the return on the overall investment portfolio. Investments are also held for the purpose of achieving Council's strategic objectives and to provide diversity to the Council's revenue sources.

### 3.5.3.2 Targets for returns

For those investments held for other than primarily strategic reasons the target return for investment is to achieve an average return on investment over time greater than Council's long term cost of funds. This is currently forecast to be 6.75% per annum. The Council's Investment Policy sets out in greater detail the mix of investments, strategies and other policy considerations.

- We are forecasting a challenging operating environment over the next ten years. The following are the key factors expected to have a significant impact on our operating environment and on the management of our finances over the next decade –
- The global debt crisis
  - Earthquake strengthening costs and city resilience
  - Population and workforce growth, and changes in land use
  - Rates affordability and willingness to pay
  - Increasing asset ownership and replacement costs
  - Weathertight homes liability
  - Central government budget reductions, shift of responsibility for services from central to local government and increased regulation.

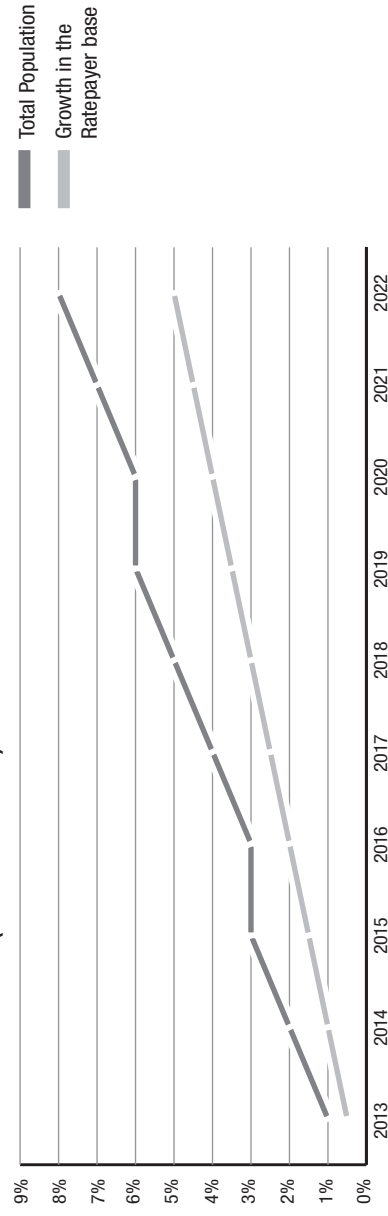
### 4.1 The global debt crisis

The global debt crisis will continue to impact on the New Zealand economy and will impact directly on the Council's access to funding and funding costs. Council's recent support and subsequent investment in the NZ Local Government Funding Agency is a response to this.

### 4.2 Earthquake strengthening and city resilience costs

The cost of ensuring the Council's infrastructure is resilient to the impact of natural disasters will also impact on the Council's cost base in the next ten years. This includes the cost of strengthening Council owned buildings and improving network infrastructure with more resilient materials, and including automatic shut off valves for water reservoirs for example.

Forecast Growth 2012-2022 (refer to section 4.3)



### 4.3 Population and workforce growth, and changes in land use

The 2012 resident population of Wellington City is estimated to be 200,100<sup>7</sup>. This is forecast to grow at a rate of 0.76% per annum<sup>8</sup> on average to reach 216,478 in 2022. Refer to graph on previous page – Forecast Growth 2012-2022.

This limited population growth will make continuing economic growth more difficult. However, the Council must deliver projects to ensure there is sufficient capacity in Wellington’s network of infrastructure and social and recreational facilities to maintain levels of service to the growing population and related changes in land use. The Northern Growth Management Plan provides for the limited amount of change in land use that is expected to occur over the next 10 years.

The capital costs to provide for these changes are forecast at \$42.8m over the ten years and the expected operating costs are \$15.6m over the same period. Further details are provided in the Funding Impact Statements.

### 4.4 Rates affordability and willingness to pay

#### 4.4.1 Rates affordability

Current economic conditions have restricted household and commercial incomes, as well as increasing some expenditure items eg fuel, which is putting pressure on budgets across the sectors which impacts rates affordability.

Although a recent ratepayer survey indicated that for most, rates approximating 2.3% of average household income was regarded as affordable, we recognise that household costs are rising and that, for some residents, rates and the fees we charge for the use of some of our facilities are becoming less affordable.

<sup>7</sup> Statistics New Zealand

<sup>8</sup> Source Forecast.id

<sup>9</sup> 2006 Census adjusted for CPI.

<sup>10</sup> Statistics New Zealand

The median annual household income in Wellington is \$76,804<sup>9</sup>. This is 15% higher than the national median at \$64,272. Our aim is to keep rates at a level that does not exceed 3% of average household income. This will ensure that, through rates, our costs do not become a larger part of household expenditure.

Affordability for Wellington’s commercial sector is impacted by the economy and profitability of the businesses. The sector is made up of around 24,915 businesses and it employs around 152,930 people. The sector generates around \$46.5 billion a year in total income, which is about 9% of total business income in New Zealand.

Its annual net profit of \$6.138 billion represents 12% of the net profit of the whole New Zealand commercial sector even though Wellington has only 4.5% of the national population<sup>10</sup>. Our aim is to keep rates at an affordable level when compared to profitability of the sector.

#### 4.4.2 Ratepayer willingness to pay

Willingness to pay is influenced by ratepayer perceptions of the value they get for the rates they pay and their attitudes towards the Council’s decision making and ratepayer consultation. Research shows that there is a reduction in the willingness to pay more for Council services.

### 4.5 Increasing asset ownership and replacement costs

A significant portion of Council’s operating costs are fixed because they relate to the cost of owning assets (eg depreciation, interest and maintenance costs). These costs are locked in for the life of the asset and add a significant amount to the operational costs that need to be funded.

Another factor that is increasingly impacting the operating expenditure is the timing of the replacement of assets. These costs are increasing over the next 10 years and beyond, and relate to the timing of periods of development in the city and the useful lives of the assets.

#### 4.5.1 Capital Expenditure on network infrastructure

The proportion of assets that are at the end of their useful life that need to be replaced is increasing over the next ten years. The table below highlights the forecast expenditure on network infrastructure.

Activity area	2012/13 (\$'000)	2013/14 (\$'000)	2014/15 (\$'000)	2015/16 (\$'000)	2016/17 (\$'000)	2017/18 (\$'000)	2018/19 (\$'000)	2019/20 (\$'000)	2020/21 (\$'000)	2021/22 (\$'000)
Environment	11,722	12,104	13,710	16,657	19,133	23,012	25,178	27,870	28,434	33,534
Wastewater and stormwater										
Water	11,356	12,166	16,178	22,658	25,904	21,907	24,236	23,952	25,220	27,078
Transport	32,258	30,841	37,002	35,050	38,186	39,508	42,581	43,727	551,713	49,698

## 5.0 IMPACT OF OUR STRATEGY ON SERVICES

### 4.6 Weather-tight Homes Liability

The Council has provided for a significant liability of around \$53.2m to settle claims associated with weather-tight homes issues. The funding of this liability will take place progressively over the next 8 years. This will require Council to increase borrowings in the first instance to meet these costs, with the associated borrowing subsequently being repaid through rate funding.

### 4.7 Central government budget reductions, shift of responsibility for services from central to local government and increased regulation.

Central Government budget reductions, the continued moving of responsibilities to local government and increasing of standards by the government are also anticipated to have an impact on the Councils expenditure.

- Key impacts include<sup>11</sup>:
- Costs of implementing new legislation
  - Costs of meeting increased environmental standards (one in 50 year flood protection, for example)
  - Costs of community programmes where the government has reduced funding and shifted costs for community wellbeing to local government (building regulations standards earthquake strengthening and reduced funding to the creative sector, for example).
  - Risk of reduced capital funding for our roading network.

The financial strategy will enable the transition to the strategic outcomes of *Wellington Towards 2040: Smart Capital*, rather than limit change in the city, by guiding the financial impact of the Council's decisions. Decisions requiring significant investment will require prioritisation of services and levels of service in order to maintain the sustainable and affordable levels of rates and borrowings outlined within the strategy.

No significant changes in our services or levels of service are proposed for 2012/13. Where prioritisation decisions require some lower priority services and/or service levels to be reduced, the Council will consult with the public through our Annual Plan process.

Over the next 10 years Council faces significant challenges around funding prioritisation because the costs of earthquake strengthening, leaky homes and insurance are rising at a rate higher than average Council inflation. Council feels that in order to ensure we also deliver on our strategic outcomes and continue to invest in Wellington's future some focused effort needs to take place.

A **Financial Sustainability** working party with Councillors and staff has been established to develop options that will deliver financial sustainability into the future for Wellington City Council. These options will consider the future role of local government and the following key issues:

- Current service levels and alternatives to reduce, re-phase or discontinue
- Current assets, their strategic alignment and options for reduction or reconfiguration
- Alternative governance and management options for services

(these include regionalisation initiatives such as shared services, configuration of Council Controlled Organisations and partnership opportunities)

- Future revenue options including looking at the level of user charges received to fund each activity.
- Strategies for debt reduction
- Developing a balanced investment approach

In addition to this working party, Council will be focused on ensuring we minimise the effects of prioritisation decisions on our services. Strategies we will use include:

- Every year Council will seek efficiencies and cost reductions
- Ongoing review and alignment of our future projects to our new Wellington **towards 2040** strategic direction.
- Focus on growing Wellington's economy through our economic development strategy and continue to foster a creative educated workforce.
- Optimally managing income from our investments and looking for ways to increase our revenue from other sources.
- Smart asset management and utilisation

#### Asset replacement (Renewals)

Another significant consideration during the development of this plan was a review of how the Council plans and budgets to replace assets when they come to the end of their useful life. This is a significant area of expenditure and we looked at several options to reduce it. In submissions on the draft plan, and in the survey responses, people said that we should make the proposed reductions in expenditure and reduce rates as a result.

<sup>11</sup> Local Government Rates Inquiry – August 2007

making changes during the annual plan process, The Financial Sustainability Working Party will work on achieving compliance with these limits.

### Financial Strategy

A majority of people who completed our submission form, and participated in our long-term plan survey, felt that the proposed rates targets and limits in our Financial Strategy were 'about right'. Both were adopted by the Council as proposed in the draft, along with the other aspects of our Financial Strategy, which you can find in the Finances section of this plan.

The rates limits are set as an indexation based on the Local Government Cost Index (LGCI) and these are currently forecast between 3.3% and 3.9% over the ten years. Currently the forecast rates increases exceed the planned limits by up to 0.6% in years 4 and 5. We acknowledge this temporary breach but have established a number of measures, including the set up of the financial sustainability working party to work towards bringing these increases below the limits by year four. We acknowledge that there may be impacts on service levels in the future to achieve rates at a level below our limits. Our goal is to find more efficient ways to deliver current services, however if there will be any impact on service levels, we will not implement any changes without consultation.

The planned capital expenditure sets projected borrowings at a level within the borrowings limits we set. We are planning to spend \$68.966m, \$80.275m and \$61.198m on improvements to existing assets and new assets in years 1-3, 4-6 and 7-9 respectively. While this is higher than the \$60m goal we set for each of the three year periods, we are committed to significant resilience projects including earthquake strengthening and the constriction of the Prince of Wales Reservoir and believe this is the best decision for the people of Wellington in the Long Term.

The Council is committed to comply with these limits, by

After considering other options to reduce expenditure in this area during the consultation period, the Councillors have decided to reduce rate-funded depreciation by \$4 million per year for the duration of this plan. This means we will not collect this money, and so rates rises will be kept lower.

However, it also means we will have less money to spend on renewing our assets. This increases the risk of assets failing, as it is estimated that around 5% of assets ready for renewal will be kept in active service longer. The Council will manage the impact of this in two ways. Firstly, it will continue to focus expenditure on renewing the most critical assets across all our asset groups. A risk assessment process will be used to make sure that we do renew those assets where failure would result in significant risks to people's safety, major costs or disruption. Secondly, if failures do occur to less critical assets, the Council is committed to responding rapidly to minimise the potential risks.

In parallel to this, the Council will undertake a detailed analysis of its assets to identify those that could be divested, not renewed or modified (to increase their life) in both the short-term and the longer-term. This could be technology assets, equipment or assets that are not essential to the delivery of our services. These will be presented to Councillors, and where appropriate to the public, for a final decision on their future. Depreciation will no longer be rated for on those assets that remain on the schedule. Council may subsequently choose to divest itself of those assets or run them until they fail.

The aim of this strategy is to reduce the impact of asset ownership to the ratepayer

# APPENDIX 1

# FUNDING IMPACT STATEMENT

## WHOLE OF COUNCIL

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	124,615	127,005	133,160	136,068	144,763	154,304	157,893	165,923	175,552	174,982	176,284
Targeted rates (other than a targeted rate for water supply)	93,095	99,740	102,343	108,242	110,759	113,522	118,917	122,090	124,999	130,988	133,895
Subsidies and grants for operating purposes	6,323	6,831	6,935	6,873	6,189	6,181	6,389	6,605	6,810	7,066	7,292
Fees, charges, and targeted rates for water supply <sup>1</sup>	107,465	110,243	111,594	113,240	118,797	122,823	125,658	128,768	132,497	135,524	139,124
Interest and dividends from investments	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308	9,308
Local authorities fuel tax, fines, infringement fees, and other receipts	13,271	12,162	12,396	12,645	12,918	13,273	13,628	14,136	14,528	14,929	15,342
<b>Total operating funding (A)</b>	<b>354,077</b>	<b>365,289</b>	<b>375,736</b>	<b>386,376</b>	<b>402,734</b>	<b>419,411</b>	<b>431,793</b>	<b>446,830</b>	<b>463,694</b>	<b>472,797</b>	<b>481,245</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	230,640	235,262	240,509	241,197	247,935	258,278	260,078	270,594	297,141	297,969	305,331
Finance costs	22,195	22,647	22,859	25,096	28,482	30,486	31,911	32,881	33,177	33,519	34,728
Other operating funding applications	28,496	29,568	30,671	30,488	29,325	29,109	29,195	29,284	29,380	29,482	29,581
<b>Total applications of operating funding (B)</b>	<b>281,331</b>	<b>287,477</b>	<b>294,039</b>	<b>296,781</b>	<b>305,742</b>	<b>317,873</b>	<b>321,184</b>	<b>332,759</b>	<b>359,698</b>	<b>360,970</b>	<b>369,640</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>72,746</b>	<b>77,812</b>	<b>81,697</b>	<b>89,595</b>	<b>96,992</b>	<b>101,538</b>	<b>110,609</b>	<b>114,071</b>	<b>103,996</b>	<b>111,827</b>	<b>111,605</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	58,501	45,765	39,967	39,746	34,726	14,834	14,249	14,690	14,295	14,866	16,184
Development and financial contributions	5,753	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000
Increase (decrease) in debt	23,439	14,919	25,873	25,109	25,053	28,635	27,758	20,832	17,071	21,334	28,594
Gross proceeds from sales of assets	-	-	9,000	15,075	400	5,400	400	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>87,693</b>	<b>65,684</b>	<b>79,840</b>	<b>84,930</b>	<b>65,179</b>	<b>53,869</b>	<b>47,407</b>	<b>40,522</b>	<b>36,366</b>	<b>41,200</b>	<b>49,778</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	2,589	2,702	1,590	3,957	5,249	4,243	4,127	3,250	3,338	5,263	9,065
* to the improve level of service	76,480	54,491	61,255	57,776	50,624	40,964	36,367	30,483	26,143	28,967	34,018
* to replace existing assets	74,453	78,944	86,632	98,610	89,227	95,554	99,630	99,412	104,055	106,581	116,307
Increase (decrease) in reserves	6,917	7,359	12,060	14,182	17,071	14,646	17,892	21,448	6,826	12,216	1,993
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>160,439</b>	<b>143,496</b>	<b>161,537</b>	<b>174,525</b>	<b>162,171</b>	<b>155,407</b>	<b>158,016</b>	<b>154,593</b>	<b>140,362</b>	<b>153,027</b>	<b>161,383</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(72,746)</b>	<b>(77,812)</b>	<b>(81,697)</b>	<b>(89,595)</b>	<b>(96,992)</b>	<b>(101,538)</b>	<b>(110,609)</b>	<b>(114,071)</b>	<b>(103,996)</b>	<b>(111,827)</b>	<b>(111,605)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>86,349</b>	<b>91,703</b>	<b>94,155</b>	<b>101,138</b>	<b>104,933</b>	<b>107,278</b>	<b>113,784</b>	<b>116,475</b>	<b>118,552</b>	<b>126,214</b>	<b>126,441</b>

<sup>1</sup> Included in this figure is the targeted metered water rates. In all other financial and funding statements the metered water rates are included as rates income.

## GOVERNANCE

## 1.1 GOVERNANCE, INFORMATION AND ENGAGEMENT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	15,362	14,666	15,711	15,449	16,248	17,108	16,832	17,492	18,498	18,508	19,171
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	398	384	694	407	420	759	445	459	829	487	501
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>15,760</b>	<b>15,050</b>	<b>16,405</b>	<b>15,856</b>	<b>16,668</b>	<b>17,867</b>	<b>17,277</b>	<b>17,951</b>	<b>19,327</b>	<b>18,995</b>	<b>19,672</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	8,090	7,892	8,772	8,217	8,519	9,504	8,900	9,281	10,353	9,717	10,158
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	7,377	7,034	7,544	7,574	8,093	8,308	8,306	8,601	8,911	9,221	9,468
Other operating funding applications	135	10	10	10	10	10	10	10	10	10	10
<b>Total applications of operating funding (B)</b>	<b>15,602</b>	<b>14,936</b>	<b>16,326</b>	<b>15,801</b>	<b>16,622</b>	<b>17,822</b>	<b>17,216</b>	<b>17,892</b>	<b>19,274</b>	<b>18,948</b>	<b>19,636</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>158</b>	<b>114</b>	<b>79</b>	<b>55</b>	<b>46</b>	<b>45</b>	<b>61</b>	<b>59</b>	<b>53</b>	<b>47</b>	<b>36</b>

<sup>1</sup> Included in this figure is the metered water rates.



	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to improve level of service	-	-	-	-	-	-	-	-	-	-	-
* to replace existing assets	-	-	110	-	-	122	-	-	134	-	-
Increase (decrease) in reserves	158	114	(31)	55	46	(77)	61	59	(81)	47	36
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>158</b>	<b>114</b>	<b>79</b>	<b>55</b>	<b>46</b>	<b>45</b>	<b>61</b>	<b>59</b>	<b>53</b>	<b>47</b>	<b>36</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(158)</b>	<b>(114)</b>	<b>(79)</b>	<b>(55)</b>	<b>(46)</b>	<b>(45)</b>	<b>(61)</b>	<b>(59)</b>	<b>(53)</b>	<b>(47)</b>	<b>(36)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>158</b>	<b>114</b>	<b>79</b>	<b>55</b>	<b>46</b>	<b>45</b>	<b>61</b>	<b>59</b>	<b>53</b>	<b>47</b>	<b>36</b>

## 1.2 MAORI AND MANA WHENUA PARTNERSHIPS

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	237	237	244	252	261	270	279	288	298	308	319
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>237</b>	<b>237</b>	<b>244</b>	<b>252</b>	<b>261</b>	<b>270</b>	<b>279</b>	<b>288</b>	<b>298</b>	<b>308</b>	<b>319</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	235	229	236	243	252	261	270	278	288	298	308
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	2	8	8	9	9	9	9	10	10	10	11
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>237</b>	<b>237</b>	<b>244</b>	<b>252</b>	<b>261</b>	<b>270</b>	<b>279</b>	<b>288</b>	<b>298</b>	<b>308</b>	<b>319</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to improve level of service	-	-	-	-	-	-	-	-	-	-	-
* to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Surplus (deficit) of capital funding (C - D)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Funding balance (A - B) + (C - D)</b>	-	-	-	-	-	-	-	-	-	-	-
Expenses for this activity grouping include the following depreciation/ amortisation charge	-	-	-	-	-	-	-	-	-	-	-

# ENVIRONMENT

## 2.1 GARDENS, BEACHES AND GREEN OPEN SPACES

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	27,306	26,648	29,484	28,560	29,961	30,990	31,928	32,898	33,983	35,065	36,302
Targeted rates (other than a targeted rate for water supply)	376	408	418	427	439	450	460	472	484	496	509
Subsidies and grants for operating purposes	512	549	566	583	600	618	636	656	675	696	716
Fees, charges, and targeted rates for water supply <sup>1</sup>	1,174	1,188	1,224	1,261	1,299	1,338	1,377	1,419	1,462	1,506	1,551
Internal charges and overheads recovered	5,101	5,207	5,332	5,457	5,598	5,749	5,879	6,019	6,170	6,342	6,514
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>34,469</b>	<b>34,000</b>	<b>37,024</b>	<b>36,288</b>	<b>37,897</b>	<b>39,145</b>	<b>40,280</b>	<b>41,464</b>	<b>42,774</b>	<b>44,105</b>	<b>45,592</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	16,909	16,453	18,432	17,269	17,887	18,552	19,271	19,897	20,576	21,373	22,195
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	13,647	13,444	14,405	14,689	15,653	16,320	16,841	17,481	18,111	18,741	19,472
Other operating funding applications	80	100	100	100	100	100	100	100	100	100	100
<b>Total applications of operating funding (B)</b>	<b>30,636</b>	<b>29,997</b>	<b>32,937</b>	<b>32,058</b>	<b>33,640</b>	<b>34,972</b>	<b>36,212</b>	<b>37,478</b>	<b>38,787</b>	<b>40,214</b>	<b>41,767</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>3,833</b>	<b>4,003</b>	<b>4,087</b>	<b>4,230</b>	<b>4,257</b>	<b>4,173</b>	<b>4,068</b>	<b>3,986</b>	<b>3,987</b>	<b>3,891</b>	<b>3,825</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	380	250	700	600	380	-	-	-	-	-	-
Development and financial contributions	1,284	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099	1,099
Increase (decrease) in debt	(472)	(1,206)	(1,695)	(1,591)	(1,367)	(753)	(564)	(384)	(627)	(484)	4,020
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>1,192</b>	<b>143</b>	<b>104</b>	<b>108</b>	<b>112</b>	<b>346</b>	<b>535</b>	<b>715</b>	<b>472</b>	<b>615</b>	<b>5,119</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	39	49	52	53	55	91	143	97	100	104	3,912
* to improve level of service	1,153	94	52	55	57	255	392	618	372	511	1,207
* to replace existing assets	1,652	2,479	2,280	2,498	1,827	1,364	1,779	1,574	1,489	1,853	1,797
Increase (decrease) in reserves	2,181	1,524	1,807	1,732	2,430	2,809	2,289	2,412	2,498	2,038	2,028
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>5,025</b>	<b>4,146</b>	<b>4,191</b>	<b>4,338</b>	<b>4,369</b>	<b>4,519</b>	<b>4,603</b>	<b>4,701</b>	<b>4,459</b>	<b>4,506</b>	<b>8,944</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(3,833)</b>	<b>(4,003)</b>	<b>(4,087)</b>	<b>(4,230)</b>	<b>(4,257)</b>	<b>(4,173)</b>	<b>(4,068)</b>	<b>(3,986)</b>	<b>(3,987)</b>	<b>(3,891)</b>	<b>(3,825)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>3,833</b>	<b>4,226</b>	<b>4,313</b>	<b>4,456</b>	<b>4,483</b>	<b>4,399</b>	<b>4,294</b>	<b>4,212</b>	<b>4,213</b>	<b>4,117</b>	<b>4,051</b>

## 2.2 WASTE REDUCTION AND ENERGY CONSERVATION

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	485	496	1,819	2,108	2,423	3,008	3,319	3,639	4,016	4,419	4,789
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	10,055	11,821	11,200	11,429	11,664	11,906	12,143	12,395	12,654	12,917	13,186
Internal charges and overheads recovered	258	296	303	310	318	327	334	342	351	360	370
Local authorities fuel tax, fines, infringement fees, and other receipts	-	7	7	7	8	8	8	8	9	9	9
<b>Total operating funding (A)</b>	<b>10,798</b>	<b>12,620</b>	<b>13,329</b>	<b>13,854</b>	<b>14,413</b>	<b>15,249</b>	<b>15,804</b>	<b>16,384</b>	<b>17,030</b>	<b>17,705</b>	<b>18,354</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	9,028	10,817	11,728	12,180	12,667	13,184	13,705	14,255	14,831	15,452	16,105
Finance costs	807	953	775	871	729	567	532	512	499	488	456
Internal charges and overheads applied	91	(29)	(9)	(15)	19	20	10	14	17	16	7
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>9,926</b>	<b>11,741</b>	<b>12,494</b>	<b>13,036</b>	<b>13,415</b>	<b>13,771</b>	<b>14,247</b>	<b>14,781</b>	<b>15,347</b>	<b>15,956</b>	<b>16,568</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>872</b>	<b>879</b>	<b>835</b>	<b>818</b>	<b>998</b>	<b>1,478</b>	<b>1,557</b>	<b>1,603</b>	<b>1,683</b>	<b>1,749</b>	<b>1,786</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	941	204	802	-	110	114	117	121	125	129	134
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>941</b>	<b>204</b>	<b>802</b>	<b>-</b>	<b>110</b>	<b>114</b>	<b>117</b>	<b>121</b>	<b>125</b>	<b>129</b>	<b>134</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to improve level of service	941	204	802	-	110	114	117	121	125	129	134
* to replace existing assets	-	865	8,486	7,315	1,123	1,698	724	1,642	688	861	3,770
Increase (decrease) in reserves	872	14	(7,651)	(6,497)	(125)	(220)	833	(39)	995	888	(1,984)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,813</b>	<b>1,063</b>	<b>1,637</b>	<b>818</b>	<b>1,108</b>	<b>1,592</b>	<b>1,674</b>	<b>1,724</b>	<b>1,808</b>	<b>1,878</b>	<b>1,920</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(872)</b>	<b>(879)</b>	<b>(835)</b>	<b>(818)</b>	<b>(998)</b>	<b>(1,478)</b>	<b>(1,557)</b>	<b>(1,603)</b>	<b>(1,683)</b>	<b>(1,749)</b>	<b>(1,786)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>872</b>	<b>879</b>	<b>835</b>	<b>818</b>	<b>998</b>	<b>1,478</b>	<b>1,557</b>	<b>1,603</b>	<b>1,683</b>	<b>1,749</b>	<b>1,786</b>

## 2.3 WATER

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	24,169	23,536	24,651	26,902	28,186	29,197	31,499	32,470	33,424	35,922	36,968
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	11,850	12,854	12,855	12,856	12,857	12,858	12,859	12,860	12,861	12,863	12,864
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>36,019</b>	<b>36,390</b>	<b>37,506</b>	<b>39,758</b>	<b>41,043</b>	<b>42,055</b>	<b>44,358</b>	<b>45,330</b>	<b>46,285</b>	<b>48,785</b>	<b>49,832</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	18,865	19,816	20,560	21,298	22,148	22,931	23,710	24,531	25,381	26,295	27,251
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	4,239	3,665	3,853	4,260	4,770	5,018	5,171	5,332	5,430	5,534	5,724
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>23,104</b>	<b>23,481</b>	<b>24,413</b>	<b>25,558</b>	<b>26,918</b>	<b>27,949</b>	<b>28,881</b>	<b>29,863</b>	<b>30,811</b>	<b>31,829</b>	<b>32,975</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12,915</b>	<b>12,909</b>	<b>13,093</b>	<b>14,200</b>	<b>14,125</b>	<b>14,106</b>	<b>15,477</b>	<b>15,467</b>	<b>15,474</b>	<b>16,956</b>	<b>16,857</b>

<sup>1</sup> Included in this figure is the metered water rates.



	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	4,973	-	-	-	-	-	-
Development and financial contributions	1,437	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231	1,231
Increase (decrease) in debt	895	1,899	973	3,947	3,706	10,420	6,029	6,722	5,566	5,776	6,325
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>2,332</b>	<b>3,130</b>	<b>2,204</b>	<b>5,178</b>	<b>9,910</b>	<b>11,651</b>	<b>7,260</b>	<b>7,953</b>	<b>6,797</b>	<b>7,007</b>	<b>7,556</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	254	274	399	591	1,346	1,254	604	735	760	835
* to the improve level of service	2,332	2,876	1,930	4,779	9,319	10,305	6,006	7,349	6,062	6,247	6,721
* to replace existing assets	8,369	8,226	9,962	11,000	12,748	14,253	14,647	16,283	17,155	18,213	19,522
Increase (decrease) in reserves	4,546	4,683	3,131	3,200	1,377	(147)	830	(816)	(1,681)	(1,257)	(2,665)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>15,247</b>	<b>16,039</b>	<b>15,297</b>	<b>19,378</b>	<b>24,035</b>	<b>25,757</b>	<b>22,737</b>	<b>23,420</b>	<b>22,271</b>	<b>23,963</b>	<b>24,413</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12,915)</b>	<b>(12,909)</b>	<b>(13,093)</b>	<b>(14,200)</b>	<b>(14,125)</b>	<b>(14,106)</b>	<b>(15,477)</b>	<b>(15,467)</b>	<b>(15,474)</b>	<b>(16,956)</b>	<b>(16,857)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>12,915</b>	<b>13,824</b>	<b>13,701</b>	<b>14,808</b>	<b>14,733</b>	<b>14,714</b>	<b>16,085</b>	<b>16,075</b>	<b>16,082</b>	<b>17,564</b>	<b>17,465</b>

<sup>1</sup> Included in this figure is the targeted metered water rates. In all other financial and funding statements the metered water rates are included as rates income.

## 2.4 WASTEWATER

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	30,937	33,433	34,667	36,676	37,381	38,347	40,300	41,161	42,148	43,971	44,695
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply	1,272	1,252	1,289	1,328	1,368	1,410	1,451	1,495	1,540	1,586	1,634
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>32,209</b>	<b>34,685</b>	<b>35,956</b>	<b>38,004</b>	<b>38,749</b>	<b>39,757</b>	<b>41,751</b>	<b>42,656</b>	<b>43,688</b>	<b>45,557</b>	<b>46,329</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	14,767	16,863	18,218	19,017	19,164	19,835	20,483	21,081	21,837	22,585	23,343
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	8,731	8,741	8,982	9,378	9,965	10,280	10,640	10,878	11,096	11,330	11,648
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>23,498</b>	<b>25,604</b>	<b>27,200</b>	<b>28,395</b>	<b>29,129</b>	<b>30,115</b>	<b>31,123</b>	<b>31,959</b>	<b>32,933</b>	<b>33,915</b>	<b>34,991</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>8,711</b>	<b>9,081</b>	<b>8,756</b>	<b>9,609</b>	<b>9,620</b>	<b>9,642</b>	<b>10,628</b>	<b>10,697</b>	<b>10,755</b>	<b>11,642</b>	<b>11,338</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	1,176	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007	1,007
Increase (decrease) in debt	(1,017)	(818)	(822)	(797)	(763)	(241)	1,833	2,076	2,203	(354)	(305)
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>159</b>	<b>189</b>	<b>185</b>	<b>210</b>	<b>244</b>	<b>766</b>	<b>2,840</b>	<b>3,083</b>	<b>3,210</b>	<b>653</b>	<b>702</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	4	189	185	210	244	285	368	406	443	416	456
* to improve level of service	155	-	-	-	-	481	2,472	2,677	2,767	237	246
* to replace existing assets	7,759	7,363	7,226	8,185	9,510	10,649	11,861	13,152	14,514	15,975	17,525
Increase (decrease) in reserves	952	1,718	1,530	1,424	110	(1,007)	(1,233)	(2,455)	(3,759)	(4,333)	(6,187)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>8,870</b>	<b>9,270</b>	<b>8,941</b>	<b>9,819</b>	<b>9,864</b>	<b>10,408</b>	<b>13,468</b>	<b>13,780</b>	<b>13,965</b>	<b>12,295</b>	<b>12,040</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(8,711)</b>	<b>(9,081)</b>	<b>(8,756)</b>	<b>(9,609)</b>	<b>(9,620)</b>	<b>(9,642)</b>	<b>(10,628)</b>	<b>(10,697)</b>	<b>(10,755)</b>	<b>(11,642)</b>	<b>(11,338)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>11,944</b>	<b>12,984</b>	<b>12,986</b>	<b>14,156</b>	<b>14,167</b>	<b>14,189</b>	<b>15,524</b>	<b>15,565</b>	<b>15,581</b>	<b>16,421</b>	<b>15,589</b>

## 2.5 STORMWATER

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	-	-	-	-	-	-	-	-	-	-	-
Targeted rates (other than a targeted rate for water supply)	16,972	17,363	17,405	18,757	19,754	20,439	21,584	22,150	22,730	24,009	24,770
Subsidies and grants for operating purposes	36	39	40	42	43	44	45	47	48	50	51
Fees, charges, and targeted rates for water supply <sup>1</sup>	8	9	9	9	10	10	10	10	11	11	11
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>17,016</b>	<b>17,411</b>	<b>17,454</b>	<b>18,808</b>	<b>19,807</b>	<b>20,493</b>	<b>21,639</b>	<b>22,207</b>	<b>22,789</b>	<b>24,070</b>	<b>24,832</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	4,761	5,356	5,083	5,223	5,392	5,589	5,746	5,912	6,144	6,332	6,542
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	5,602	5,573	5,914	6,579	7,429	7,935	8,322	8,744	9,090	9,469	10,027
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>10,363</b>	<b>10,929</b>	<b>10,997</b>	<b>11,802</b>	<b>12,821</b>	<b>13,524</b>	<b>14,068</b>	<b>14,656</b>	<b>15,234</b>	<b>15,801</b>	<b>16,569</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,653</b>	<b>6,482</b>	<b>6,457</b>	<b>7,006</b>	<b>6,986</b>	<b>6,969</b>	<b>7,571</b>	<b>7,551</b>	<b>7,555</b>	<b>8,269</b>	<b>8,263</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	189	-	-	-	-	-	-	-	-	-
Development and financial contributions	124	107	107	107	107	107	107	107	107	107	107
Increase (decrease) in debt	236	(35)	(7)	8	950	1,071	1,193	1,135	1,798	2,887	5,774
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>360</b>	<b>261</b>	<b>100</b>	<b>115</b>	<b>1,057</b>	<b>1,178</b>	<b>1,300</b>	<b>1,242</b>	<b>1,905</b>	<b>2,994</b>	<b>5,881</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	9	95	100	115	154	174	188	203	233	274	360
* to improve level of service	351	166	-	-	903	1,004	1,112	1,039	1,672	2,720	5,521
* to replace existing assets	3,315	3,532	3,912	4,498	5,119	5,788	6,234	6,898	7,410	7,953	8,537
Increase (decrease) in reserves	3,338	2,950	2,545	2,508	1,867	1,181	1,337	653	145	316	(274)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>7,013</b>	<b>6,743</b>	<b>6,557</b>	<b>7,121</b>	<b>8,043</b>	<b>8,147</b>	<b>8,871</b>	<b>8,793</b>	<b>9,460</b>	<b>11,263</b>	<b>14,144</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,653)</b>	<b>(6,482)</b>	<b>(6,457)</b>	<b>(7,006)</b>	<b>(6,986)</b>	<b>(6,969)</b>	<b>(7,571)</b>	<b>(7,551)</b>	<b>(7,555)</b>	<b>(8,269)</b>	<b>(8,263)</b>
<b>Funding balance ((A - B) + (C - D))</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>6,653</b>	<b>6,482</b>	<b>6,457</b>	<b>7,006</b>	<b>6,986</b>	<b>6,969</b>	<b>7,571</b>	<b>7,551</b>	<b>7,555</b>	<b>8,269</b>	<b>8,263</b>

## 2.6 CONSERVATION ATTRACTIONS

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	4,907	5,378	5,751	5,839	5,181	5,200	5,264	5,279	5,297	5,323	5,085
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>4,907</b>	<b>5,378</b>	<b>5,751</b>	<b>5,839</b>	<b>5,181</b>	<b>5,200</b>	<b>5,264</b>	<b>5,279</b>	<b>5,297</b>	<b>5,323</b>	<b>5,085</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	96	122	132	145	149	154	158	162	167	174	179
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,075	1,031	1,040	1,064	1,115	1,128	1,178	1,187	1,191	1,196	944
Other operating funding applications	2,839	3,164	3,499	3,499	2,799	2,799	2,799	2,799	2,799	2,799	2,799
<b>Total applications of operating funding (B)</b>	<b>4,010</b>	<b>4,317</b>	<b>4,671</b>	<b>4,708</b>	<b>4,063</b>	<b>4,081</b>	<b>4,135</b>	<b>4,148</b>	<b>4,157</b>	<b>4,169</b>	<b>3,922</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>897</b>	<b>1,061</b>	<b>1,080</b>	<b>1,131</b>	<b>1,118</b>	<b>1,119</b>	<b>1,129</b>	<b>1,131</b>	<b>1,140</b>	<b>1,154</b>	<b>1,163</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>	1,072	155	412	133	134	-	-	-	-	-	-
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	3,217	467	1,239	400	406	-	-	-	-	-	-
Increase (decrease) in debt	-	-	-	-	-	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	4,289	622	1,651	533	540	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>											
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>	-	-	-	-	-	-	-	-	-	-	-
* to meet additional demand	4,289	622	1,651	533	540	-	-	-	-	-	-
* to the improve level of service	242	172	241	279	267	230	237	244	251	259	267
* to replace existing assets	655	889	839	852	851	889	892	887	889	895	896
Increase (decrease) in reserves	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in investments	5,186	1,683	2,731	1,664	1,658	1,119	1,129	1,131	1,140	1,154	1,163
<b>Total applications of capital funding (D)</b>	<b>(897)</b>	<b>(1,061)</b>	<b>(1,080)</b>	<b>(1,131)</b>	<b>(1,118)</b>	<b>(1,119)</b>	<b>(1,129)</b>	<b>(1,131)</b>	<b>(1,140)</b>	<b>(1,154)</b>	<b>(1,163)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Funding balance (A - B) + (C - D)</b>	<b>897</b>	<b>1,061</b>	<b>1,080</b>	<b>1,131</b>	<b>1,118</b>	<b>1,119</b>	<b>1,129</b>	<b>1,131</b>	<b>1,140</b>	<b>1,154</b>	<b>1,163</b>
Expenses for this activity grouping include the following depreciation/amortisation charge	897	1,061	1,080	1,131	1,118	1,119	1,129	1,131	1,140	1,154	1,163

# ECONOMIC DEVELOPMENT

## 3.1 CITY PROMOTIONS AND BUSINESS SUPPORT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,233	5,032	5,175	4,997	5,134	5,193	5,078	5,394	5,399	5,540	5,455
Targeted rates (other than a targeted rate for water supply)	11,450	14,572	14,630	14,804	14,131	13,813	13,831	14,155	14,252	14,457	14,505
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	248	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>16,931</b>	<b>19,604</b>	<b>19,805</b>	<b>19,801</b>	<b>19,265</b>	<b>19,006</b>	<b>18,909</b>	<b>19,549</b>	<b>19,651</b>	<b>19,997</b>	<b>19,960</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	5,712	5,755	5,844	5,639	6,274	6,350	6,243	6,846	6,934	7,172	7,422
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	2,275	2,428	2,545	2,638	2,812	2,910	2,966	3,063	3,155	3,254	3,015
Other operating funding applications	7,236	9,178	9,077	9,160	8,290	7,840	7,840	7,840	7,840	7,840	7,840
<b>Total applications of operating funding (B)</b>	<b>15,223</b>	<b>17,361</b>	<b>17,466</b>	<b>17,437</b>	<b>17,376</b>	<b>17,100</b>	<b>17,049</b>	<b>17,749</b>	<b>17,929</b>	<b>18,266</b>	<b>18,277</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>1,708</b>	<b>2,243</b>	<b>2,339</b>	<b>2,364</b>	<b>1,889</b>	<b>1,906</b>	<b>1,860</b>	<b>1,800</b>	<b>1,722</b>	<b>1,731</b>	<b>1,683</b>

<sup>1</sup> Included in this figure is the metered water rates.



	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	-	4,011	-	-	-	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	-	<b>4,011</b>	-	-	-	-	-	-	-	-	-
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to the improve level of service	-	4,011	-	-	-	-	-	-	-	-	-
* to replace existing assets	2,201	1,483	864	1,186	1,827	796	1,008	287	834	832	859
Increase (decrease) in reserves	(493)	760	1,475	1,178	62	1,110	852	1,513	888	899	824
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,708</b>	<b>6,254</b>	<b>2,339</b>	<b>2,364</b>	<b>1,889</b>	<b>1,906</b>	<b>1,860</b>	<b>1,800</b>	<b>1,722</b>	<b>1,731</b>	<b>1,683</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(1,708)</b>	<b>(2,243)</b>	<b>(2,339)</b>	<b>(2,364)</b>	<b>(1,889)</b>	<b>(1,906)</b>	<b>(1,860)</b>	<b>(1,800)</b>	<b>(1,722)</b>	<b>(1,731)</b>	<b>(1,683)</b>
<b>Funding balance (A - B) + (C - D)</b>	-	-	-	-	-	-	-	-	-	-	-
<b>Expenses for this activity grouping include the following depreciation/ amortisation charge</b>	<b>1,708</b>	<b>2,243</b>	<b>2,339</b>	<b>2,364</b>	<b>1,889</b>	<b>1,906</b>	<b>1,860</b>	<b>1,800</b>	<b>1,722</b>	<b>1,731</b>	<b>1,683</b>

# CULTURAL WELL-BEING

## 4.1 ARTS AND CULTURE ACTIVITIES

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	10,834	11,716	12,567	12,778	12,914	13,169	13,254	13,372	13,482	13,577	13,712
Targeted rates (other than a targeted rate for water supply)	4,950	5,135	5,121	5,095	5,000	5,011	5,015	5,049	5,047	5,022	5,049
Subsidies and grants for operating purposes	419	420	430	443	457	470	484	499	514	529	545
Fees, charges, and targeted rates for water supply <sup>1</sup>	623	626	645	664	684	705	725	747	770	793	817
Internal charges and overheads recovered	147	162	166	170	174	179	183	188	192	198	203
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>16,973</b>	<b>18,059</b>	<b>18,929</b>	<b>19,150</b>	<b>19,229</b>	<b>19,534</b>	<b>19,661</b>	<b>19,855</b>	<b>20,005</b>	<b>20,119</b>	<b>20,326</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	2,939	3,256	3,254	3,359	3,354	3,465	3,568	3,684	3,797	3,923	4,058
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	1,690	1,760	1,830	1,847	1,934	1,974	2,000	2,047	2,097	2,150	2,194
Other operating funding applications	11,509	12,177	12,981	13,139	13,298	13,457	13,469	13,480	13,493	13,506	13,518
<b>Total applications of operating funding (B)</b>	<b>16,138</b>	<b>17,193</b>	<b>18,065</b>	<b>18,345</b>	<b>18,586</b>	<b>18,896</b>	<b>19,037</b>	<b>19,211</b>	<b>19,387</b>	<b>19,579</b>	<b>19,770</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>835</b>	<b>866</b>	<b>864</b>	<b>805</b>	<b>643</b>	<b>638</b>	<b>624</b>	<b>644</b>	<b>618</b>	<b>540</b>	<b>556</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	43	40	25	25	25	25	32	134	25	25	25
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>43</b>	<b>40</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>25</b>	<b>32</b>	<b>134</b>	<b>25</b>	<b>25</b>	<b>25</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to improve level of service	43	40	25	25	25	25	32	134	25	25	25
* to replace existing assets	-	-	1	2	3	3	6	29	6	8	9
Increase (decrease) in reserves	835	866	863	803	640	635	618	615	612	532	547
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>878</b>	<b>906</b>	<b>889</b>	<b>830</b>	<b>668</b>	<b>663</b>	<b>656</b>	<b>778</b>	<b>643</b>	<b>565</b>	<b>581</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(835)</b>	<b>(866)</b>	<b>(864)</b>	<b>(805)</b>	<b>(643)</b>	<b>(638)</b>	<b>(624)</b>	<b>(644)</b>	<b>(618)</b>	<b>(540)</b>	<b>(556)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/ amortisation charge</b>	<b>835</b>	<b>866</b>	<b>864</b>	<b>805</b>	<b>643</b>	<b>638</b>	<b>624</b>	<b>644</b>	<b>618</b>	<b>540</b>	<b>556</b>

# SOCIAL AND RECREATION

## 5.1 RECREATION PROMOTION AND SUPPORT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	23,494	23,011	24,507	24,478	25,970	26,748	26,870	27,403	27,527	28,049	28,965
Targeted rates (other than a targeted rate for water supply)	657	850	863	883	940	969	985	1,063	1,076	1,062	1,118
Subsidies and grants for operating purposes	222	396	397	120	127	128	130	127	129	136	138
Fees, charges, and targeted rates for water supply <sup>1</sup>	10,803	11,490	11,713	12,267	12,716	13,224	13,671	13,931	14,423	14,844	15,368
Internal charges and overheads recovered	989	1,025	1,049	1,074	1,102	1,131	1,157	1,185	1,214	1,248	1,282
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>36,165</b>	<b>36,772</b>	<b>38,529</b>	<b>38,822</b>	<b>40,855</b>	<b>42,200</b>	<b>42,813</b>	<b>43,709</b>	<b>44,369</b>	<b>45,339</b>	<b>46,871</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	16,557	16,484	17,459	17,418	18,205	19,087	19,571	20,126	20,547	21,369	22,187
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	13,108	13,063	13,509	13,738	14,435	14,822	15,191	15,594	15,906	16,207	16,478
Other operating funding applications	225	400	400	400	400	400	400	400	400	400	400
<b>Total applications of operating funding (B)</b>	<b>29,890</b>	<b>29,947</b>	<b>31,368</b>	<b>31,556</b>	<b>33,040</b>	<b>34,309</b>	<b>35,162</b>	<b>36,120</b>	<b>36,853</b>	<b>37,976</b>	<b>39,065</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>6,275</b>	<b>6,825</b>	<b>7,161</b>	<b>7,266</b>	<b>7,815</b>	<b>7,891</b>	<b>7,651</b>	<b>7,589</b>	<b>7,516</b>	<b>7,363</b>	<b>7,806</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	659	466	466	466	466	466	466	466	466	466	466
Increase (decrease) in debt	3,957	3,563	1,935	1,757	373	2,410	772	241	94	96	100
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>4,616</b>	<b>4,029</b>	<b>2,401</b>	<b>2,223</b>	<b>839</b>	<b>2,876</b>	<b>1,238</b>	<b>707</b>	<b>560</b>	<b>562</b>	<b>566</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	1,706	1,502	871	908	184	919	167	144	47	48	50
* to improve level of service	2,910	2,061	1,064	849	189	1,491	605	97	47	48	50
* to replace existing assets	5,147	3,227	2,853	2,851	3,104	4,244	2,396	2,685	2,610	2,876	3,085
Increase (decrease) in reserves	1,128	4,064	4,774	4,881	5,177	4,113	5,721	5,370	5,372	4,953	5,187
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>10,891</b>	<b>10,854</b>	<b>9,562</b>	<b>9,489</b>	<b>8,654</b>	<b>10,767</b>	<b>8,889</b>	<b>8,296</b>	<b>8,076</b>	<b>7,925</b>	<b>8,372</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(6,275)</b>	<b>(6,825)</b>	<b>(7,161)</b>	<b>(7,266)</b>	<b>(7,815)</b>	<b>(7,891)</b>	<b>(7,651)</b>	<b>(7,589)</b>	<b>(7,516)</b>	<b>(7,363)</b>	<b>(7,806)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>6,275</b>	<b>6,913</b>	<b>7,250</b>	<b>7,355</b>	<b>7,904</b>	<b>7,980</b>	<b>7,740</b>	<b>7,678</b>	<b>7,605</b>	<b>7,452</b>	<b>7,895</b>

## 5.2 COMMUNITY SUPPORT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	24,654	21,744	22,424	22,978	24,733	25,602	26,158	27,479	28,411	29,868	30,061
Targeted rates (other than a targeted rate for water supply)	4,337	4,410	4,555	4,665	4,895	5,263	5,210	5,537	5,805	6,016	6,248
Subsidies and grants for operating purposes	902	1,124	1,050	1,082	196	3	2	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	19,192	18,650	18,688	18,937	22,331	23,505	24,214	24,923	25,655	26,407	27,183
Internal charges and overheads recovered	987	1,222	1,259	1,289	1,208	1,160	1,186	552	566	582	598
Local authorities fuel tax, fines, infringement fees, and other receipts	991	1,029	964	904	857	883	909	1,069	1,101	1,134	1,168
<b>Total operating funding (A)</b>	<b>51,063</b>	<b>48,179</b>	<b>48,940</b>	<b>49,855</b>	<b>54,220</b>	<b>56,416</b>	<b>57,679</b>	<b>59,560</b>	<b>61,538</b>	<b>64,007</b>	<b>65,258</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	24,374	25,034	25,603	26,315	26,950	27,455	27,735	29,264	30,142	31,286	33,130
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	10,921	11,049	11,031	10,824	11,277	11,486	11,150	11,665	11,476	11,363	11,388
Other operating funding applications	5,050	3,524	3,588	3,162	3,236	3,309	3,382	3,457	3,538	3,624	3,709
<b>Total applications of operating funding (B)</b>	<b>40,345</b>	<b>39,607</b>	<b>40,222</b>	<b>40,301</b>	<b>41,463</b>	<b>42,250</b>	<b>42,267</b>	<b>44,386</b>	<b>45,156</b>	<b>46,273</b>	<b>48,227</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>10,718</b>	<b>8,572</b>	<b>8,718</b>	<b>9,554</b>	<b>12,757</b>	<b>14,166</b>	<b>15,412</b>	<b>15,174</b>	<b>16,382</b>	<b>17,734</b>	<b>17,031</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	42,702	34,600	28,448	27,705	17,568	971	490	(93)	(93)	21	697
Development and financial contributions	-	88	88	88	88	88	88	88	88	88	88
Increase (decrease) in debt	267	(88)	(88)	(89)	1,162	7,118	11,139	4,315	995	(76)	(16)
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>42,969</b>	<b>34,600</b>	<b>28,448</b>	<b>27,704</b>	<b>18,818</b>	<b>8,177</b>	<b>11,717</b>	<b>4,310</b>	<b>990</b>	<b>33</b>	<b>769</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	157	949	1,392	-	-	-	-
* to improve level of service	43,023	34,293	28,416	27,730	17,706	12,129	11,777	5,698	2,289	1,254	2,272
* to replace existing assets	5,222	5,311	7,447	7,909	7,342	5,218	9,538	6,886	9,322	6,906	7,280
Increase (decrease) in reserves	5,442	3,568	1,303	1,619	6,370	4,047	4,422	6,900	5,761	9,607	8,248
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>53,687</b>	<b>43,172</b>	<b>37,166</b>	<b>37,258</b>	<b>31,575</b>	<b>22,343</b>	<b>27,129</b>	<b>19,484</b>	<b>17,372</b>	<b>17,767</b>	<b>17,800</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(10,718)</b>	<b>(8,572)</b>	<b>(8,718)</b>	<b>(9,554)</b>	<b>(12,757)</b>	<b>(14,166)</b>	<b>(15,412)</b>	<b>(15,174)</b>	<b>(16,382)</b>	<b>(17,734)</b>	<b>(17,031)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>10,484</b>	<b>11,480</b>	<b>12,086</b>	<b>13,174</b>	<b>14,638</b>	<b>15,298</b>	<b>15,494</b>	<b>15,968</b>	<b>16,439</b>	<b>17,227</b>	<b>17,531</b>

## 5.3 PUBLIC HEALTH AND SAFETY

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	9,130	8,409	8,848	9,023	9,471	9,766	10,035	10,460	10,841	11,217	11,629
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	10	10	10	11	11	11	12	12	12	13	13
Fees, charges, and targeted rates for water supply <sup>1</sup>	3,134	3,287	3,385	3,487	3,593	3,701	3,809	3,925	4,043	4,164	4,289
Internal charges and overheads recovered	646	666	682	698	716	736	752	770	789	811	833
Local authorities fuel tax, fines, infringement fees, and other receipts	74	57	59	61	63	65	67	69	71	73	75
<b>Total operating funding (A)</b>	<b>12,994</b>	<b>12,429</b>	<b>12,984</b>	<b>13,280</b>	<b>13,854</b>	<b>14,279</b>	<b>14,675</b>	<b>15,236</b>	<b>15,756</b>	<b>16,278</b>	<b>16,839</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	7,923	7,364	7,688	7,877	8,106	8,388	8,751	9,017	9,321	9,603	9,942
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	4,420	4,388	4,629	4,703	5,007	5,147	5,185	5,355	5,531	5,727	5,866
Other operating funding applications	17	25	25	26	27	28	28	29	30	31	32
<b>Total applications of operating funding (B)</b>	<b>12,360</b>	<b>11,777</b>	<b>12,342</b>	<b>12,606</b>	<b>13,140</b>	<b>13,563</b>	<b>13,964</b>	<b>14,401</b>	<b>14,882</b>	<b>15,361</b>	<b>15,840</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>634</b>	<b>652</b>	<b>642</b>	<b>674</b>	<b>714</b>	<b>716</b>	<b>711</b>	<b>835</b>	<b>874</b>	<b>917</b>	<b>999</b>

<sup>1</sup> Included in this figure is the metered water rates.



	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	424	-	450	-	-	-	-	-
Development and financial contributions	5	15	15	15	15	15	15	15	15	15	15
Increase (decrease) in debt	573	33	135	(232)	89	(314)	241	35	164	148	950
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>578</b>	<b>48</b>	<b>150</b>	<b>207</b>	<b>104</b>	<b>151</b>	<b>256</b>	<b>50</b>	<b>179</b>	<b>163</b>	<b>965</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	19	9	33	25	15	24	29	21	25	26	322
* to the improve level of service	559	39	117	182	89	127	227	29	154	137	643
* to replace existing assets	381	633	1,074	728	791	1,293	1,599	1,312	1,228	1,286	1,203
Increase (decrease) in reserves	253	19	(432)	(54)	(77)	(577)	(888)	(477)	(354)	(369)	(204)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>1,212</b>	<b>700</b>	<b>792</b>	<b>881</b>	<b>818</b>	<b>867</b>	<b>967</b>	<b>885</b>	<b>1,053</b>	<b>1,080</b>	<b>1,964</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(634)</b>	<b>(652)</b>	<b>(642)</b>	<b>(674)</b>	<b>(714)</b>	<b>(716)</b>	<b>(711)</b>	<b>(635)</b>	<b>(874)</b>	<b>(917)</b>	<b>(999)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>634</b>	<b>658</b>	<b>648</b>	<b>680</b>	<b>720</b>	<b>722</b>	<b>717</b>	<b>841</b>	<b>880</b>	<b>923</b>	<b>1,005</b>

# URBAN DEVELOPMENT

## 6.1 URBAN PLANNING, HERITAGE AND PUBLIC SPACES DEVELOPMENT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	5,985	7,040	7,159	6,927	6,860	7,267	7,500	7,905	8,267	8,638	9,014
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	33	20	21	21	22	23	23	24	25	25	26
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>6,018</b>	<b>7,060</b>	<b>7,180</b>	<b>6,948</b>	<b>6,882</b>	<b>7,290</b>	<b>7,523</b>	<b>7,929</b>	<b>8,292</b>	<b>8,663</b>	<b>9,040</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	1,518	1,895	1,950	2,005	2,069	2,132	2,076	2,139	2,203	2,273	2,347
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	3,095	3,709	3,774	3,487	3,686	4,031	4,320	4,663	4,962	5,263	5,567
Other operating funding applications	1,405	1,455	1,455	1,455	1,126	1,126	1,126	1,126	1,126	1,126	1,126
<b>Total applications of operating funding (B)</b>	<b>6,018</b>	<b>7,059</b>	<b>7,179</b>	<b>6,947</b>	<b>6,881</b>	<b>7,289</b>	<b>7,522</b>	<b>7,928</b>	<b>8,291</b>	<b>8,662</b>	<b>9,040</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	6,197	1,208	3,668	638	5,389	-	-	-	-	-	-
Gross proceeds from sales of assets	-	-	9,000	15,075	400	5,400	400	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>6,197</b>	<b>1,208</b>	<b>12,668</b>	<b>15,713</b>	<b>5,789</b>	<b>5,400</b>	<b>400</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	3,299	-	-	-	-	-	-
* to the improve level of service	6,197	1,208	3,668	638	2,090	-	-	-	-	-	-
* to replace existing assets	-	5,360	2,915	10,936	6,021	6,307	3,538	1,605	1,487	1,576	1,667
Increase (decrease) in reserves	-	(5,359)	6,086	4,140	(5,620)	(906)	(3,137)	(1,604)	(1,486)	(1,575)	(1,667)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>6,197</b>	<b>1,209</b>	<b>12,669</b>	<b>15,714</b>	<b>5,790</b>	<b>5,401</b>	<b>401</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>-</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>(1)</b>	<b>-</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>-</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>1</b>	<b>-</b>

## 6.2 BUILDING AND DEVELOPMENT CONTROL

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	7,886	8,053	8,335	8,329	8,695	8,866	8,872	9,132	9,417	9,766	9,981
Targeted rates (other than a targeted rate or water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	11,111	10,611	10,929	11,258	11,597	11,947	12,298	12,669	13,051	13,444	13,847
Internal charges and overheads recovered	-	90	92	94	97	99	102	104	107	110	113
Local authorities fuel tax, fines, infringement fees, and other receipts	20	55	56	58	60	61	63	65	67	69	71
<b>Total operating funding (A)</b>	<b>19,017</b>	<b>18,809</b>	<b>19,412</b>	<b>19,739</b>	<b>20,449</b>	<b>20,973</b>	<b>21,335</b>	<b>21,970</b>	<b>22,642</b>	<b>23,389</b>	<b>24,012</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	11,017	10,733	10,791	11,062	11,199	11,514	11,799	12,102	12,425	12,787	13,153
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	7,988	8,005	8,556	8,616	9,205	9,417	9,493	9,825	10,173	10,556	10,812
Other operating funding applications	-	35	36	37	39	40	41	43	44	46	47
<b>Total applications of operating funding (B)</b>	<b>19,005</b>	<b>18,773</b>	<b>19,383</b>	<b>19,715</b>	<b>20,443</b>	<b>20,971</b>	<b>21,333</b>	<b>21,970</b>	<b>22,642</b>	<b>23,389</b>	<b>24,012</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>12</b>	<b>36</b>	<b>29</b>	<b>24</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	491	2,977	17,595	14,454	10,142	3,163	1,368	(2)	(2)	(3)	(3)
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>491</b>	<b>2,977</b>	<b>17,595</b>	<b>14,454</b>	<b>10,142</b>	<b>3,163</b>	<b>1,368</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to the improve level of service	491	2,977	17,595	14,454	10,142	3,163	1,368	(2)	(2)	(3)	(3)
* to replace existing assets	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in reserves	12	36	29	24	6	2	2	-	-	-	-
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>503</b>	<b>3,013</b>	<b>17,624</b>	<b>14,478</b>	<b>10,148</b>	<b>3,165</b>	<b>1,370</b>	<b>(2)</b>	<b>(2)</b>	<b>(3)</b>	<b>(3)</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(12)</b>	<b>(36)</b>	<b>(29)</b>	<b>(24)</b>	<b>(6)</b>	<b>(2)</b>	<b>(2)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>12</b>	<b>36</b>	<b>29</b>	<b>24</b>	<b>6</b>	<b>2</b>	<b>2</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# TRANSPORT

## 7.1 TRANSPORT

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	26,766	27,666	28,534	32,565	35,046	36,169	39,891	41,305	42,879	46,913	48,415
Targeted rates (other than a targeted rate for water supply)	-	33	33	33	33	33	33	33	33	33	33
Subsidies and grants for operating purposes	4,002	4,166	4,315	4,465	4,628	4,780	4,953	5,137	5,305	5,515	5,702
Fees, charges, and targeted rates for water supply <sup>1</sup>	1,888	2,057	2,181	2,246	2,314	2,384	2,454	2,528	2,604	2,682	2,763
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	-	-	-	-	-	-	-	-	-	-	-
<b>Total operating funding (A)</b>	<b>32,656</b>	<b>33,922</b>	<b>35,063</b>	<b>39,309</b>	<b>42,021</b>	<b>43,366</b>	<b>47,331</b>	<b>49,003</b>	<b>50,821</b>	<b>55,143</b>	<b>56,913</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	11,220	11,526	12,070	13,165	13,723	13,915	14,406	15,022	15,628	16,406	17,114
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	10,330	10,086	10,646	11,603	12,945	13,655	14,129	14,693	15,133	15,618	16,316
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>21,550</b>	<b>21,612</b>	<b>22,716</b>	<b>24,768</b>	<b>26,668</b>	<b>27,570</b>	<b>28,535</b>	<b>29,715</b>	<b>30,761</b>	<b>32,024</b>	<b>33,430</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>11,106</b>	<b>12,310</b>	<b>12,347</b>	<b>14,541</b>	<b>15,353</b>	<b>15,796</b>	<b>18,796</b>	<b>19,288</b>	<b>20,060</b>	<b>23,119</b>	<b>23,483</b>

<sup>1</sup> Included in this figure is the metered water rates.

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)	(\$'000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	14,347	10,101	10,407	10,884	11,671	13,413	13,759	14,783	14,388	14,845	15,487
Development and financial contributions	1,068	987	987	987	987	987	987	987	987	987	987
Increase (decrease) in debt	7,814	3,134	2,113	6,589	3,430	4,014	3,944	4,739	4,983	11,406	9,741
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>23,229</b>	<b>14,222</b>	<b>13,507</b>	<b>18,460</b>	<b>16,088</b>	<b>18,414</b>	<b>18,690</b>	<b>20,509</b>	<b>20,358</b>	<b>27,238</b>	<b>26,215</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	812	604	75	2,247	550	455	586	1,775	1,755	3,635	3,130
* to the improve level of service	13,739	5,900	5,935	8,531	8,053	10,262	10,605	11,023	10,885	15,878	15,353
* to replace existing assets	22,914	25,754	24,831	26,224	26,447	28,099	28,317	30,053	31,087	32,200	33,362
Increase (decrease) in reserves	(3,130)	(5,726)	(4,987)	(4,001)	(3,609)	(4,606)	(2,022)	(3,054)	(3,309)	(1,356)	(2,147)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>34,335</b>	<b>26,532</b>	<b>25,854</b>	<b>33,001</b>	<b>31,441</b>	<b>34,210</b>	<b>37,486</b>	<b>39,797</b>	<b>40,418</b>	<b>50,357</b>	<b>49,698</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(11,106)</b>	<b>(12,310)</b>	<b>(12,347)</b>	<b>(14,541)</b>	<b>(15,353)</b>	<b>(15,796)</b>	<b>(18,796)</b>	<b>(19,288)</b>	<b>(20,060)</b>	<b>(23,119)</b>	<b>(23,483)</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>20,710</b>	<b>20,093</b>	<b>20,560</b>	<b>22,939</b>	<b>23,552</b>	<b>24,207</b>	<b>27,008</b>	<b>27,711</b>	<b>28,490</b>	<b>31,591</b>	<b>31,926</b>

## 7.2 PARKING SERVICES

	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of operating funding</b>											
General rates, uniform annual general charges, rates penalties	(15,498)	(16,785)	(16,588)	(16,842)	(17,040)	(17,352)	(17,671)	(17,921)	(18,041)	(18,152)	(18,286)
Targeted rates (other than a targeted rate for water supply)	-	-	-	-	-	-	-	-	-	-	-
Subsidies and grants for operating purposes	-	-	-	-	-	-	-	-	-	-	-
Fees, charges, and targeted rates for water supply <sup>1</sup>	17,408	17,814	18,488	19,044	19,619	20,211	20,803	21,432	22,078	22,742	23,424
Internal charges and overheads recovered	-	-	-	-	-	-	-	-	-	-	-
Local authorities fuel tax, fines, infringement fees, and other receipts	10,133	9,850	10,146	10,451	10,766	11,092	11,417	11,761	12,116	12,480	12,855
<b>Total operating funding (A)</b>	<b>12,043</b>	<b>10,879</b>	<b>12,046</b>	<b>12,653</b>	<b>13,345</b>	<b>13,951</b>	<b>14,549</b>	<b>15,272</b>	<b>16,153</b>	<b>17,070</b>	<b>17,993</b>
<b>Applications of operating funding</b>											
Payments to staff and suppliers	10,785	11,075	11,472	12,048	12,734	13,353	14,050	14,794	15,579	16,430	17,336
Finance costs	-	-	-	-	-	-	-	-	-	-	-
Internal charges and overheads applied	581	586	617	626	662	676	685	698	723	745	762
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of operating funding (B)</b>	<b>11,366</b>	<b>11,661</b>	<b>12,089</b>	<b>12,674</b>	<b>13,396</b>	<b>14,029</b>	<b>14,735</b>	<b>15,492</b>	<b>16,302</b>	<b>17,175</b>	<b>18,098</b>
<b>Surplus (deficit) of operating funding (A - B)</b>	<b>677</b>	<b>(782)</b>	<b>(43)</b>	<b>(21)</b>	<b>(51)</b>	<b>(78)</b>	<b>(186)</b>	<b>(220)</b>	<b>(149)</b>	<b>(105)</b>	<b>(105)</b>

<sup>1</sup> Included in this figure is the metered water rates.



	Annual Plan 2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
<b>Sources of capital funding</b>											
Subsidies and grants for capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	-	-	-	-	-	-	-	-	-	-	-
Increase (decrease) in debt	297	-	-	-	-	169	177	183	189	182	201
Gross proceeds from sales of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
<b>Total sources of capital funding (C)</b>	<b>297</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>169</b>	<b>177</b>	<b>183</b>	<b>189</b>	<b>182</b>	<b>201</b>
<b>Applications of capital funding</b>											
<i>Capital expenditure</i>											
* to meet additional demand	-	-	-	-	-	-	-	-	-	-	-
* to improve level of service	297	-	-	-	-	169	177	183	189	182	201
* to replace existing assets	1,020	-	-	-	-	-	200	941	64	-	1,260
Increase (decrease) in reserves	(343)	(782)	(43)	(21)	(51)	(78)	(386)	(1,161)	(213)	(105)	(1,365)
Increase (decrease) in investments	-	-	-	-	-	-	-	-	-	-	-
<b>Total applications of capital funding (D)</b>	<b>974</b>	<b>(782)</b>	<b>(43)</b>	<b>(21)</b>	<b>(51)</b>	<b>91</b>	<b>(9)</b>	<b>(37)</b>	<b>40</b>	<b>77</b>	<b>96</b>
<b>Surplus (deficit) of capital funding (C - D)</b>	<b>(677)</b>	<b>782</b>	<b>43</b>	<b>21</b>	<b>51</b>	<b>78</b>	<b>186</b>	<b>220</b>	<b>149</b>	<b>105</b>	<b>105</b>
<b>Funding balance (A - B) + (C - D)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Expenses for this activity grouping include the following depreciation/amortisation charge</b>	<b>677</b>	<b>373</b>	<b>413</b>	<b>435</b>	<b>405</b>	<b>378</b>	<b>270</b>	<b>236</b>	<b>307</b>	<b>351</b>	<b>351</b>

## APPENDIX 1

# FUNDING IMPACT STATEMENT – OPERATING EXPENDITURE

	Annual Plan 2011/12 \$'000	Forecast										
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	
365,461	Total project expenditure	379,180	388,194	397,922	410,676	425,153	434,968	449,236	478,251	487,185	496,082	
2,221	Weathertight Homes funding	3,331	4,996	6,662	8,327	9,992	11,658	13,323	400	-	-	
500	Self-insurance	750	750	750	750	750	750	750	750	750	750	
<b>368,182</b>	<b>Total operating expenditure</b>	<b>383,261</b>	<b>393,940</b>	<b>405,334</b>	<b>419,753</b>	<b>435,895</b>	<b>447,376</b>	<b>463,309</b>	<b>479,401</b>	<b>487,935</b>	<b>496,832</b>	
234	Add back City housing ring-fenced surplus	(2,761)	(3,220)	(3,472)	(1,732)	(985)	66	(647)	91	655	(352)	
(9,605)	<b>Less expenditure not funded under section 100 of LGA:</b> NZTA Transport funded projects	(7,665)	(7,438)	(7,623)	(7,424)	(7,636)	(7,437)	(7,648)	(7,655)	(7,697)	(7,668)	
-	General	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	(4,000)	
(3,029)	Clearwater sewerage treatment plant	(3,325)	(3,325)	(3,624)	(3,624)	(3,624)	(3,956)	(3,956)	(3,920)	(3,864)	(3,354)	
(204)	Decommissioned Living Earth joint venture plant	(221)	(221)	(239)	(239)	(239)	(256)	(228)	(223)	(232)	(213)	
<b>355,578</b>	<b>Total operating expenditure to be funded</b>	<b>365,289</b>	<b>375,736</b>	<b>386,376</b>	<b>402,734</b>	<b>419,411</b>	<b>431,793</b>	<b>446,830</b>	<b>463,694</b>	<b>472,797</b>	<b>481,245</b>	
<b>Funded by:</b>												
124,568	General rates	127,005	133,160	136,067	144,762	154,304	157,892	165,923	175,552	174,984	176,285	

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# FUNDING IMPACT STATEMENT – OPERATING EXPENDITURE (CONTINUED)

	Annual Plan 2011/12 \$'000	Forecast									
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
		<b>Targeted rates:</b>									
30,936	Sewerage rates (including trade waste)	33,433	34,667	36,677	37,382	38,348	40,300	41,161	42,148	43,971	44,695
35,988	Water rate	36,358	37,473	39,725	41,008	42,020	44,321	45,292	46,246	48,745	49,790
16,972	Stormwater rate	17,363	17,405	18,757	19,754	20,439	21,584	22,150	22,730	24,009	24,770
6,109	Base (residential) sector targeted rate	6,566	6,743	6,891	7,201	7,619	7,604	8,033	8,337	8,559	8,873
4,386	Commercial sector targeted rate	5,131	4,662	4,821	5,042	4,682	4,768	4,864	4,964	5,067	5,178
11,276	Downtown levy	13,664	14,168	14,147	13,148	13,189	13,116	13,365	13,349	13,410	13,363
33	Tawa driveways levy	33	33	33	33	33	33	33	33	33	33
14	Marsden Village levy	14	14	14	14	14	14	14	14	14	14
<b>105,714</b>	<b>Total targeted rates</b>	<b>112,562</b>	<b>115,165</b>	<b>121,065</b>	<b>123,582</b>	<b>126,344</b>	<b>131,740</b>	<b>134,912</b>	<b>137,821</b>	<b>143,808</b>	<b>146,716</b>
<b>230,282</b>	<b>Total rates to fund operating expenditure</b>	<b>239,567</b>	<b>248,325</b>	<b>257,132</b>	<b>266,344</b>	<b>280,648</b>	<b>289,632</b>	<b>300,835</b>	<b>313,373</b>	<b>318,792</b>	<b>323,001</b>
75,321	User charges	77,262	78,550	79,896	82,275	85,387	87,775	90,577	93,861	96,439	99,567
	<b>Other income</b>										
31,519	Ground and commercial leases	31,213	31,424	31,710	35,179	36,463	37,283	38,109	38,961	39,837	40,740
9,298	Dividends	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298
4,548	Transfund subsidies	4,751	4,917	5,085	5,267	5,438	5,630	5,835	6,024	6,255	6,465
798	Housing grants	1,024	1,050	1,082	196	3	2	-	-	-	-
1,300	Petrol tax	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164
1,012	Miscellaneous	1,010	1,008	1,009	1,011	1,010	1,009	1,012	1,013	1,012	1,010
1,500	Prior year surplus	-	-	-	-	-	-	-	-	-	-
<b>355,578</b>	<b>Total funding for operating expenditure</b>	<b>365,289</b>	<b>375,736</b>	<b>386,376</b>	<b>402,734</b>	<b>419,411</b>	<b>431,793</b>	<b>446,830</b>	<b>463,694</b>	<b>472,797</b>	<b>481,245</b>

# FUNDING IMPACT STATEMENT – BORROWING

	Annual Plan 2011/12 \$'000	Forecast									
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000
<b>Opening Gross Borrowings – total</b>	<b>323,985</b>	<b>334,406</b>	<b>373,668</b>	<b>401,997</b>	<b>428,931</b>	<b>445,220</b>	<b>465,198</b>	<b>479,124</b>	<b>482,752</b>	<b>494,611</b>	<b>504,856</b>
New borrowings to fund capital expenditure and loans to other organisations											
- Housing capital expenditure											
- Other capital expenditure	23,439	14,919	25,873	25,109	25,053	28,635	27,758	20,832	17,071	21,334	28,594
- Carry forward capital expenditure	28,000										
<b>Total</b>	<b>51,439</b>	<b>34,919</b>	<b>25,873</b>	<b>25,109</b>	<b>25,053</b>	<b>28,635</b>	<b>27,758</b>	<b>20,832</b>	<b>17,071</b>	<b>21,334</b>	<b>28,594</b>
Other movements to borrowings:											
Asset proceeds	0	0	(9,000)	(15,075)	(400)	(5,400)	(400)	0	0	0	0
Ring-fenced housing surpluses - opex	(234)	2,761	3,220	3,472	1,732	985	(66)	647	(91)	(655)	352
Ring-fenced housing surpluses - capex	(3,273)	(4,351)	(2,923)	(5,471)	(5,423)	(2,082)	(1,433)	(5,545)	(5,613)	(5,657)	(5,883)
Depreciation fund	0										
Self insurance fund contribution	(500)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)	(750)
Leaky homes	0	7,621	8,772	8,593	(769)	(4,754)	(8,348)	(9,832)	462	378	146
Use of prior year surplus	1,500										
Depreciation reserve movement	(4,409)	(1,223)	2,853	10,772	(3,436)	3,060	(3,119)	(2,008)	493	(4,691)	4,755
Other movements	498	285	284	284	282	284	284	284	287	286	285
<b>Closing Gross Borrowing</b>	<b>369,006</b>	<b>373,668</b>	<b>401,997</b>	<b>428,931</b>	<b>445,220</b>	<b>465,198</b>	<b>479,124</b>	<b>482,752</b>	<b>494,611</b>	<b>504,856</b>	<b>532,355</b>

## FUNDING IMPACT STATEMENT – CAPITAL EXPENDITURE AND LOANS TO OTHER ORGANISATIONS 2012/13 LONG TERM PLAN

Annual Plan	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	Forecast	Forecast
\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
74,453	78,944	86,632	98,610	89,227	95,554	99,630	99,412	104,055	106,561	116,307		
79,067	57,193	62,845	61,733	55,873	45,207	40,494	33,733	29,481	34,230	43,083		
28,000	-	0	0	0	0	0	0	0	0	0		
-	20,000	0	0	0	0	0	0	0	0	0		
181,520	156,137	149,477	160,343	145,100	140,761	140,124	133,145	133,536	140,811	159,390		
-	-	-	-	-	-	-	-	-	-	-		
181,520	156,137	149,477	160,343	145,100	140,761	140,124	133,145	133,536	140,811	159,390		
65,773	70,453	78,637	90,462	80,321	87,391	91,665	91,235	95,871	98,390	108,109		
54	0	0	26	0	4,901	1,452	1,388	1,299	1,221	1,503		
14,347	10,289	10,407	10,884	11,671	13,413	13,759	14,783	14,388	14,845	15,487		
42,702	34,600	28,448	27,705	17,568	971	490	(93)	(93)	21	697		
5,753	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000		
1,452	876	1,112	1,157	5,487	450	0	0	0	0	0		
51,439	34,919	25,873	25,109	25,053	28,635	27,758	20,832	17,071	21,334	28,594		
181,520	156,137	149,477	160,343	145,100	140,761	140,124	133,145	133,536	140,811	159,390		

# APPENDIX 1

## FUNDING IMPACT STATEMENT (HOUSING) – OPERATING EXPENDITURE

Annual Plan 2011/12 \$'000	Forecast										
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	
	<b>Operating Statement</b>										
11,992	13,603	13,426	13,271	13,438	13,238	12,726	13,375	13,231	13,280	14,377	
6,247	7,331	8,097	8,800	9,358	9,748	9,873	10,597	10,687	10,776	11,411	
<b>18,239</b>	<b>20,934</b>	<b>21,523</b>	<b>22,071</b>	<b>22,796</b>	<b>22,986</b>	<b>22,599</b>	<b>23,972</b>	<b>23,918</b>	<b>24,056</b>	<b>25,788</b>	
	Funded by:										
17,675	17,149	17,253	17,517	20,868	21,998	22,663	23,325	24,009	24,711	25,436	
	Other income										
798	1,024	1,050	1,082	196	3	2	0	0	0	0	
<b>18,473</b>	<b>18,173</b>	<b>18,303</b>	<b>18,599</b>	<b>21,064</b>	<b>22,001</b>	<b>22,665</b>	<b>23,325</b>	<b>24,009</b>	<b>24,711</b>	<b>25,436</b>	
<b>234</b>	<b>(2,761)</b>	<b>(3,220)</b>	<b>(3,472)</b>	<b>(1,732)</b>	<b>(985)</b>	<b>66</b>	<b>(647)</b>	<b>91</b>	<b>655</b>	<b>(352)</b>	

This information is incorporated into and forms part of the Funding Impact Statement - Operating Expenditure

## FUNDING IMPACT STATEMENT (HOUSING) – CAPITAL EXPENDITURE

Annual Plan 2011/12 \$'000	Forecast										
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	
2,920	3,287	5,206	3,303	4,890	2,765	6,988	3,664	3,775	3,898	4,025	
42,756	34,293	28,416	27,731	16,613	5,872	1,942	1,295	1,206	1,242	2,200	
<b>45,676</b>	<b>37,580</b>	<b>33,622</b>	<b>31,034</b>	<b>21,503</b>	<b>8,637</b>	<b>8,930</b>	<b>4,959</b>	<b>4,981</b>	<b>5,140</b>	<b>6,225</b>	
	Funded by:										
6,247	7,331	8,097	8,800	9,358	9,748	9,873	10,597	10,687	10,776	11,411	
42,702	34,600	28,448	27,705	17,568	971	490	(93)	(93)	21	697	
<b>48,949</b>	<b>41,931</b>	<b>36,545</b>	<b>36,505</b>	<b>26,926</b>	<b>10,719</b>	<b>10,363</b>	<b>10,504</b>	<b>10,594</b>	<b>10,797</b>	<b>12,108</b>	
<b>3,273</b>	<b>4,351</b>	<b>2,923</b>	<b>5,471</b>	<b>5,423</b>	<b>2,082</b>	<b>1,433</b>	<b>5,545</b>	<b>5,613</b>	<b>5,657</b>	<b>5,883</b>	



## FUNDING IMPACT STATEMENT (HOUSING) – BORROWING/INVESTMENTS

Annual Plan 2011/12 \$000	Forecast									
	2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000
<b>2,009</b>	<b>(1,498)</b>	<b>(3,088)</b>	<b>(2,791)</b>	<b>(4,790)</b>	<b>(8,481)</b>	<b>(9,578)</b>	<b>(11,077)</b>	<b>(15,975)</b>	<b>(21,679)</b>	<b>(27,991)</b>
(234)	2,761	3,220	3,472	1,732	985	(66)	647	(91)	(655)	352
(3,273)	(4,351)	(2,923)	(5,471)	(5,423)	(2,082)	(1,433)	(5,545)	(5,613)	(5,657)	(5,883)
<b>(1,498)</b>	<b>(3,088)</b>	<b>(2,791)</b>	<b>(4,790)</b>	<b>(8,481)</b>	<b>(9,578)</b>	<b>(11,077)</b>	<b>(15,975)</b>	<b>(21,679)</b>	<b>(27,991)</b>	<b>(33,522)</b>

This information is incorporated into and forms part of the Funding Impact Statement - Borrowings

## 2012/13 – RATES FUNDING STATEMENT (EXCLUDING GST)

Rate	Factor	Differentiation	Total Value of Factor	Rate/Charge	Rates y/ield GST Exclusive
General Rate	Capital Value	Base differential use	\$35,659,692,000	¢0.191772	\$68,385,305
	Capital Value	Commercial, industrial & business use	\$10,947,401,000	¢0.535460	\$58,618,953
	<b>Total</b>				<b>\$127,004,258</b>
Sewerage Rate	Fixed charge	Base differential use / connection status	66039 properties	\$100.00	\$6,603,900
	Capital Value	Base differential use / connection status	\$37,792,096,000	¢0.036650	\$13,813,011
	Capital Value	Commercial, industrial and business use / connection status	\$9,534,942,000	¢0.136508	\$13,015,959
	<b>Total</b>				<b>\$33,432,870</b>
Water rate	Fixed charge	Base differential use/connection status (without water meter)	59040 properties	\$127.25	\$7,512,840
	Capital Value	Base differential use/connection status (without water meter)	\$30,980,961,000	¢0.044579	\$13,811,003
	Consumption unit charge	Base differential use/connection status (water meter)	n/a	\$1.730 / m <sup>3</sup>	\$418,382
	Fixed charge	Base differential use/connection status (water meter)	n/a	\$103.50	\$72,243
	Capital Value	Commercial, industrial and business use /connection status( without water meter)	\$761,547,000	¢0.290461	\$2,211,997
	Consumption unit charge	Commercial, industrial and business use /connection status (water meter)	n/a	\$1.730 / m <sup>3</sup>	\$12,025,162
	Fixed charge	Commercial, industrial and business use /connection status (water meter)	n/a	\$103.50	\$306,153
<b>Total</b>					<b>\$36,357,780</b>
Stormwater rate	Capital Value	Base differential use (excluding rural)	\$35,170,173,000	¢0.038260	\$13,456,108
	Capital Value	Commercial, industrial and business use (excluding rural)	9,902,511,000	¢0.039455	\$3,907,036
	<b>Total</b>				<b>\$17,363,144</b>

## 2012/13 – RATES FUNDING STATEMENT (EXCLUDING GST) (CONTINUED)

Rate	Factor	Differentiation	Total Value of Factor	Rate/charge	Rates yield GST Exclusive
Indoor Community Sports Centre rate	Capital Value	Base differential use	\$35,659,692,000	€0.000000	\$0
	Capital Value	Commercial, industrial and business use	\$9,902,511,000	€0.000000	\$0
	TOTAL				\$0
Base sector targeted rate	Capital Value	Residential use	\$35,659,692,000	€0.018413	\$6,566,019
Commercial sector targeted rate	Capital Value	Commercial, industrial & business use	\$10,947,401,000	€0.046870	\$5,131,047
Downtown levy	Capital Value	Commercial, industrial & business use / central city location	\$7,703,157,000	€0.177382	\$13,664,014
Tawa driveways levy	Fixed charge	Shared residential access driveways in the suburb of Tawa and maintained by the Council	251 properties	\$133.33	\$33,467
Marsden Village levy	Capital Value	Commercial, industrial & business use located in Marsden shopping village	\$11,549,000	€0.121538	\$14,036
<b>Total rates requirement (excluding GST)</b>					<b>239,566,635</b>

# RATING MECHANISMS

## Rates

Rates are assessed under the Local Government (Rating) Act 2002 (the Act) on all rateable rating units in the Rating Information Database. Where rates are based on value, the capital value of the property as assessed by Quotable Value New Zealand Limited will apply. The latest city-wide revaluation was carried out as at 1 September 2009. This revaluation remains effective for the 2012/13 rating year, except where subsequent maintenance valuations have been required under valuation rules or Council's rating policies. City wide revaluations are performed every three years. The next city-wide revaluation will be carried out as at 1 September 2012 and will be effective for the 2013/14 rating year and the two consecutive rating years (subject again to subsequent maintenance valuations).

Our Revenue and Financing Policy details the policy objectives in relation to setting our rates.

## General rates

General rates are set under section 13 of the Act on all rateable rating units in the City of Wellington.

The Council proposes to set a general rate based on the capital value of each rating unit within the city.

The general rate will be set on a differential basis, based on land use. All rating units (or part thereof) will be classified for the purposes of general rates within one of the following rating differentials.

## Differential rating categories

### Non-rateable

Includes any land referred to in Part 1, Schedule 1 of the Act. This land is non-rateable with the exception of targeted rates for sewerage and water where rates are applicable.

### 50 Percent non-rateable

Includes all land referred to in Part 2, Schedule 1 of the Act. This land is 50 percent non-rateable in respect of the rates that would have applied had the property not been classified as non-rateable, with the exception of targeted rates for sewerage and water for which the land is fully rateable.

### Base differential

This includes:

- Separately rateable land used solely for one or more household units; excluding those properties that are used principally to provide short stay (28 days or less) commercial accommodation for which a tariff is charged
- Vacant land zoned residential
- Rural land (including farmland and lifestyle blocks) under the District Plan that is administered by Council, but excluding any rating unit that is zoned rural industrial
- Separately rateable land occupied by a charitable organisation, which is deemed by the Council to be used exclusively or principally for sporting, recreation or community purposes and that does not generate any private pecuniary profit.

### Commercial, industrial and business differential

This includes:

- Separately rateable land used for a commercial or industrial purpose
- Vacant land zoned commercial, industrial or rural industrial under the District Plan administered by the Council
- Land used for offices, administrative and/or associated functions
- Land used for commercial accommodation for which a tariff is charged and where the principal purpose is the provision of short stay accommodation
- Business-related premises used principally for private pecuniary benefit
- Utility networks
- Any property not otherwise categorised within the Base differential.

### Annual uniform general charge

The Council does not assess a Uniform Annual General Charge.

### Differential rating category conditions

- In accordance with our Revenue and Financing Policy, the Council will modify the differential apportionment so that the commercial, industrial and business sector pay 2.8 times the General rate per dollar of capital value payable by those properties incorporated under the Base (Residential) differential.
- The separated parts of a rating unit will be differentially rated where a part of the property is non-rateable or the property fits under one or more rating differential and either:
  - a) The total capital value of the rating unit is above \$800,000 or
  - b) Minority use(s) account for more than 30 percent of the total capital value of the rating unit.
- In any other case, the General rate differential is determined by principal use.
- In regard to the rates attributable to a rating unit during the transition period between two differential rating categories, a ratepayer may apply for a change in rating category at any time between the lodgement of a building consent application with the Council (on the condition that the principal prior use has ended) and the earlier of either:
  - a) The time at which the Council gives final approval of the completed works, or
  - b) The property is deemed (by the Council) to be available for its intended use.

In situations where the change in land use does not require a Council consent, but warrants a change in differential rating category, the onus is on the ratepayer to inform the Council prior to the property being utilised under the new use.

- The rating differential classification of all rating units must be set prior to the commencement of a rating year and will remain in place for that entire rating year. Any change in circumstances that results in a change of differential classification during a rating year will apply from 1 July of the following rating year.
- Any property eligible for mandatory 50 percent non-rateability under Part 2, Schedule 1, of the Act, will be first classified under the appropriate General rate differential classifications and the non-rateability applied to that rate.

### Targeted rates

Targeted Rates are set under section 16 of the Act.

#### Sewerage rate

A targeted sewerage rate is to be apportioned 60 percent: 40 percent between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the sewerage treatment facilities for the city.

For the purposes of these rates the sewerage collection and disposal service is treated as being provided if the rating unit is connected to a public sewerage drain (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatory non-rateable under

Schedule 1 of the Act.

The targeted Sewerage rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and Business differential:*

A rate per dollar of capital value on all rating units connected to a public sewerage drain, to collect 40 percent of the required rates funding, after having deducted the total dollar amount budgeted to be collected through Trade Waste Charges (excluding consent fees).

*For rating units incorporated in the Base differential:*

A fixed amount of \$100 (+ GST) and a rate per dollar of capital value on all rating units connect to a public sewerage drain, to collect 60 percent of the required rate funding.

#### Water rate

A targeted rate for water is to be apportioned with the aim of achieving a 60 percent: 40 percent split between properties incorporated under the Base differential and the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy.

This rate pays for water collection and treatment facilities, the water distribution network and water conservation for the city.

This rate is set on all rating units serviced by a water connection.

For the purposes of these rates, the water service is treated as being provided if the rating unit is connected to the public water supply (either directly or indirectly), irrespective of whether the property is considered fully rateable or is mandatorily non-rateable or 50 percent non-rateable under Schedule 1 or 2 of the Act.

The targeted Water rate is calculated as follows:

*For rating units incorporated in the Commercial, Industrial and*

<p><i>Business differential, either:</i></p> <p>a) A fixed water meter charge of \$1.73 0(+ GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$103.50 (+ GST) per annum</p> <p>Or</p> <p>b) A rate per dollar of capital value on all rating units connected to the public water supply, without a water meter installed.</p> <p><i>For rating units rated incorporated in the Base differential, either:</i></p> <p>a) A fixed water meter charge of \$1.730 (+ GST) per cubic meter of water used by all rating units connected to the public water supply with a water meter installed, plus an administrative charge of \$103.50 (+ GST) per annum</p> <p>Or</p> <p>b) A fixed amount of \$127.25 (+ GST) per rating unit and a rate per dollar of capital value on all rating units connected to the public water supply without a water meter installed, to collect the required Base differential contribution.</p> <p><b>Stormwater network rate</b></p> <p>A targeted stormwater rate is to be apportioned 77.5 percent to the non-rural rating units incorporated under the Base differential and 22.5 percent to the Commercial, Industrial and Business differential in accordance with the Revenue and Financing Policy. This rate pays for the cost of the provision of the stormwater collection/disposal network for the city.</p>	<p>Properties classified as “rural” under the Council’s operative District Plan are excluded from the liability of this rate.</p> <p>The targeted Stormwater network rate is calculated as follows:</p> <p><i>For non-rural rating units incorporated in the Commercial, Industrial and Business differential:</i></p> <p>A rate per dollar of capital value to collect 22.5% percent of the required rates funding.</p> <p><i>For non-rural rating units incorporated in the Base differential:</i></p> <p>A rate per dollar of capital value to collect 77.5% percent of the required rates funding.</p> <p><b>Commercial, industrial and business sector targeted rate</b></p> <p>This rate pays for activities where the Council’s Revenue and Financing Policy identifies that the benefit can be attributed to the commercial, industrial and business sector and where the activity is not incorporated in other service related targeted rates. This incorporates the following activities:</p> <ul style="list-style-type: none"> <li>• 100% of the cost of the events attraction and support activity.</li> <li>• 50% of the destination Wellington activity</li> </ul> <p>This rate is levied on all properties incorporated in the commercial, industrial and business sector and is calculated on a rate per dollar of rateable capital value.</p>	<p><b>Base sector targeted rate</b></p> <p>This rate pays for activities where the Council’s Revenue and Financing Policy identifies that the benefit can be attributed to properties incorporated under the Base differential rating category (incorporating residential ratepayers). This incorporates the following activities:</p> <ul style="list-style-type: none"> <li>• 100% of the facilitation of community environmental initiatives, cultural grants, facilitation of recreation partnerships and community advocacy activities.</li> <li>• 95% of the provision of community centres and halls activities.</li> </ul> <p>This rate is levied on all properties incorporated under the Base differential rating category and is calculated on a rate per dollar of rateable capital value.</p>
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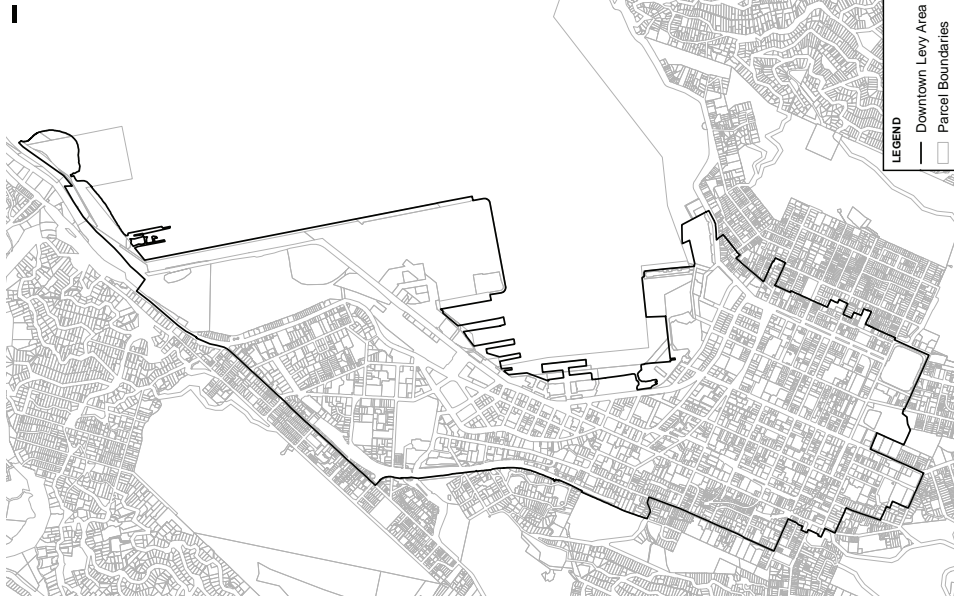
**Downtown levy**

This rate pays for tourism promotion (PWT) and 99% of the retail support (free weekend parking). It also pays for 70% of the visitor attractions activity, 50% of the Destination Wellington activity, 40% of the Convention Venues activity and 25% of galleries and museums (WMT) activity.

The rate is levied on all commercial, industrial and business properties in the downtown area and is calculated on a rate per dollar of rateable capital value.

For the purpose of this rate, the downtown area refers to the area as described by the following Downtown Levy Area map:

**Downtown Levy Area Map**



**Tawa driveways levy**

This rate pays for the maintenance of a specified group of residential access driveways in the suburb of Tawa, overseen by the Council. This rate is levied on a specific group of rating units in the former Tawa Borough at a fixed amount of \$133.33 (+ GST) per annum.

**Marsden village levy**

This rate pays for 1% of the retail support activity (which specifically relates to a rolling programme of improvements at the Marsden Village in Karori). This rate is collected by the Council on behalf of the Marsden Village Association on all commercial, industrial and business properties in the Marsden shopping village and is calculated on a rate per dollar of capital value.

**Rates remission and postponement policies**

Refer to the Council Rates Remission and Postponement Policies.

**Indicative Rates**

The following table shows the indicative residential and commercial property rates exclusive of GST for a selection of billing categories.

### Indicative Rates

Capital Values \$	Indicative residential property rates exclusive of GST (for properties without a water meter)		Indicative suburban commercial property rates exclusive of GST (for properties without a water meter)		Indicative downtown commercial property rates exclusive of GST (for properties without a water meter)		Indicative Marsden village commercial property rates exclusive of GST (for properties without a water meter)	
	Capital Values \$	2012/13 Total Rates \$	Capital Values \$	2012/13 Total Rates \$	Capital Values \$	2012/13 Total Rates \$	Capital Values \$	2012/13 Total Rates \$
200,000	886	2,622	250,000	2,622	250,000	3,065	200,000	2,341
300,000	1,216	5,244	500,000	5,244	500,000	6,131	300,000	3,511
400,000	1,546	7,866	750,000	7,866	750,000	9,196	400,000	4,681
500,000	1,875	10,488	1,000,000	10,488	1,000,000	12,261	500,000	5,851
600,000	2,205	13,109	1,250,000	13,109	1,250,000	15,327	600,000	7,022
700,000	2,534	15,731	1,500,000	15,731	1,500,000	18,392	700,000	8,192
800,000	2,864	18,353	1,750,000	18,353	1,750,000	21,457	800,000	9,362
900,000	3,193	20,975	2,000,000	20,975	2,000,000	24,523	900,000	10,533
1,000,000	3,523	23,597	2,250,000	23,597	2,250,000	27,588	1,000,000	11,703
1,100,000	3,853	26,219	2,500,000	26,219	2,500,000	30,653	1,100,000	12,873
1,200,000	4,182	28,841	2,750,000	28,841	2,750,000	33,719	1,200,000	14,044
1,300,000	4,512	31,463	3,000,000	31,463	3,000,000	36,784	1,300,000	15,214
1,400,000	4,841	34,085	3,250,000	34,085	3,250,000	39,849	1,400,000	16,384
1,500,000	5,171	36,706	3,500,000	36,706	3,500,000	42,915	1,500,000	17,554
1,600,000	5,500	39,328	3,750,000	39,328	3,750,000	45,980	1,600,000	18,725
1,700,000	5,830	41,950	4,000,000	41,950	4,000,000	49,045	1,700,000	19,895
1,800,000	6,160	44,572	4,250,000	44,572	4,250,000	52,111	1,800,000	21,065
1,900,000	6,489	47,194	4,500,000	47,194	4,500,000	55,176	1,900,000	22,236
2,000,000	6,819	49,816	4,750,000	49,816	4,750,000	58,241	2,000,000	23,406
		52,438	5,000,000	52,438	5,000,000	61,307		



# FORECAST FINANCIAL STATEMENTS

## PROSPECTIVE STATEMENT OF COMPREHENSIVE FINANCIAL PERFORMANCE

Annual Plan 2011/12 \$'000	Forecast										
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	
<b>Income</b>											
Revenue from rates	226,745	235,503	244,310	255,522	267,826	276,810	288,013	300,551	305,970	310,179	
Revenue from water rates	12,822	12,822	12,822	12,822	12,822	12,822	12,822	12,822	12,822	12,822	
Revenue from development contributions	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	5,000	
Revenue from grants and subsidies	52,596	46,903	46,618	40,914	21,016	20,639	21,295	21,105	21,931	23,477	
Revenue from operating activities	99,253	100,787	102,745	107,423	112,421	115,592	119,210	123,330	126,764	130,777	
Revenue from investments	18,464	18,516	18,455	19,603	18,987	19,007	19,006	19,005	19,002	19,001	
Finance income	562	562	562	562	562	562	562	562	562	562	
Other income	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	1,164	
<b>418,930</b>	<b>416,606</b>	<b>421,257</b>	<b>431,676</b>	<b>443,010</b>	<b>439,798</b>	<b>451,596</b>	<b>467,072</b>	<b>483,539</b>	<b>493,215</b>	<b>502,982</b>	
<b>Expense</b>											
Finance expense	22,647	22,859	25,096	28,482	30,486	31,911	32,881	33,177	33,519	34,728	
Expenditure on operating activities	264,830	271,182	271,687	277,258	287,388	289,275	299,878	326,519	327,451	334,913	
Depreciation and amortisation	91,703	94,155	101,138	104,933	107,278	113,784	116,475	118,552	126,214	126,441	
<b>367,682</b>	<b>379,180</b>	<b>388,196</b>	<b>397,921</b>	<b>410,673</b>	<b>425,152</b>	<b>434,970</b>	<b>449,234</b>	<b>478,248</b>	<b>487,184</b>	<b>496,082</b>	
<b>51,148</b>	<b>37,426</b>	<b>33,061</b>	<b>33,755</b>	<b>32,337</b>	<b>14,646</b>	<b>16,626</b>	<b>17,838</b>	<b>5,291</b>	<b>6,031</b>	<b>6,900</b>	
-	-	-	-	-	-	-	-	-	-	-	
<b>51,148</b>	<b>37,426</b>	<b>33,061</b>	<b>33,755</b>	<b>32,337</b>	<b>14,646</b>	<b>16,626</b>	<b>17,838</b>	<b>5,291</b>	<b>6,031</b>	<b>6,900</b>	
<b>Other comprehensive income</b>											
Revaluations - fair value movement on property, plant and equipment - net	-	277,020	76,419	-	293,035	100,633	-	356,666	120,056	-	
-	(432)	-	-	-	-	-	-	-	-	-	
<b>45,500</b>	<b>(432)</b>	<b>277,020</b>	<b>76,419</b>	<b>-</b>	<b>293,035</b>	<b>100,633</b>	<b>-</b>	<b>356,666</b>	<b>120,056</b>	<b>-</b>	
<b>96,648</b>	<b>36,994</b>	<b>310,081</b>	<b>110,174</b>	<b>32,337</b>	<b>307,681</b>	<b>117,259</b>	<b>17,838</b>	<b>361,957</b>	<b>126,087</b>	<b>6,900</b>	

# PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Annual Plan 2011/12 \$'000	Assets	Forecast																
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000							
	<b>Current assets</b>																	
2,349	Cash and cash equivalents	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641
42,674	Trade and other receivables	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090	38,090
3,874	Prepayments	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869	5,869
837	Inventories	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134	1,134
<b>49,734</b>	<b>Total current assets</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>	<b>64,734</b>
	<b>Non-current assets</b>																	
1,460	Derivative financial assets	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275	1,275
7,070	Other financial assets	6,814	7,366	7,918	8,470	9,022	9,574	10,126	10,678	11,230	11,782	12,334	12,886	13,438	13,990	14,542	15,094	15,646
11,144	Intangibles	8,350	10,552	13,036	12,931	14,236	16,470	18,152	21,222	19,658	19,607	19,607	19,607	19,607	19,607	19,607	19,607	19,607
213,127	Investment properties	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742	203,742
6,395,878	Property, plant & equipment	6,533,338	6,859,507	6,985,011	7,029,316	7,353,150	7,479,993	7,498,916	7,869,242	8,006,981	8,041,362	8,006,981	8,006,981	8,006,981	8,006,981	8,006,981	8,006,981	8,006,981
6,509	Investment in subsidiaries	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809	3,809
19,556	Investment in associates	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519	19,519
<b>6,654,744</b>	<b>Total non-current assets</b>	<b>6,776,847</b>	<b>7,105,770</b>	<b>7,234,310</b>	<b>7,279,062</b>	<b>7,604,753</b>	<b>7,734,382</b>	<b>7,755,539</b>	<b>8,129,487</b>	<b>8,266,214</b>	<b>8,301,096</b>	<b>8,266,214</b>	<b>8,266,214</b>	<b>8,266,214</b>	<b>8,266,214</b>	<b>8,266,214</b>	<b>8,266,214</b>	<b>8,266,214</b>
<b>6,704,478</b>	<b>Total assets</b>	<b>6,841,581</b>	<b>7,170,504</b>	<b>7,299,044</b>	<b>7,343,796</b>	<b>7,669,487</b>	<b>7,799,116</b>	<b>7,820,273</b>	<b>8,194,221</b>	<b>8,330,948</b>	<b>8,365,830</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>

# PROSPECTIVE STATEMENT OF FINANCIAL POSITION (CONTINUED)

Annual Plan 2011/12 \$'000	Liabilities	Forecast																								
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000															
	<b>Current liabilities</b>																									
377	Derivative financial liabilities	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	26	
49,720	Trade and other payables	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	60,435	
8,876	Revenue in advance	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	10,320	
100,105	Borrowings	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	92,067	
6,464	Employee benefit liabilities	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	5,694	
10,184	Provision for other liabilities	11,708	11,708	11,708	9,603	6,951	4,746	3,808	3,324	3,113	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	3,023	
<b>175,726</b>	<b>Total current liabilities</b>	<b>180,250</b>	<b>180,250</b>	<b>180,250</b>	<b>178,145</b>	<b>175,493</b>	<b>173,288</b>	<b>172,350</b>	<b>171,866</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	<b>171,655</b>	
	<b>Non-current liabilities</b>																									
5,923	Derivative financial liabilities	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	10,062	
268,901	Borrowings	281,601	309,929	336,864	353,153	373,131	387,057	390,685	402,544	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	412,789	
1,614	Employee benefit liabilities	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	1,600	
20,677	Provision for other liabilities	38,651	29,165	20,596	18,827	19,511	20,160	20,789	21,405	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,011	22,584	
<b>297,115</b>	<b>Total non-current liabilities</b>	<b>331,914</b>	<b>350,756</b>	<b>369,122</b>	<b>383,642</b>	<b>404,304</b>	<b>418,879</b>	<b>423,136</b>	<b>435,611</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>446,462</b>	<b>474,534</b>	
<b>472,841</b>	<b>Total liabilities</b>	<b>512,164</b>	<b>531,006</b>	<b>549,372</b>	<b>561,787</b>	<b>579,797</b>	<b>592,167</b>	<b>595,486</b>	<b>607,477</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>618,117</b>	<b>646,099</b>	
	<b>Equity</b>																									
5,055,739	Accumulated funds and retained earnings	4,907,650	4,940,735	4,974,488	5,006,822	5,021,481	5,038,104	5,055,942	5,061,230	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,067,274	5,074,173	
1,163,115	Revaluation reserves	1,414,606	1,691,626	1,768,045	1,768,045	2,061,080	2,161,713	2,161,713	2,518,379	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	2,638,435	
(4,465)	Hedging reserve	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	
-	Fair value through other comprehensive income reserve	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	316	
17,248	Restricted funds	16,018	15,994	15,996	15,999	15,986	15,989	15,989	15,992	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,979	15,980	
<b>6,231,637</b>	<b>Total equity</b>	<b>6,329,417</b>	<b>6,639,498</b>	<b>6,749,672</b>	<b>6,782,009</b>	<b>7,089,690</b>	<b>7,206,949</b>	<b>7,224,787</b>	<b>7,586,744</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,712,831</b>	<b>7,719,731</b>	
<b>6,704,478</b>	<b>Total Equity And Liabilities</b>	<b>6,841,581</b>	<b>7,170,504</b>	<b>7,299,044</b>	<b>7,343,796</b>	<b>7,669,487</b>	<b>7,799,116</b>	<b>7,820,273</b>	<b>8,194,221</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,330,948</b>	<b>8,365,850</b>	

## PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Annual Plan 2011/12 \$'000	Equity	Forecast												
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000			
	<b>Opening balances</b>													
5,004,591	Accumulated funds and retained earnings	4,870,224	4,907,650	4,940,735	4,974,488	5,006,822	5,021,481	5,038,104	5,055,942	5,061,230	5,067,274			
1,117,615	Revaluation reserves	1,414,606	1,414,606	1,691,626	1,768,045	1,768,045	2,061,080	2,161,713	2,161,713	2,518,379	2,638,435			
(4,465)	Hedging reserve	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)			(9,173)
0	Fair value through other comprehensive income reserve	748	316	316	316	316	316	316	316	316	316			316
17,248	Restricted funds	16,018	16,018	15,994	15,996	15,999	15,986	15,989	15,989	15,992	15,979			
<b>6,134,989</b>	<b>Total equity – opening balance</b>	<b>6,292,423</b>	<b>6,329,417</b>	<b>6,639,498</b>	<b>6,749,672</b>	<b>6,782,009</b>	<b>7,089,690</b>	<b>7,206,949</b>	<b>7,224,787</b>	<b>7,586,744</b>	<b>7,712,831</b>			

# PROSPECTIVE STATEMENT OF CHANGES IN EQUITY (CONTINUED)

Annual Plan 2011/12 \$'000	Changes in Equity	Forecast																		
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000									
	<b>Retained earnings</b>																			
52,648	Net surplus attributable to the current year	37,426	33,061	33,755	32,337	14,646	16,626	17,838	5,291	6,031	6,900									
-	Transfer from restricted funds	765	791	765	765	778	765	765	765	779	765									
-	Transfer to restricted funds	-	-	-	-	-	-	-	-	-	-									
(14)	Transfer to restricted funds	(765)	(767)	(767)	(768)	(765)	(768)	(765)	(768)	(766)	(766)									
-	Transfer from revaluation reserves	-	-	-	-	-	-	-	-	-	-									
(1,500)	Funded from previous year surplus	0	0	0	0	0	0	0	0	0	0									
	Revaluation reserves																			
45,500	Share of other comprehensive income	-	277,020	76,419	-	293,035	100,633	-	356,666	120,056	-									
	<b>Fair value through other comprehensive income reserve</b>																			
-	Movement in fair value	(432)	-	-	-	-	-	-	-	-	-									
	<b>Restricted Funds</b>																			
14	Transfer from retained earnings	765	767	767	768	765	768	765	768	766	766									
0	Transfer to retained earnings	(765)	(791)	(765)	(765)	(778)	(765)	(765)	(765)	(779)	(765)									
<b>96,648</b>	<b>Total comprehensive income</b>	<b>36,994</b>	<b>310,081</b>	<b>110,174</b>	<b>32,337</b>	<b>307,681</b>	<b>117,259</b>	<b>17,838</b>	<b>361,957</b>	<b>126,087</b>	<b>6,900</b>									

Annual Plan 2011/12 \$'000	Equity – Closing balances	Forecast																		
		2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000									
5,055,739	Accumulated funds and retained earnings	4,907,650	4,940,735	4,974,488	5,006,822	5,021,481	5,038,104	5,055,942	5,061,230	5,067,274	5,074,173									
1,163,115	Revaluation reserves	1,414,606	1,691,626	1,768,045	1,768,045	2,061,080	2,161,713	2,161,713	2,518,379	2,638,435	2,638,435									
(4,465)	Hedging reserve	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)	(9,173)									
-	Fair value through other comprehensive income reserve	316	316	316	316	316	316	316	316	316	316									
17,248	Restricted funds	16,018	15,994	15,996	15,999	15,986	15,989	15,989	15,992	15,979	15,980									
<b>6,231,637</b>	<b>Total equity – closing balance</b>	<b>6,829,417</b>	<b>6,889,498</b>	<b>6,748,672</b>	<b>6,762,009</b>	<b>7,089,690</b>	<b>7,206,949</b>	<b>7,224,787</b>	<b>7,586,744</b>	<b>7,712,831</b>	<b>7,719,761</b>									

LONG TERM PLAN 2012–22

# PROSPECTIVE STATEMENT OF CASH FLOWS

Annual Plan 2011/12 \$000		Forecast													
		2012/13 \$000	2013/14 \$000	2014/15 \$000	2015/16 \$000	2016/17 \$000	2017/18 \$000	2018/19 \$000	2019/20 \$000	2020/21 \$000	2021/22 \$000				
	<b>Cash flows from operating activities</b>														
196,789	Receipts from rates and levies - Council	226,745	235,503	244,310	255,522	267,826	276,810	288,013	300,551	305,970					310,179
33,493	Receipts from water rates - Council	12,822	12,822	12,822	12,822	12,822	12,822	12,822	12,822	12,822					12,822
107,094	Receipts from activities and other income	105,417	106,951	108,909	118,560	118,585	121,756	125,374	129,494	132,928					136,941
5,097	Receipts from grants and subsidies - operating	6,831	6,936	6,871	1,215	6,182	6,390	6,604	6,810	7,065					7,292
57,429	Receipts from grants and subsidies - capital	45,765	39,967	39,747	34,726	14,834	14,249	14,691	14,295	14,866					16,185
9,599	Receipts from investment property lease rentals	9,166	9,218	9,157	10,305	9,689	9,709	9,708	9,707	9,704					9,703
(226,567)	Cash paid to suppliers and employees	(240,674)	(256,162)	(258,450)	(257,357)	(265,226)	(265,068)	(275,746)	(299,652)	(299,992)					(307,099)
(27,993)	Grants paid	(29,328)	(30,427)	(30,232)	(29,056)	(28,835)	(28,917)	(29,004)	(29,093)	(29,189)					(29,283)
154,941	<b>Net cash flows from operating activities</b>	136,744	124,808	133,134	146,737	135,877	147,751	152,462	144,934	154,174					156,740
	<b>Cash flows from investing activities</b>														
5,250	Dividends received	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298	9,298					9,298
10	Interest received	10	10	10	10	10	10	10	10	10					10
(4,128)	Purchase of Intangibles	(4,563)	(5,664)	(7,276)	(5,296)	(6,775)	(8,076)	(8,174)	(10,312)	(5,978)					(7,310)
(192,885)	Purchase of property, plant and equipment	(151,574)	(134,812)	(137,992)	(139,402)	(128,586)	(131,648)	(124,971)	(123,227)	(134,835)					(152,081)
(191,753)	<b>Net cash flows from investing activities</b>	(146,829)	(131,168)	(135,960)	(135,390)	(126,053)	(130,416)	(123,837)	(124,231)	(131,505)					(150,083)

## PROSPECTIVE STATEMENT OF CASH FLOWS (CONTINUED)

Annual Plan 2011/12 \$'000	Forecast										
	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	
	<b>Cash flows from financing activities</b>										
-	-	-	-	-	-	-	-	-	-	-	-
71,984	31,662	28,328	26,934	16,289	19,978	13,927	3,628	11,859	10,245	27,499	
(20,341)	(21,577)	(21,968)	(24,108)	(27,636)	(29,802)	(31,262)	(32,253)	(32,562)	(32,914)	(34,156)	
<b>51,643</b>	<b>10,085</b>	<b>6,360</b>	<b>2,826</b>	<b>(11,347)</b>	<b>(9,824)</b>	<b>(17,335)</b>	<b>(28,625)</b>	<b>(20,703)</b>	<b>(22,669)</b>	<b>(6,657)</b>	
14,831	-	-	-	-	-	-	-	-	-	-	
2,349	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	19,641	
<b>17,180</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	<b>19,641</b>	

## PROSPECTIVE STATEMENT OF CHANGES IN RESTRICTED FUNDS

	Opening balance 2012/13 \$000	Deposits \$000	Expenditure \$000	Closing balance 2021/22 \$000	Purpose
<b>Special reserves and funds</b>					
Reserve purchase and development fund	1,199	-	-	1,199	Used to purchase and develop reserve areas within the city.
Early Settlers Memorial Park reserve	44	-	-	44	Used to upgrade and maintain the Bolton Street Cemetery and surrounding park and walkways.
<b>Total special reserves and funds</b>	<b>1,243</b>	<b>-</b>	<b>-</b>	<b>1,243</b>	
<b>Council created reserves and funds</b>					
Self insurance reserve	10,138	7,500	(7,500)	10,138	Allows the Council to meet the uninsured portion of insurance claims
Other reserves	4,243	-	-	4,243	
<b>Total Council created reserves and funds</b>	<b>14,381</b>	<b>7,500</b>	<b>(7,500)</b>	<b>14,381</b>	
<b>Trusts and bequests</b>					
A Graham Trust	2	1	-	3	For the upkeep of a specific area of Karori Cemetery
A W Newton Bequest	257	149	(135)	271	For the benefit of art (Fine Arts Wellington), education (technical and other night schools) and athletics (rowing)
E A McMillan Estate	6	-	-	6	For the benefit of the public library
E Pengelly Bequest	10	5	-	15	For the purchase of children's books
F L Irvine Smith Memorial	5	2	-	7	For the purchase of books for the Khandallah Library
Greek NZ Memorial Association	5	-	-	5	Should be used towards Lambton Quay sculptures
Kidsarus 2 Donation	2	1	-	3	For the purchase of children's books
Kirkaldie and Stains Donation	17	-	-	17	For the beautification of the BNZ site
QEII Memorial Book Fund	19	4	(23)	-	For the purchase of books on the Commonwealth
Schola Cantorum Trust	5	3	-	8	For the purchase of musical scores
Stanley Banks Trust	31	-	(31)	-	Available for bursaries for children of World War servicemen
Terawhiti Grant	10	-	-	10	To be used on library book purchases
W G Morrison Estate	11	-	-	11	For development of "green" amenities in the city centre (the Terrace Gardens)
Wellington Beautifying Society Bequest	14	-	(14)	-	Used towards "the Greening of Taranaki Street" project
<b>Total trusts and bequests</b>	<b>394</b>	<b>165</b>	<b>(203)</b>	<b>356</b>	
<b>Total restricted funds</b>	<b>16,018</b>	<b>7,665</b>	<b>(7,703)</b>	<b>15,980</b>	



# SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

## Reporting Entity

Wellington City Council is a territorial local authority governed by the Local Government Act 2002<sup>1</sup>. For the purposes of financial reporting Wellington City Council is a public benefit entity.

These prospective financial statements are for the Wellington City Council (the Council) as a separate legal entity. Consolidated prospective financial statements comprising the Council and its subsidiaries and associates have not been prepared.

## Basis of Preparation

### Statement of compliance

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

The prospective financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

### Measurement base

The reporting period for these prospective financial statements is the 10 year period ending 30 June 2022. The prospective financial statements are presented in New Zealand dollars, rounded to the nearest thousand, unless otherwise stated.

The measurement basis applied is historical cost, modified by the revaluation of certain assets and liabilities as identified in this summary of significant accounting policies. The accrual basis of accounting has been used unless otherwise stated.

For the assets and liabilities recorded at fair value, fair value is defined as the amount for which an item could be exchanged, or a liability settled, between knowledgeable and willing parties in an arm's length transaction. For investment property, non-current assets classified as held for sale and items of property plant and equipment which are revalued, the fair value is determined by reference to market value. The market value of a property is the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction.

Amounts expected to be recovered or settled more than one year after the end of the reporting period are recognised at their present value. The present value of the estimated future cash flows is calculated using applicable inflation factors and a discount rate. The inflation rates used are obtained from the latest BERL forecasts and the discount rate is the Council's forecast long term cost of borrowing.

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

## Judgements and Estimations

The preparation of prospective financial statements using NZ IFRS 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.

<sup>1</sup>The primary objective of the Council is to provide goods or services for community or social benefits rather than making a financial return. Accordingly for the purpose of financial reporting, Wellington City Council is a public benefit entity.

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

## Income

Income comprises revenue, gains and finance income and is measured at the fair value of consideration received or receivable. Specific accounting policies for major categories of income are outlined below:

### Rates

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

### Operating Activities

#### Grant and subsidies and reimbursements

Grants and subsidies and reimbursements are initially recognised at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with. Grants and subsidies received in relation to the provision of services are recognised on a percentage of completion basis. Reimbursements (eg New Zealand Transport Agency roading claim payments) are recognised upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

#### Development contributions

Development contributions are recognised as income when the Council provides, or is able to provide, the service for which the contribution was charged. Until such time as the Council provides, or is able to provide, the service, development contributions are recognised as liabilities.

<i>Fines and penalties</i>	Revenue from fines and penalties (eg traffic and parking infringements, overdue library fines, rates penalties) is recognised when infringement notices are issued or when the fines/penalties are otherwise imposed.	<i>Donated, subsidised or vested assets</i> Where a physical asset is acquired for nil or nominal consideration, the fair value of the asset received is recognised as income when the control of the asset is transferred to the Council.
<i>Rendering of services</i>	Revenue from the rendering of services (eg building consent fees) is recognised by reference to the stage of completion of the transaction, based on the actual service provided as a percentage of the total services to be provided. Under this method, revenue is recognised in the accounting periods in which the services are provided.	<i>Gains</i> Gains include additional earnings on the disposal of property plant and equipment and movements in the fair value of financial assets and liabilities.
<i>Sale of goods</i>	Sale of goods is recognised when products are sold to the customer and all risks and rewards of ownership have transferred to the customer.	<b>Finance Income</b>
<b>Investment Revenues</b>	<i>Dividends</i> Dividends are recognised when the shareholders' rights to receive payment have been established.	<i>Interest</i> Interest income is recognised using the effective interest rate method.
<i>Investment property lease rentals</i>	Lease rentals (net of any incentives given) are recognised on a straight line basis over the term of the lease.	<b>Donated Services</b> The Council benefits from the voluntary service of many Wellingtonians in the delivery of its activities and services (eg beach cleaning and Otari-Wilton's Bush guiding and planting). Due to the difficulty in determining the precise value of these donated services with sufficient reliability, donated services are not recognised in these prospective financial statements.
<b>Other Income</b>	Specific accounting policies for major categories of other income are outlined below:	

## Expenses

Specific accounting policies for major categories of expenditure are outlined below:

### Operating Activities

#### Grants

Expenditure is classified as a grant if it results in a transfer of resources (eg cash or physical assets) to another entity in return for compliance with certain conditions relating to the operating activities of that entity. It includes any expenditure arising from a funding arrangement with another entity that has been entered into to achieve the objectives of the Council. Grants are distinct from donations which are discretionary or charitable gifts. Where grants and subsidies are discretionary until payment, the expense is recognised when the payment is made. Otherwise, the expense is recognised when the specified criteria have been fulfilled.

### Finance Expense

#### Interest

Interest expense is recognised using the effective interest rate method. All borrowing costs are expensed in the period in which they are incurred.

### Depreciation and Amortisation

Depreciation of property, plant and equipment and amortisation of intangible assets are charged on a straight-line basis over the estimated useful life of the associated assets.

## Taxation

Income tax on the surplus or deficit for the year comprises current and deferred tax.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the end of the reporting period, plus any adjustment to tax payable in respect of previous periods.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and amounts used for taxation purposes. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the assets and liabilities, and to unused tax losses using tax rates enacted or substantively enacted at the end of the reporting period. Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which they can be utilised.

## Good and Services Tax (GST)

All items in the prospective financial statements are exclusive of GST, with the exception of receivables and payables, which are stated as GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

## Financial Instruments

Financial instruments include financial assets (loans and receivables and financial assets at fair value through other comprehensive income), financial liabilities (payables and borrowings) and derivative financial instruments. Financial instruments are initially recognised on trade-date at their fair value plus transaction costs. Subsequent measurement of financial instruments is dependent upon the classification determined by the Council. Financial assets are derecognised when the rights to receive cash flows have expired or have been transferred and the Council has transferred substantially all of the risks and rewards of ownership.

Financial instruments are classified into the categories outlined below based on the purpose for which they were acquired. The classification is determined at initial recognition and re-evaluated at the end of each reporting period.

### Financial assets

Financial assets are classified as loans and receivables or financial assets at fair value through other comprehensive income.

*Loans and receivables* comprise cash and cash equivalents, trade and other receivables and loans and deposits.

Cash and cash equivalents comprise cash balances and call deposits with maturity dates of less than three months.

Trade and other receivables have fixed or determinable payments. They arise when the Council provides money, goods or services directly to a debtor, and has no intention of trading the receivable.

Loans and deposits include loans to other entities (including subsidiaries and associates), and bank deposits with maturity dates of more than three months.

Financial assets in this category are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Fair value is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date for assets of a similar maturity and credit risk. Trade and other receivables due in less than 12 months are recognised at their nominal value. A provision for impairment is recognised when there is objective evidence that the asset is impaired. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for impairment in respect of these receivables.

*Financial assets at fair value through other comprehensive income* relate to equity investments that are held by the Council for long term strategic purposes and therefore are not intended to be sold. Financial assets at fair value through other comprehensive income are initially recorded at fair value plus transaction costs. They are subsequently measured at fair value and changes, other than impairment losses, are recognised directly in a reserve within equity. On disposal, the cumulative fair value gain or loss previously recognised directly in other comprehensive income is recognised within surplus or deficit.

#### **Financial liabilities**

Financial liabilities comprise trade and other payables and borrowings. Financial liabilities with a duration of more than 12 months are recognised initially at fair value plus transaction costs and subsequently measured at amortised cost using the effective interest rate method. Amortisation is recognised within surplus or deficit. Financial liabilities with a duration of less than 12 months are recognised at their nominal value.

On disposal any gains or losses are recognised within surplus

or deficit.

#### **Derivatives**

Derivative financial instruments include interest rate swaps used to hedge exposure to interest rate risk on borrowings. Derivatives are initially recognised at fair value, based on quoted market prices, and subsequently remeasured to fair value at the end of each reporting period. Fair value is determined by reference to quoted prices for similar instruments in active markets. Derivatives that do not qualify for hedge accounting are classified as non-hedged and fair value gains or losses are recognised within surplus or deficit. Recognition of fair value gains or losses on derivatives that qualify for hedge accounting depends on the nature of the item being hedged. Where a derivative is used to hedge variability of cash flows (cash flow hedge), the effective part of any gain or loss is recognised within other comprehensive income while the ineffective part is recognised within surplus or deficit. Gains or losses recognised in other comprehensive income transfer to surplus or deficit in the same periods as when the hedged item affects the surplus or deficit. Where a derivative is used to hedge variability in the fair value of the Council's fixed rate borrowings (fair value hedge), the gain or loss is recognised within surplus or deficit.

As per the International Swap Dealers' Association (ISDA) master agreements, all swap payments or receipts are settled net.

#### **Inventories**

Inventories consumed in the provision of services (such as botanical supplies) are measured at the lower of cost and current replacement cost.

Inventories held for resale (such as rubbish bags), are recorded at the lower of cost (determined on a first-in, first-out basis) and net realisable value. This valuation includes allowances for slow moving and obsolete stock. Net realisable value is the estimated selling price in the ordinary course of business.

Inventories held for distribution at no or nominal cost, are recorded at the lower of cost and current replacement cost.

#### **Investment properties**

Investment properties are properties which are held primarily to earn rental income or for capital growth or both. These include the Council's ground leases, land and buildings and the Wellington Waterfront Project's investment properties.

Investment properties exclude those properties held for strategic purposes or to provide a social service, this includes properties which generate cash inflows as the rental revenue is incidental to the purpose for holding the property. Such properties include the Council's social housing assets, which are held within operational assets in property plant and equipment. Borrowing costs incurred during the construction of investment property are not capitalised. Investment properties are measured initially at cost and subsequently measured at fair value, determined annually by an independent registered valuer. Any gain or loss arising is recognised within surplus or deficit. Investment properties are not depreciated.

### Non-current assets classified as held for sale

Non-current assets held for sale are separately classified as their carrying amount will be recovered through a sale transaction rather than through continuing use. A non-current asset is classified as held for sale where:

- The asset is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such assets;
- A plan to sell the asset is in place and an active programme to locate a buyer has been initiated;
- The asset is being actively marketed for sale at a price that is reasonable in relation to its current fair value;
- The sale is expected to occur within one year or beyond one year where a delay has occurred which is caused by events beyond the Council's control and there is sufficient evidence that the Council remains committed to sell the asset; and
- Actions required to complete the sale indicate that it is unlikely that significant changes to the plan will be made or that the plan will be withdrawn.

A non-current asset classified as held for sale is recognised at the lower of its carrying amount or fair value less costs to sell. Impairment losses on initial classification are included within surplus or deficit.

### Property, Plant and Equipment

Property, plant and equipment consists of operational assets, restricted assets and infrastructure assets.

*Operational assets* include land, the landfill post closure asset, buildings, the Civic Centre complex, the library collection and plant and equipment.

*Restricted assets* include art and cultural assets, restricted buildings, parks and reserves and the Town Belt. These assets provide a benefit or service to the community and in most cases cannot be disposed of because of legal or other restrictions.

*Infrastructure assets* include the roading network, water, waste and drainage reticulation networks and infrastructure land (including land under roads). Each asset type includes all items that are required for the network to function.

*Vested assets* are those assets where ownership and control is transferred to the Council from a third party (eg infrastructure assets constructed by developers and transferred to the Council on completion of a sub-division). Vested assets are recognised within their respective asset classes as above.

#### Recognition

Expenditure is capitalised as property, plant and equipment when it creates a new asset or increases the economic benefits of an existing asset. Costs that do not meet the criteria for capitalisation are expensed.

#### Measurement

Property, plant and equipment is recognised initially at cost, unless acquired for nil or nominal cost (eg vested assets), in which case the asset is recognised at fair value at the date of transfer. The initial cost of property, plant and equipment includes the purchase consideration (or the fair value in the case of vested assets), and those costs that are directly attributable to bringing the asset into the location and condition necessary for its intended purpose. Subsequent expenditure that extends or expands the asset's service potential is capitalised.

Borrowing costs incurred during the construction of property plant and equipment are not capitalised.

After initial recognition, certain classes of property, plant and equipment are revalued to fair value. Where there is no active market for an asset, fair value is determined by optimised depreciated replacement cost.

Specific measurement policies for categories of property, plant and equipment are shown below:

#### *Operational Assets*

Plant and equipment and the Civic Centre complex are measured at historical cost and not revalued.

Library collections are valued at depreciated replacement cost on a three-year cycle by the Council's library staff in accordance with guidelines outlined in *Valuation Guidance for Cultural and Heritage Assets* published by the Treasury Accounting Team, November 2002.

Land and buildings are valued at fair value on a three year cycle by independent registered valuers.

<p><i>Restricted Assets</i></p> <p>Art and cultural assets (artworks, sculptures and statues) are valued at historical cost<sup>1</sup>. All other restricted assets (buildings, parks and reserves and the Town Belt) were valued at fair value as at 30 June 2005 by independent registered valuers. Council has elected to use the fair value of other restricted assets at 30 June 2005 as the deemed cost of the assets. These assets are no longer revalued. Subsequent additions have been recorded at cost.</p>	<p><b>Revaluations</b></p> <p>The result of any revaluation of the Council's property, plant and equipment is recognised within other comprehensive income and taken to the asset revaluation reserve. Where this results in a debit balance in the reserve for a class of property, plant and equipment, the balance is included in the surplus or deficit. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised within surplus or deficit will be recognised firstly, within surplus or deficit up to the amount previously expensed, with any remaining increase recognised within other comprehensive income and in the revaluation reserve for that class of property, plant and equipment.</p>	<p><b>Impairment</b></p> <p>The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's or class of assets recoverable amount is less than its carrying amount it will be reported at its recoverable amount and an impairment loss will be recognised. The recoverable amount is the higher of an item's fair value less costs to sell and value in use. Losses resulting from impairment are reported within surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within other comprehensive income.</p>
<p><i>Infrastructure Assets</i></p> <p>Infrastructure assets (road network, water, waste and drainage reticulation assets) are valued at optimised depreciated replacement cost on a three-year cycle by independent registered valuers. Infrastructure valuations are based on current quotes from actual suppliers. As such, they include ancillary costs such as breaking through seal, traffic control and rehabilitation. Between valuations, expenditure on asset improvements is capitalised at cost.</p>	<p>Accumulated depreciation at the revaluation date is eliminated so that the carrying amount after revaluation equals the revalued amount.</p> <p>While assumptions are used in all revaluations, the most significant of these are in infrastructure. For example where stormwater, wastewater and water supply pipes are underground, the physical deterioration and condition of assets are not visible and must therefore be estimated. Any revaluation risk is minimised by performing a combination of physical inspections and condition modelling assessments.</p>	<p><b>Disposal</b></p> <p>Gains and losses arising from the disposal of property, plant and equipment are recognised within surplus or deficit in the period in which the transaction occurs. Any balance attributable to the disposed asset in the asset revaluation reserve is transferred to retained earnings.</p>
<p>Infrastructure land (excluding land under roads) is valued at fair value on a three-year cycle.</p> <p>Land under roads, which represents the corridor of land directly under and adjacent to the Council's roading network, was valued as at 30 June 2005 at the average value of surrounding adjacent land discounted by 50% to reflect its restricted nature. Council elected to use the fair value of land under roads at 30 June 2005 as the deemed cost of the asset. Land under roads is no longer revalued. Subsequent additions have been recorded at cost.</p>	<p>The cost of projects within work in progress is transferred to the relevant asset class when the project is completed and then depreciated.</p>	<p><b>Work in progress</b></p>
<p>The carrying values of revalued property, plant and equipment are reviewed at the end of each reporting period to ensure that those values are not materially different to fair value.</p>		

<sup>1</sup>Zoo animals are stated at estimated cost

## Depreciation

Depreciation is provided on all property, plant and equipment, with certain exceptions. The exceptions are land, restricted assets other than buildings, and assets under construction (work in progress). Depreciation is calculated on a straight line basis, to allocate the cost or value of the asset (less any assessed residual value) over its estimated useful life. The estimated useful lives of the major classes of property, plant and equipment are as follows:

Land	unlimited
Buildings	10 to 100 years
Civic Centre complex	10 to 100 years
Plant and equipment	3 to 100 years
Library collections	3 to 10 years
Restricted assets (excluding buildings)	unlimited

## Infrastructure assets

Land (including land under roads)	unlimited
<i>Roading</i>	
Formation/earthworks	unlimited
Pavement	13 to 40 years
Traffic islands	80 years
Bridges and tunnels	3 to 150 years
Drainage	15 to 120 years
Retaining walls	30 to 100 years
Pedestrian walkway	10 to 50 years
Pedestrian furniture	8 to 25 years
Barriers & lighting	10 to 50 years
Cycle-way network	25 to 40 years
Parking equipment	8 to 10 years
Passenger transport facilities	25 years
Traffic infrastructure	3 to 30 years
<i>Drainage, waste and water</i>	
Pipework	40 to 100 years
Fittings	7 to 100 years
Water pump stations	10 to 100 years
Water reservoirs	40 to 100 years
Equipment	25 years
Sewer pump stations	20 to 80 years
Tunnels	150 years
Treatment plants	3 to 100 years

The landfill post closure asset is depreciated over the life of the landfill based on the capacity of the landfill.

Variation in the range of lives for infrastructural assets is due to these assets being managed and depreciated by individual component rather than as a whole asset.

## Intangible Assets

Intangible assets predominantly comprise computer software and carbon credits. They are recorded at cost less any subsequent amortisation and impairment losses.

Computer software has a finite economic life and amortisation is charged to surplus or deficit on a straight-line basis over the estimated useful life of the asset. Typically, the estimated useful lives of these assets are as follows:

Computer software	3 to 5 years
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Carbon credits are allocations of emission allowances granted by the Government. Carbon credits are recognised at cost at the date of allocation.

Gains and losses arising from disposal of intangible assets are recognised within surplus or deficit in the period in which the transaction occurs. Intangible assets are reviewed at least annually to determine if there is any indication of impairment. Where an intangible asset's recoverable amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised. Losses resulting from impairment are reported within surplus or deficit.

Research costs are expensed as incurred. Development expenditure on individual projects is capitalised and recognised as an asset when it meets the definition and criteria for capitalisation

as an asset and it is probable that the Council will receive future economic benefits from the asset. Assets which have finite lives are stated at cost less accumulated amortisation and are amortised on a straight-line basis over their useful lives.

### Leases

#### Operating leases as lessee

Leases where the lessor retains substantially all the risks and rewards of ownership of the leased items are classified as operating leases. Payments made under operating leases are recognised within surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised within surplus or deficit over the term of the lease as they form an integral part of the total lease payment.

#### Operating leases as lessor

The Council leases investment properties and a portion of land and buildings. Rental income is recognised on a straight line basis over the lease term.

#### Finance leases

Finance leases transfer to the Council (as lessee) substantially all the risks and rewards of ownership of the leased asset. Initial recognition of a finance lease results in an asset and liability being recognised at amounts equal to the lower of the fair value of the leased property or the present value of the minimum lease payments.

The finance charge is released to surplus or deficit over the lease period and the capitalised values are amortised over the shorter of the lease term and the useful life of the leased item.

### Employee Benefit Liabilities

A provision for employee benefit liabilities (holiday leave, long service leave and retirement gratuities) is recognised as a liability when benefits are earned but not paid.

#### Holiday Leave

Holiday leave includes: annual leave, long service leave (qualified for), statutory time off in lieu and ordinary time off in lieu. Annual leave is calculated on an actual entitlement basis at the greater of the average or current hourly earnings in accordance with section 21(2) of the Holidays Act 2003.

#### Long Service Leave and Retirement Gratuities

Long-service leave (not yet qualified for) and retirement gratuities are calculated on an actuarial basis based on the likely future entitlements accruing to employees, after taking into account years of service, years to entitlement, the likelihood that employees will reach the point of entitlement, and other contractual entitlements information.

#### Other Contractual Entitlements

Other contractual entitlements include termination benefits, which are recognised within surplus or deficit only when there is a demonstrable commitment to either terminate employment prior to normal retirement date or to provide such benefits as a result of an offer to encourage voluntary redundancy. Termination benefits settled within 12 months are reported at the amount expected to be paid, otherwise they are reported as the present value of the estimated future cash outflows.

### Provisions

Provisions are recognised for future liabilities of uncertain timing or amount when there is a present obligation as a result of a past event, it is probable that expenditure will be required to settle the obligation and a reliable estimate of the obligation can be made. Provisions are measured at the expenditure expected to be required to settle the obligation. Liabilities and provisions to be settled beyond 12 months are recorded at their present value.

#### Landfill Post Closure Costs

The Council, as operator of the Southern Landfill, has a legal obligation to apply for resource consents when the landfill or landfill stages reach the end of their operating life and are to be closed. These resource consents will set out the closure requirements and the requirements for ongoing maintenance and monitoring services at the landfill site after closure. A provision for post closure costs is recognised as a liability when the obligation for post closure arises, which is when each stage of the landfill is commissioned and refuse begins to accumulate.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including known changes to legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure including final cover application and vegetation; incremental drainage control features; completing facilities for leachate collection and monitoring; completing facilities for water quality monitoring; completing facilities for monitoring and recovery of gas.

Amounts provided for landfill post closure are capitalised to the landfill asset. The capitalised landfill asset is depreciated over the life of the landfill based on the capacity used.



The Council has a 21.5% joint venture interest in the Spicer Valley landfill. The Council's provision for landfill post closure costs includes the Council's proportionate share of the Spicer Valley landfill provision for post closure costs.

#### **ACC Partnership Programme**

The Council is an Accredited Employer under the ACC Partnership Programme. As such the council accepts the management and financial responsibility of our employee work-related injuries. From 1 April 2009 the Council changed their agreement with ACC from Full Self Cover (FSC) to Partnership Discount Plan (PDP). Under the PDP option, Council is responsible for managing work related injury claims for a two-year period only and transfer ongoing claims to ACC at the end of the two-year claim management period with no further liability. Under the ACC Partnership Programme the Council is effectively providing accident insurance to employees and this is accounted for as an insurance contract. The value of this liability represents the expected future payments in relation to work related injuries occurring up to the end of the reporting period for which Council has responsibility under the terms of the Partnership Programme.

#### **Financial Guarantee Contracts**

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

Financial guarantee contracts are initially recognised at fair value. The Council measures the fair value of a financial guarantee by determining the probability of the guarantee being called by the holder. The probability factor is then applied to the principal and the outcome discounted to present value.

Financial guarantees are subsequently measured at the higher of the Council's best estimate of the obligation or the amount initially recognised less any amortisation.

#### **Equity**

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of components to enable clearer identification of the specified uses of equity within the Council.

The components of equity are accumulated funds and retained earnings, revaluation reserves, a hedging reserve and restricted funds (special funds, reserve funds, trusts and bequests).

Restricted funds are those reserves that are subject to specific conditions of use, whether under statute or accepted as binding by the Council, and that may not be revised without reference to the Courts or third parties. Transfers from these reserves may be made only for specified purposes or when certain specified conditions are met.

#### **Prospective Statement of Cash Flows**

Cash and cash equivalents for the purposes of the cash flow statement comprises bank balances, cash on hand and short term deposits with a maturity of three months or less. The [prospective](#) statement of cash flows has been prepared using the direct approach subject to the netting of certain cash flows. Cash flows in respect of investments and borrowings that have been rolled-over under arranged finance facilities have been netted in order to provide more meaningful disclosures.

Operating activities include cash received from all non-financial income sources of the Council and record the cash payments made for the supply of goods and services. Investing activities relate to the acquisition and disposal of assets and investment income. Financing activities relate to activities that change the equity and debt capital structure of the Council and financing costs.

#### **Related Parties**

Related parties arise where one entity has the ability to affect the financial and operating policies of another through the presence of control or significant influence. Related parties include members of the Council and key management personnel, including the Mayor and Councillors, the Chief Executive and all members of the Management Board. The Mayor and Councillors are considered directors as they occupy the position of a member of the governing body of the Council reporting entity.

## Update

### Cost Allocation

The Council has derived the cost of service for each significant activity (as reported within the Statements of Service Performance). Direct costs are expensed directly to the activity. Indirect costs relate to the overall costs of running the organisation and include staff time, office space and information technology costs. These indirect costs are allocated as overheads across all activities.

### Comparatives

To ensure consistency with the current year, certain comparative information has been reclassified where appropriate. This has occurred:

- where classifications have changed between periods; and
- where the Council has made additional disclosure in the current year, and where a greater degree of disaggregation of prior year amounts and balances is therefore required.

### Financial reporting standard 42: prospective financial statements (FRS 42 disclosures)

The Council has complied with FRS 42 in the preparation of these prospective financial statements. In accordance with FRS 42, the following information is provided:

- (i) *Description of the nature of the entity's current operation and its principal activities*  
The Council is a territorial local authority, as defined in the Local Government Act 2002. The Council's principal activities are outlined within this Long Term Plan.
- (ii) *Purpose for which the prospective financial statements are prepared*  
It is a requirement of the Local Government Act 2002 to present prospective financial statements that span 10 years and include them within the Long Term Plan. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.
- (iii) *Bases for assumptions, risks and uncertainties*  
The financial information has been prepared on the basis of best estimate assumptions as the future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined within this Long Term Plan.

(iv) *Cautionary Note*

The financial information is prospective. Actual results are likely to vary from the information presented, and the variations may be material.

(iv) *Other Disclosures*

The prospective financial statements were authorised for issue on [3 April 2012](#) by Wellington City Council. The Council is responsible for the prospective financial statements presented, including the assumptions underlying prospective financial statements and all other disclosures. The Long Term Plan is prospective and as such contains no actual operating results.

# SIGNIFICANT FORECASTING ASSUMPTIONS

## Budget and Forecasting Assumptions and Risk Assessment

Schedule 10 of the Local Government Act 2002 requires that the Council identifies the significant forecasting assumptions and risks underlying the financial information set out in the ten year Long Term Plan (LTP). Where there is a high level of uncertainty the Council is required to state the reason for that level of uncertainty and provide an estimate of the potential effects on the financial assumptions. The level of uncertainty is determined by reference to both the likelihood of occurrence and the financial materiality.

The Council has made a number of significant assumptions in the preparation of the financial forecasts in this LTP. These assumptions are necessary as the LTP covers a 10 year period and to ensure that there is a consistent and justifiable basis for the preparation of the financial forecasts. The significant forecasting assumptions used in developing the financial forecasts in the LTP are detailed in the table below.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>General Assumptions</b></p> <p><b>Strategic Direction</b> The strategic direction set out in the Wellington 2040: Smart Capital strategy will influence the way the Council delivers services and infrastructure to Wellington's residents. Achieving the strategic directions will ensure Wellington thrives and prospers and is resilient against threats, both natural and economic. The strategy will be supported by Wellington's residents. Four strategic goals:</p> <ul style="list-style-type: none"> <li>• People City</li> <li>• Eco City</li> <li>• Connected City</li> <li>• Dynamic Central City</li> </ul>	That the strategic directions will not lead to Wellington prospering and thriving.	Low	The Wellington 2040: Smart Capital strategy is based on a significant body of research predicting six major global trends which will impact on the city between now and 2040. Thorough and comprehensive engagement with Wellington's residents show the vision and goals in the strategy are widely supported. The Strategy builds on strengths and mitigates against threats. The strategy's overarching vision and goals guide the development of the Long Term Plan, specific strategies to achieve outcomes, how the Council's activities can best align to a smart green future, and the setting of meaningful long-term targets to measure progress.

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty																				
<p><b>Projected growth change factors:</b></p> <ul style="list-style-type: none"> <li>• Residents</li> <li>• Households</li> <li>• Household size</li> <li>• Household make-up</li> <li>• Age profile</li> </ul> <p>City growth assumptions underpin the Council's Asset Management Plans and capital expenditure budgets in the LTP.</p> <p>This year our assumptions are informed by the ID Forecast for Wellington City modelling land development, housing markets and the role of suburbs. It is based on Statistics NZ data from the 2001 and 2006 censuses, converting usual resident data to estimated resident population for each neighbourhood. It is also mindful of larger economic and migration trends which are likely to effect the region. It provides a realistic projection based on current policy settings and how they are playing out.</p> <p>See our website <a href="http://www.wellington.govt.nz">www.wellington.govt.nz</a> for the population forecast for the city as a whole and for each neighbourhood together with a list of assumptions that have been incorporated in the forecast.</p>	<p>That growth is higher than forecast thereby putting pressure on Council to provide additional infrastructure and services.</p> <p>That growth is lower than forecast, resulting in surplus capacity in existing or planned infrastructure and services.</p>	Low	<p>Low to Moderate growth can be accommodated within the present level of Council infrastructure. Where growth requires additional infrastructure, Council will collect development contributions to meet a portion of the costs of new or upgraded investment. Capital costs over this amount will result in additional Council expenditure which will need to be funded through new borrowings.</p> <p>Negative growth may not necessarily result in a lower number of ratepayers as on average the number of people per household is decreasing. A consistent and significant decline in population would likely result in moderate increase in rates.</p>																				
<p><b>Growth in ratepayer base:</b></p> <p>The estimated growth in the City's ratepayer base is:</p> <table border="1"> <tbody> <tr><td>2012/13</td><td>0.5%</td></tr> <tr><td>2013/14</td><td>0.5%</td></tr> <tr><td>2014/15</td><td>0.5%</td></tr> <tr><td>2015/16</td><td>0.5%</td></tr> <tr><td>2016/17</td><td>0.5%</td></tr> <tr><td>2017/18</td><td>0.5%</td></tr> <tr><td>2018/19</td><td>0.5%</td></tr> <tr><td>2019/20</td><td>0.5%</td></tr> <tr><td>2020/21</td><td>0.5%</td></tr> <tr><td>2021/22</td><td>0.5%</td></tr> </tbody> </table> <p>As a result, the "real" average rates funding increase will be reduced by an equivalent amount as there are a greater number of ratepayers across which the rates funding requirement will be allocated.</p>	2012/13	0.5%	2013/14	0.5%	2014/15	0.5%	2015/16	0.5%	2016/17	0.5%	2017/18	0.5%	2018/19	0.5%	2019/20	0.5%	2020/21	0.5%	2021/22	0.5%	<p>The growth in the ratepayer base is higher or lower than projected.</p>	Low	<p>The Council has used currently property information from its valuation service provider (Quotable Value) to assess the level of growth in rating units, together with longer term projections from the ID Forecast modelling used in the LTP. The projected growth for 2012/13 is considered robust, with a higher level of estimation for out-years.</p>
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# APPENDIX 1

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<p><b>Forecast cost savings and efficiencies</b></p> <p>The Council is forecasting that efficiency gains and cost savings of equivalent to 5% of average funded operating expenditure over the ten years will be made.</p> <p>This ongoing review will focus on:</p> <ul style="list-style-type: none"> <li>i. A review of the options, impacts and potential risks of reducing the renewals budget</li> <li>ii. The future need for assets and their ongoing strategic alignment.</li> <li>iii. The future capital programme, service levels, alternative service models, holdings and potential income-generating opportunities.</li> <li>iv. Organisational alignment to delivering on the ten year plan.</li> </ul>	<p>That Council does not achieve the forecast level of savings. Note that in making any decisions the Council will:</p> <ul style="list-style-type: none"> <li>• consider the need to appropriately maintain assets so that an unsustainable future financial liability does not result</li> <li>• comply with legislation</li> <li>• ensure the potential adverse impacts on the health and safety of staff and the public are adequately mitigated</li> <li>• outline levels of service impacts and any associated monitoring framework to ensure that changes are sustainable and do not cause unacceptable impacts or disruption to the services that the assets support.</li> </ul>	Low – medium	The general rates requirement would increase or decrease by the difference between the actual and projected general rates reductions from savings. This would require the council to adjust rates, debt, fees and charges, and/or expenditure requirements where savings differ from those forecasted. The council has achieved additional savings targets in each of the past three years of between \$4m and \$8m. This provides confidence that further cost savings can be made, although the actual timing and impact will subject to a number of factors.																																												
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Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Levels of Service</b></p> <p>Demand for Council <b>services</b> and customer expectations regarding levels of service will not significantly change and therefore there will be no significant effect on asset requirements or operating expenditure.</p>	<p>There are significant changes in customer expectations regarding demand for services or levels of service.</p>	<p>Low</p>	<p>The Council has well defined service levels for its planned activities which have been reviewed as part of the LTP process. Customer satisfaction surveys and other engagement strategies generally support this key assumption and therefore there are currently no areas of the Council's service that require significant modification.</p>
<p><b>Resource consents</b></p> <p>Conditions for existing resource consents held by Council will not be significantly altered. Any resource consents due for renewal during the 10 year period will be renewed accordingly.</p>	<p>Conditions of resource consents are altered significantly. Council is unable to renew existing resource consents upon expiry.</p>	<p>Low</p>	<p>The financial effect of any change to resource consent requirements would depend upon the extent of the change. A significant change in requirements could result in the Council needing to spend additional funds to enable compliance. Generally, the Council considers that it is fully compliant with existing Resource Consents and does not contemplate any material departure from these requirements over the next 10 years.</p>
<p><b>Development Contributions</b></p> <p>Significant assumptions in relation to development contributions are included within the Development Contributions Policy.</p>	<p>If growth is higher or lower than forecast, the level of development contributions collected could be insufficient to cover the costs of additional infrastructure required to meet the needs of Wellington's future population.</p>	<p>Low</p>	<p>The growth assumptions within the Development Contributions Policy are considered robust as they are based on the ID Forecast modelling on population, assumptions used across the LTP. The policy is adopted by Council after a robust process including the Special Consultative Procedure and external audit.</p>

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Civil Defence and Emergency Preparedness</b></p> <p>The LTP is prepared on the basis that the city is continually improving its emergency preparedness, and whilst the impact of a major natural disaster cannot be accurately predicted (and therefore the response required), increased community preparedness and regional consistency are cornerstones of our approach.</p> <p>In line with the rest of NZ, we follow the “4Rs”:</p> <ul style="list-style-type: none"> <li>• Reduction of risk</li> <li>• Readiness for an event</li> <li>• Response when it occurs; and</li> <li>• Recovery, post-event.</li> </ul> <p>The focus areas within our plan are:</p> <ul style="list-style-type: none"> <li>• Earthquake prone buildings</li> <li>• Water</li> <li>• Wastewater</li> <li>• Transportation</li> <li>• Electricity</li> <li>• Gas</li> <li>• Telecoms</li> <li>• Welfare</li> <li>• Community preparedness</li> </ul> <p>Most hazards we prepare for have an expected probability. For example, maximum size tsunami once every 2,500 years; major quake on the Wellington fault, 10% chance in the next 100 years.</p>	<p>That a significant event occurs (eg. a major earthquake) and:</p> <ul style="list-style-type: none"> <li>• insufficient risk reduction measures are in place to prevent large numbers of casualties, or</li> <li>• the city is unable to recover sufficiently or quickly enough in order to prevent long-term adverse effects on population or local economy.</li> </ul>	Medium	<p>The September 2010 and February 2011 Canterbury earthquakes showed the magnitude of effects of a moderate to severe emergency event across urban and rural areas. The range and breadth of effects (short and long term) have influenced all areas of life and social, economic, environmental and cultural wellbeing. Emergency assistance was required not only from local organisations, but a national and international response was required.</p> <p>Although the probability of a major earthquake or other natural disaster within the lifespan of the LTP is low, we do take Emergency Preparedness very seriously with the aim to be as prepared as possible. We believe that preparedness activities are never finished and therefore aim for continuous improvement. Although we do consider ourselves capable of dealing with a large event now, we will never know how adequate our plans are until the day they are tested for real. Regardless of preparedness levels, in a major event it will always be likely that regional, national and international assistance will be required.</p> <p>Similarly, the financial impact of such an event is unknown until such an event occurs. However, it is likely to have a significant impact to the current planned expenditure within the LTP.</p>
<p><b>Government Policy</b></p> <p>That the Government policy framework will continue to provide a stable working and statutory framework.</p>	<p>That Government policy framework shifts, resulting in new or amended legislation either requiring significant response and cost to administer by Council; or results in a change to the services delivered by the Council.</p>	High	<p>The current Government has indicated it will pursue a course of local government reform, but no change has yet been passed into legislation. Council will be required to respond to any changes, assess the impact on service delivery and financial budgets.</p>

**Forecasting Assumptions**      **Risk**      **Level of Uncertainty**      **Reasons and Financial Effect of Uncertainty**

**Regional Governance Review**

The Wellington local authorities will continue to work with the public toward a common view of regional governance. This will strengthen the opportunities for authorities to propose and drive any reform agreed with or by Central Government.

That councils in the region fail to lead a public discussion on the issue of governance reform leading to inappropriate and/or rushed change is imposed by central government

Medium

An initial public review and discussion is underway around governance reform in the Wellington Region. Various possible options are being considered, however decisions have yet to be made. Any financial impact will need to be factored into future Annual Plans.

**Significant Financial Assumptions:**

**Inflation**

The Council has adjusted base financial projections to reflect the estimated impact of inflation.

That actual inflation will be significantly different from the assumed inflation.

Low -Medium Years (1-3)  
Medium - High Years (4-10)

Inflation is affected by external economic factors, most of which are outside of the Council's control and influence. Council's costs and the income required to fund those costs will increase by the rate of inflation unless efficiency gains can be made.

**Inflation Rates Applied:**

Inflation rates have been estimated using the BERL "Forecasts of Price level Change Adjustors to 2022." The applicable rates are (shown cumulative):

While individual indices will at times vary from what has been included in this LTP, the Council has relied on the Reserve Bank use of monetary controls to keep inflation within the 1.5 to 3% range.

INDEX	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22
Roading	1.000	1.030	1.067	1.101	1.133	1.170	1.211	1.255	1.299	1.344
Property	1.000	1.029	1.059	1.091	1.125	1.156	1.189	1.225	1.265	1.306
Water	1.000	1.039	1.075	1.115	1.158	1.198	1.241	1.288	1.341	1.396
Energy	1.000	1.048	1.098	1.153	1.212	1.268	1.325	1.392	1.466	1.544
Staff	1.000	1.024	1.048	1.075	1.104	1.129	1.156	1.185	1.218	1.251
Other Expense	1.000	1.032	1.065	1.101	1.139	1.177	1.217	1.258	1.302	1.348
Other Income	1.000	1.030	1.061	1.093	1.126	1.159	1.194	1.230	1.267	1.305

**Significant Financial Assumptions:**



## APPENDIX 1

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p><b>Application of the Inflation Rates:</b></p> <p>The inflation rates above have been applied across all items within the financial statements with the exception of:</p> <p>Revenue from investment properties – not inflated as most ground leases are subject to fixed rentals across the period.</p> <p>Petrol tax – forecast to remain constant. Revenue from petrol tax is driven by tax rates and volumes – both of which are expected to remain constant over the 10 year period.</p> <p>Interest revenue and expenditure – Interest rates do not increase annually in line with rates of inflation. Interest rates have been forecast to remain constant. Refer section below.</p> <p>Grants – Our grant schemes and grants to other organisations do not increase with inflation and remain constant until Council make a decision to change the level of the grants. Therefore our assumption is there will be no change to the value of our grants over the 10 year period.</p> <p>Dividends – Although rates of inflation will affect the revenues and expenditures of those entities distributing dividends to the Council it is not anticipated that the level of dividend will be influenced by rates of inflation in the future.</p>	<p>That the revenue streams identified are influenced by changes in prices or the rate of inflation.</p> <p>That the revenue streams identified fluctuate annually as a result of external factors outside the control of the Council.</p>	<p>Low</p> <p>Low – Mod</p>	<p>The assumption is considered reasonable in these cases due to the specific circumstances noted.</p> <p>Although the revenue streams may vary annually due to factors outside the control of the Council (eg, petrol consumption may vary and therefore affect the revenue received from Petrol Tax) it is not considered that annual variances will have a material effect on the financial forecasts in the LTP.</p>
<p><b>Expected return on investments:</b></p> <p>Council has forecast the following returns for significant investments:</p> <p><b>Wellington International Airport Limited shareholding</b></p> <p>It is assumed that the Council will retain its existing investment in WIAL of 34% and that a regular flow of revenue will be received by way of dividend.</p>	<p>That Council will not achieve the forecast level of dividends</p>	<p>Mod</p>	<p>The forecast annual dividend from Wellington International Airport Limited is \$9 million. Wellington International Airport Limited does not have a dividend policy in place. The level of dividend is dependent on the financial performance of the company. The Council has utilised historical results and future projections of the company to determine the forecast return.</p>
<p><b>Wellington Cable Car Limited</b></p>			

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
It is assumed that the Council will retain its existing investment at the same level. Dividends are assumed to remain constant across the 10 year period.	That Council will not achieve the forecast level of dividends	Mod	The forecast dividend from Wellington Cable Car Limited is \$250,000 per annum. The level of dividend is dependent on the financial performance of the company. The Council has utilised historical results and future projections of the company to determine the forecast return.
<p><b>Wellington Regional Stadium Trust loan</b></p> <p>In accordance with the terms of the loan, no interest has been forecast across the 10 year period.</p> <p>The loan is due to be repaid once the Trust has repaid all of its other liabilities and borrowings. The Trust may return part of its annual operating surplus to the Council to repay all or part of the outstanding loan.</p>	The loan will not be repaid	Low	As the Trust is currently servicing its other loan obligations to commercial lenders, the Council considers that it is unlikely that the Trust will make an annual repayment of the outstanding loan. Once these commercial loans have been repaid the Council expects that the Trust will be in a position to repay the loan advanced by the Council. There is currently no information / reason to suggest that the Trust will not be in a position to repay the Council's loan.
<p><b>Expected interest rates on borrowings</b></p> <p>Interest is calculated using the following interest rates:</p> <p>2012/13 6.00% per annum  2013/14 6.00% per annum  2014/15 6.20% per annum  2015/16 6.50% per annum  2016/17 6.50% per annum  2017/18 6.75% per annum  2018/19 6.75% per annum  2019/20 6.75% per annum  2020/21 6.75% per annum  2021/22 6.75% per annum</p>	That prevailing interest rates will differ significantly from those estimated.	Mod	Interest rates are largely driven by factors external to the NZ economy. Council manages its exposure to adverse changes in interest rates through the use of interest rate swaps. At any time Council policy is to have a minimum level of interest rate hedging equivalent to 50% of core borrowings. Based on the minimum hedging profile, a 1% movement in interest rates will increase/decrease annual interest expense by between \$1.5 and \$2.0m per annum.
<p><b>NZTA funding</b></p> <p>NZTA requirements and specifications for the performance of subsidised work and subsidy rates will not alter to the extent that they impact significantly on operating costs.</p>	NZTA make changes to the subsidy rate, the funding cap or the criteria for inclusion in the subsidised works programme.	Low	NZTA funding priorities may change as a result of the Land Transport Management Act 2003 or the National Land Transport Programme 2012/13 – 2015/16 yet to be finalised. Variations in the subsidy rates of approx 1% would not impact the Council's funding income stream due to current eligible expenditure being in excess of the current funding cap.
<b>Vested assets</b>			

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
No vesting of assets is forecast across the 10 year period.	That Council will have assets vested thereby increasing the depreciation expense in subsequent years.	High	The level of vested assets fluctuates considerably from year to year. Historical levels have not been material. The recognition of vested assets in the income statement is non-cash in nature and will have no effect on rates. The financial effect of the uncertainty is expected to be low.
<b>Sources of funds for the future replacement of significant assets</b>			
Sources of funds for operating and capital expenditure are as per the Revenue and Financing Policy (refer page xx)	That sources of funds are not achieved	Low	User charges have been set at previously achieved levels. Depreciation is funded through rates. The Council is able to access borrowings at levels forecast within the LTP.
<b>Useful lives of significant assets</b>			
The useful lives of significant assets is shown in the Statement of Accounting Policies (refer page xx). It is assumed that there will be no reassessment of useful lives throughout the 10 year period.	That assets wear out earlier or later than estimated.	Low – Asset lives are based upon estimates made by engineers and registered valuers.	The financial effect of the uncertainty is likely to be immaterial. Depreciation and interest costs would increase if capital expenditure was required earlier than anticipated. However, these impacts could be mitigated as capital projects could be reprioritised in the event of early expiration of assets.
It is assumed that assets will be replaced at the end of their useful life.	<ul style="list-style-type: none"> <li>* That Council activities change, resulting in decisions not to replace existing assets.</li> <li>* Reliability of data – We're continuing to improve our asset information – including condition information – to give greater certainty to our forecasts</li> </ul>	Low	Council has a comprehensive asset management planning process. Where a decision is made not to replace an asset, this will be factored into capital projections.
Planned asset acquisitions (as per the capital expenditure programme) shall be depreciated on the same basis as existing assets.	That more detailed analysis of planned capital projects may alter the useful life and therefore the depreciation expense.	Low	Asset capacity and condition is monitored, with replacement works being planned accordingly. Depreciation is calculated in accordance with accounting and asset management requirements.
<b>Revaluation of property, plant and equipment</b>			

Forecasting Assumptions	Risk	Level of Uncertainty	Reasons and Financial Effect of Uncertainty
<p>These forecasts include a three yearly estimate to reflect the change in asset valuations for property, plant and equipment in accordance with the Council's accounting policies (refer page 20). The following assumptions have been applied to projected asset revaluations:</p> <ul style="list-style-type: none"> <li>• Revaluation movements shall equate the inflation rates applied for all depreciable property, plant and equipment (refer section "inflation")</li> <li>• The depreciation impact of inflation shall be in the year following revaluation.</li> <li>• The value of non-depreciable assets (eg land) is forecast to remain constant.</li> </ul>	<p>That actual revaluation movements will be significantly different from those forecast</p>	Mod	<p>The majority of Council's depreciable property, plant and equipment assets is valued on a depreciated replacement cost basis. Therefore, using the projected inflation rate as a proxy for revaluation movements is appropriate and consistent with the treatment of price changes generally within the LTP.</p> <p>For land assets valued at market value (based on sales evidence), values have been assumed to remain constant. This reflects the wide disparity in views on the sustainability of current residential market prices. This assumption has no impact on depreciation as these assets are not depreciated.</p>
<p><b>Revaluation of other assets</b></p> <p>It is assumed that the value of all other assets (eg investment properties) accounted for at fair/market value will remain constant across the 10 year plan.</p>	<p>That actual revaluation movements will be significantly different from those forecast</p>	Mod	<p>For assets valued at market value (based on sales evidence), values have been assumed to remain constant. This reflects the wide disparity in views on the sustainability of current residential market prices. This assumption has no impact on depreciation as these assets are not depreciated.</p>
<p><b>LGFA Guarantee</b></p> <p>Each of the shareholders of the LGFA is a party to a deed of Guarantee, whereby the parties to the deed guarantee the obligations of the LGFA and the guarantee obligations of other participating local authorities to the LGFA, in the event of default.</p>	<p>In the event of a default by the LGFA, each guarantor would be liable to pay a proportion of the amount owing. The proportion to be paid by each respective guarantor is set in relation to each guarantors relative rates income.</p>	Low	<p>The Council believes the risk of the guarantee being called on and any financial loss arising from the guarantee is low. The likelihood of a local authority borrower defaulting is extremely low and all of the borrowings by a local authority from the LGFA are secured by a rates charge.</p>
<p><b>Renewal of External Funding</b></p> <p>It is assumed that Council will be able to renew existing borrowings on equivalent terms.</p>	<p>That new borrowings cannot be accessed to fund future capital requirements</p>	Low	<p>The Council minimises its liquidity risk by maintaining a mix of current and non-current borrowings in accordance with its Investment and Liability Management Policy.</p> <p>In accordance with the Liability Management Policy the Council must maintain its borrowing facilities at a level that exceeds 110% of peak borrowing levels over the next 12 months.</p>
<p><b>Weatheright Homes</b></p> <p>Council's weatheright homes liability is assumed to be paid within the 10 years of the LTP.</p>	<p>That the level of the claims and settlements is higher than provided for within the LTP.</p>	Low	<p>The weatheright homes liability is an actuarial calculation based on the best information currently available. The liability provided for within the Council's financial statements is \$51m, a 1% change in this figure would equate to \$0.5m.</p>