

Forecast Financial Information

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Statement of Prospective Financial Performance

A forecast for the 10 years ending 30 June 2016

2005/06 \$000's		2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
(Estimated)											
Operating Revenue											
28,927	Rates	31,582	34,261	36,549	38,378	40,250	42,354	43,987	45,606	47,379	48,668
1,113	Investment Income	1,355	1,405	1,344	1,587	1,527	1,598	1,782	1,855	2,114	2,434
8,188	Activity Revenue (Note 1)	7,430	5,680	5,777	6,436	6,165	7,139	7,587	7,992	8,039	7,477
9,231	Contributions	7,521	5,316	5,502	5,113	5,142	5,171	5,196	5,246	5,306	5,328
9,742	Subsidies	11,201	12,004	10,566	13,511	12,157	12,436	14,016	12,975	13,298	12,795
57,201		59,089	58,666	59,738	65,025	65,241	68,698	72,568	73,674	76,136	76,702
Operating Expenditure											
135	Audit Fees	88	91	134	85	87	144	91	93	152	96
8,337	Depreciation	8,431	9,484	11,004	11,795	12,290	13,702	14,763	15,682	17,818	18,656
9,240	Employee Benefits	10,836	11,231	11,476	11,834	12,205	12,525	12,853	13,200	13,476	13,772
210	Finance Costs	970	1,201	1,227	1,182	965	856	682	534	402	285
412	Rates Remissions	329	354	381	408	425	443	454	464	474	484
19,469	Other Direct Operating Costs	19,456	20,297	20,532	20,887	21,600	22,066	22,217	22,690	22,833	23,621
37,803		40,110	42,658	44,754	46,191	47,572	49,736	51,060	52,663	55,155	56,914
19,398	Operating Surplus (Deficit)	18,979	16,008	14,984	18,834	17,669	18,962	21,508	21,011	20,981	19,788

Note 1: All income from investment properties is rental and included in Activity Revenue.

**Reconciliation Statement of Prospective Financial Performance
with Estimated Expenses and Revenue Statements**

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's
Revenue			
Statement of Prospective Financial Performance	59,089	58,666	59,738
Consolidated Expenses and Revenue Statement	32,614	30,346	29,631

Difference	26,475	28,320	30,107
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The difference is due to the following revenue items:

Investment Income	1,355	1,404	1,344
Penalties	555	568	589
Asset Revaluation	135	-	-
General Rate	24,430	26,348	28,174
	26,475	28,320	30,107

Expenditure

Statement of Prospective Financial Performance	40,110	42,658	44,754
Consolidated Expenses and Revenue Statement	39,717	42,219	44,227

Difference	393	439	527
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The difference is due to the following expenditure items:

Rate Remissions	331	359	388
Finance Costs	30	29	27
Penalty Remissions	80	82	85
Asset Revaluation	-	16	64
Landfill Provision	-48	-47	-37
	393	439	527

The difference is due to the above items being included in the Statement of Prospective Financial Performance but not in the Consolidated Cost of Service Statements.

Statement of Prospective Movements in Equity

A forecast for the 10 years ending 30 June 2016

	2005/06	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(Estimated)											
621,864	Equity at Start of Year	688,589	707,568	723,576	773,376	792,210	809,879	908,312	929,820	950,831	1,112,820
47,327	Asset Revaluation	0	0	34,816	0	0	79,471	0	0	141,008	0
19,398	Net Surplus for the Year	18,979	16,008	14,984	18,834	17,669	18,962	21,508	21,011	20,981	19,788
66,725	Total Recognised Revenue and Expenses	18,979	16,008	49,800	18,834	17,669	98,433	21,508	21,011	161,989	19,788
688,589	Equity at End of Year	707,568	723,576	773,376	792,210	809,879	908,312	929,820	950,831	1,112,820	1,132,608

Statement of Prospective Financial Position

A forecast for the 10 years ending 30 June 2016

2005/06 \$000's (Estimated)	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
ASSETS										
Current Assets										
2,747	2,392	3,238	2,224	6,146	6,600	6,951	7,648	10,839	15,677	21,351
6,686	6,764	7,029	7,484	8,038	8,448	9,057	9,582	10,040	10,462	10,687
88	94	75	79	84	89	94	50	35	-	-
9,521	9,250	10,342	9,787	14,268	15,137	16,102	17,280	20,914	26,139	32,038
Non-current Assets										
3,586	3,493	3,418	3,340	3,257	3,170	3,076	3,026	2,990	2,990	2,991
4,180	4,302	4,420	4,533	4,638	4,735	4,827	4,912	4,983	5,059	5,059
1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397	1,397
686,028	715,727	730,948	780,762	792,332	806,877	902,183	920,626	936,310	1,091,541	1,104,417
695,191	724,919	740,183	790,032	801,624	816,179	911,483	929,961	945,680	1,100,987	1,113,864
704,712	734,169	750,525	799,819	815,892	831,316	927,585	947,241	966,594	1,127,126	1,145,902
LIABILITIES										
Current Liabilities										
6,948	6,950	7,014	7,077	7,151	7,227	7,317	7,380	7,451	7,506	7,562
40	25	27	27	28	28	29	29	30	30	31
1,733	2,409	2,585	2,841	2,336	2,271	1,920	1,739	1,526	1,073	0
8,721	9,384	9,626	9,945	9,515	9,526	9,266	9,148	9,007	8,609	7,593
Non-current Liabilities										
7,081	16,905	17,020	16,196	13,867	11,610	9,706	7,973	6,458	5,401	5,408
131	141	151	161	171	181	191	201	211	221	231
190	171	152	141	129	120	110	99	87	75	62
7,402	17,217	17,323	16,498	14,167	11,911	10,007	8,273	6,756	5,697	5,701
16,123	26,601	26,949	26,443	23,682	21,437	19,273	17,421	15,763	14,306	13,294
688,589	707,568	723,576	773,376	792,210	809,879	908,312	929,820	950,831	1,112,820	1,132,608
EQUITY										
421,707	447,900	462,530	476,295	489,210	503,654	520,420	537,790	554,407	569,709	583,086
16	16	16	16	16	16	16	16	16	16	16
7,129	-85	1,293	2,512	8,431	11,656	13,852	17,990	22,384	28,063	34,474
259,737	259,737	259,737	294,553	294,553	294,553	374,024	374,024	374,024	515,032	515,032
688,589	707,568	723,576	773,376	792,210	809,879	908,312	929,820	950,831	1,112,820	1,132,608

A forecast for the 10 years ending 30 June 2016

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
(Estimated)										
Cash Flows from Operating Activities										
<i>Cash will be provided from:</i>										
28,729	31,808	33,726	36,072	37,989	39,878	41,945	43,637	45,282	47,032	48,386
9,742	11,201	12,004	10,566	13,511	12,157	12,436	14,016	12,975	13,298	12,795
9,231	7,521	5,316	5,502	5,113	5,142	5,171	5,196	5,246	5,306	5,328
6,960	7,135	5,980	6,333	6,173	7,007	7,471	7,909	8,011	7,909	7,559
970	1,380	1,283	1,226	1,474	1,422	1,501	1,690	1,770	2,043	2,358
55,632	59,045	58,309	59,216	64,772	68,060	72,010	73,182	73,182	75,690	76,426
<i>Cash will be applied to:</i>										
19,402	20,076	20,909	21,234	21,564	22,280	22,830	22,959	23,429	23,656	24,376
9,107	10,686	11,065	11,308	11,669	12,036	12,354	12,682	13,027	13,302	13,597
178	948	1,172	1,197	1,152	935	827	653	506	373	256
28,687	31,710	33,146	33,739	34,385	35,251	36,011	36,294	36,962	37,331	38,229
Net Cash Inflow (Outflow) from Operating Activities										
26,945	27,335	25,163	25,477	30,035	29,521	32,049	35,716	36,220	38,359	38,197
Cash Flows from Investing Activities										
<i>Cash will be provided from:</i>										
2,787										
	323	348	177	137	117	186	260	120	190	187
	NOTE 1									
75										
	88	94	75	79	84	89	94	50	35	0
2,862	411	442	252	216	201	275	354	170	225	187
<i>Cash will be applied to:</i>										
46,300	38,594	25,037	26,158	23,488	26,932	29,702	33,453	31,460	32,220	31,637
	0	0	0	0	0	0	0	0	0	0
46,475	38,594	25,037	26,158	23,488	26,932	29,702	33,453	31,460	32,220	31,637
(43,613)	(38,183)	(24,595)	(25,906)	(23,272)	(26,731)	(29,427)	(33,099)	(31,290)	(31,995)	(31,450)
Cash Flows from Financing Activities										
<i>Cash will be provided from:</i>										
8,990	12,226	2,687	2,000	0	0	0	0	0	0	0
201	1,733	2,409	2,585	2,841	2,336	2,271	1,920	1,739	1,526	1,073
8,789	10,493	278	(585)	(2,841)	(2,336)	(2,271)	(1,920)	(1,739)	(1,526)	(1,073)
(7,879)	(355)	846	(1,014)	3,922	454	351	697	3,191	4,838	5,674
10,626	2,747	2,392	3,238	2,224	6,146	6,600	6,951	7,648	10,839	15,677
2,747	2,392	3,238	2,224	6,146	6,600	6,951	7,648	10,839	15,677	21,351

NOTE 1 The purchase and sale of Property, Plant and Equipment includes computer equipment, plant and furniture purchased through the Plant and Information Services departments. The income and expense have already been allocated across all Council activities within the Estimated Expense and Revenue Statements.

Estimated Expenses and Revenue Statement

A forecast for the 10 years ending 30 June 2016

	2006/07 000's	2007/08 000's	2008/09 000's	2009/10 000's	2010/11 000's	2011/12 000's	2012/13 000's	2013/14 000's	2014/15 000's	2015/16 000's
Activity Expenditure										
Community Assets	12,964	13,883	14,749	15,334	15,557	16,225	16,519	16,879	17,525	17,802
Corporate Services	3,169	3,725	3,509	3,621	3,724	3,867	3,960	4,039	3,834	4,136
Corporate and Council Leadership	4,071	4,097	4,294	4,285	4,463	4,439	4,402	4,561	4,685	4,766
Environmental Services	4,523	4,689	4,707	4,802	4,946	5,042	5,151	5,259	5,346	5,363
Transportation Services	15,478	16,531	17,704	18,519	19,129	20,351	21,285	22,258	24,024	25,151
	40,205	42,925	44,963	46,561	47,819	49,924	51,317	52,996	55,414	57,218
Less:										
Internal Interest	488	706	736	765	709	724	735	866	862	864
Activity Expenditure	39,717	42,219	44,227	45,796	47,110	49,200	50,582	52,130	54,552	56,354
Activity Revenue										
Community Assets	13,143	11,902	11,113	13,098	11,177	11,652	12,137	13,524	14,159	13,954
Corporate Services	2,972	2,054	2,060	2,135	2,183	1,978	2,208	2,267	2,309	2,335
Corporate and Council Leadership	580	88	30	30	93	30	30	97	30	30
Environmental Services	2,632	2,808	2,878	2,884	2,892	2,895	2,899	3,005	3,009	3,018
Transportation Services	13,657	13,865	13,967	15,537	16,337	17,844	19,532	18,008	18,430	18,046
	32,984	30,717	30,048	33,684	32,682	34,399	36,806	36,901	37,937	37,383
Less:										
Internal Interest	370	371	417	491	559	593	662	814	1,021	1,269
Activity Revenue	32,614	30,346	29,631	33,193	32,123	33,806	36,144	36,087	36,916	36,114
Activity Surplus/(Deficit)	(7,103)	(11,873)	(14,596)	(12,603)	(14,987)	(15,394)	(14,438)	(16,043)	(17,636)	(20,240)
Activity Surplus/(Deficit) funded by										
Asset Sales	(90)	(200)	0	0	0	0	0	0	0	0
Council Reserves	(2,636)	628	439	423	532	605	650	755	159	(110)
General Rate	(18,913)	(23,622)	(25,198)	(26,301)	(27,236)	(29,010)	(29,685)	(30,742)	(32,771)	(33,920)
Income Applied to Capital Works	11,473	10,913	9,541	10,072	10,732	12,226	13,680	12,865	13,462	11,922
Internal Loans Raised	0	(224)	0	0	0	0	0	0	0	0
Non Funded Depreciation	(88)	(109)	(131)	(135)	(143)	(157)	(166)	(167)	(152)	(165)
Targeted Rate Reserves - Capital	2,877	174	119	2,553	218	157	153	198	564	713
Targeted Rate Reserves - Operational	274	567	634	785	910	785	932	1,048	1,102	1,320
	(7,103)	(11,873)	(14,596)	(12,603)	(14,987)	(15,394)	(14,438)	(16,043)	(17,636)	(20,240)

Consolidated Estimated Capital Funding Requirements

A forecast for the 10 years ending 30 June 2016

	2006/07 \$000's	2007/08 \$000's	2008/09 \$000's	2009/10 \$000's	2010/11 \$000's	2011/12 \$000's	2012/13 \$000's	2013/14 \$000's	2014/15 \$000's	2015/16 \$000's
Capital Expenditure										
Growth	13,580	7,563	7,843	3,714	3,957	3,653	4,083	4,235	3,647	4,423
Level of Service	8,495	5,717	6,109	8,913	8,663	12,045	15,486	12,494	14,131	12,894
Renewal	15,315	10,679	10,898	9,869	13,396	12,843	12,328	12,537	13,149	13,074
	37,390	23,959	24,850	22,496	26,016	28,541	31,897	29,266	30,927	30,391
Loan Repayments (internal and external)	1,647	2,316	2,635	3,246	2,913	3,034	2,628	2,876	2,888	2,373
Total Capital Funding Requirements	39,037	26,275	27,485	25,742	28,929	31,575	34,525	32,142	33,815	32,764
Funded By										
Asset Sales	455	0	0	0	0	0	0	0	0	0
Council Reserves	2,526	1,797	1,808	397	1,010	997	458	524	256	453
External Loans Raised	4,670	2,687	2,000	2,000	2,922	2,000	2,000	2,000	2,000	2,000
General Rate	6,196	2,504	2,810	3,237	3,456	3,312	3,890	3,977	3,341	3,121
Income Applied to Capital Works	11,473	10,913	9,541	10,072	10,732	12,226	13,680	12,865	13,462	11,922
Internal Loans Raised	0	0	1,925	0	0	0	1,643	0	0	0
Replacement Reserves	7,570	7,870	8,939	9,661	10,220	12,082	11,954	12,274	14,089	14,759
Targeted Rate Reserves - Capital	4,790	42	65	0	18	234	145	30	48	24
Targeted Rate Reserves - Operational	1,357	462	397	375	571	724	755	472	619	485
	39,037	26,275	27,485	25,742	28,929	31,575	34,525	32,142	33,815	32,764



Statement of Accounting Policies

Reporting Entity

Waikato District Council is a territorial authority governed by the Local Government Act 2002 (LGA 2002). It has designated itself, for the purposes of complying with Generally Accepted Accounting Practice in New Zealand (NZ GAAP), as a Public Benefit Entity. Waikato District Council has full ownership of Tanlaw Corporation Limited, a Council Controlled Trading Organisation in terms of the LGA 2002.

Measurement Basis

The financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the LGA 2002. The financial statements are prepared under the historical cost basis, except for available-for-sale financial assets, financial assets and liabilities, certain classes of property, plant and equipment and investment property that have been measured at fair value.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000).

Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in the financial statements and in the preparation of the opening New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) balance sheet. The financial statements incorporated in the Long-Term Council Community Plan have been prepared in compliance with NZ FRS-42; Prospective Financial Statements. This set of financial statements has been prepared based on NZ IFRS and opening balances for the year ended 30 June 2006 estimates have been restated accordingly.

Basis of Consolidation

Council has not consolidated the prospective financial statements to include its subsidiary Tanlaw Corporation Limited because Council believes the consolidation does not enhance the understanding of Council's core activities and services.

Goods and Services Tax (GST)

All items in the financial statements are exclusive of GST with the exception of Accounts Receivable and Accounts Payable which are stated with GST included. When GST is not recoverable as an input tax, it is recognised as part of the related asset or expense.

Revenue Recognition

Revenue is recognised when it is probable that economic benefits will flow to Council and when the amount of revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods or services in the normal course of business, net of discounts and sales related taxes.

- Rate revenue is recognised when levied.
- Water billing revenue is recognised on an accrual basis. Unbilled sales, as a result of unread meters at balance sheet date, are accrued on an average usage basis.
- Fees and charges are recognised as revenue when the obligation to pay arises or, in the case of licence fees, upon renewal of the licence.
- Transfund New Zealand roading subsidies are recognised as revenue when conditions pertaining to eligible expenditure have been fulfilled. Other grants and bequests, and assets vested in Council – with or without conditions – are recognised as revenue when control over the asset is obtained.
- Rental income from investment properties is recognised as revenue on a straight-line basis over the term of the lease.
- Contributions to Council for capital works are recognised in the income statement at the time when such contributions are received.
- Interests and dividends receivable are recognised on an accrual basis.

Equity

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses that Council makes of its accumulated surpluses.

The components of equity are:

- Accumulated funds
- Restricted reserves
- Council reserves
- Targeted rate reserves
- Asset revaluation reserves

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

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

Council-created reserves are reserves established by Council decisions. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

Trade and Other Receivables

Trade and other receivables are recorded at fair value, which is the original invoice amount after providing for debts where collection is doubtful.

An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when identified.

Property, Plant and Equipment

Property, plant and equipment consist of the following:

- Operational assets: these include land, buildings, improvements, library books, plant and equipment, furniture, computers, motor vehicles and assets held under finance lease.
- Restricted Assets: these are parks and reserves owned by Council which provide a benefit or service to the community, and can only be disposed of after following a rigorous legal and public consultation process.
- Infrastructural Assets: these are the fixed utility systems owned by Council. Each asset type includes all items that are required for the network to function. For example, wastewater reticulation includes reticulation piping and wastewater pump stations.

Valuation

Land, buildings and infrastructural assets are shown at fair value in Council's opening New Zealand equivalents to IFRSs balance sheet at 1 July 2005. These will be revalued on a triennial basis. Other property, plant and equipment are stated at historical cost less accumulated depreciation.

Land (both operational and restricted) and operational buildings are valued with reference to their highest and best use by Valuation and Management Services Ltd (Registered Valuers) as at 1 July 2005. Roving infrastructural assets are valued at optimised depreciated replacement cost by Beca Valuations Ltd (Registered Valuers), as at 1 July 2005. Utilities infrastructural assets are valued at optimised depreciated replacement cost by Maunsell Limited (Registered Valuers) as at 1 July 2005. Restricted buildings are valued by Maunsell Limited (Registered Valuers) as at 1 July 2005.

Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. Revalued assets must be carried at a value not materially different from their fair value.

Increases in the carrying amounts arising on revaluation of an asset class are credited to the asset revaluation reserves for that class of asset. To the extent that the increase reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss, the net revaluation increase is first recognised in profit or loss.

Decreases in the carrying amounts arising on revaluation of an asset class are firstly debited to the revaluation reserve of the same class to the extent of any existing credit balances, subsequent to which are recognised in profit or loss.

Additions

All additions are recognised at cost. New infrastructural assets vested in the Council are valued using the optimised depreciated replacement costs.

Depreciation

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their costs or revalued amounts, net of their residual values, over their estimated useful lives.

Depreciation rates are:

	Useful Life (Years)	Depreciation Rate
Audio-Visual Materials and Electronic Games – Libraries	5	20%
Buildings	20 - 100	1% - 5%
Vehicles	6.6	15%
Library Books	8	12.5%
Computers	4	25%
Office Equipment	3 – 10	10% - 33%
Furniture and Fixtures	10	10%
Water Treatment	10 – 100	1% - 10%
Water Reticulation	10 – 80	1.25% - 10%
Wastewater	8 – 100	1% - 12.5%
Drainage	35 – 100	1% - 2.8%
Urban Stormwater	35 – 100	1% - 2.8%
Roading		
Pavement – sealed	65 – 100	1% - 1.5%
Pavement (basecourse)		
- sealed	65 – 100	1% - 1.5%
- unsealed metal	20	5%
Surface Water Channel	20 - 80	1.25% - 5%
Culverts	80	1.25%
Guardrails/Barriers	40 - 80	1.25% - 2.5%
Footpaths	15 – 80	1.25% - 6.7%
Street Lighting	20	5%
Bridges	60 - 100	1% - 1.67%
Signs	20	5%

Section 100 of the LGA2002 provides an exemption in cases where it would not be financially prudent to meet the level of estimated expenses, taking into consideration service levels and the useful lives of assets.

Council has consulted with the community signalling that it proposes not to fund depreciation on community rural halls. The reason for not funding depreciation on these assets is that they are considered non-strategic and will not be replaced once they are no longer useful. The amount not being funded is shown in the following table.

Non-funded Depreciation

	2006/07 \$	2007/08 \$	2008/09 \$
Community Rural Halls	88,000	110,300	134,500

The residual values, depreciation method and useful lives of Council's fixed assets are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined as the difference between the net proceeds, if any, and the carrying amounts. These are included in the income statement. When revalued assets are sold, the amounts included in the revaluation reserves are transferred to retained earnings.

Investments

Community loans are treated as loans and receivables, which are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are initially recognised at fair value. They are subsequently stated at amortised cost using the effective interest method.

Council's investments in the Waikato Regional Airport Limited and Civic Insurance are classified as available-for-sale financial assets and are stated at cost.

The classification of financial assets depends on the purpose for which the investments were acquired. The classification of investments at initial recognition and re-evaluation of this designation is determined annually at balance date.

Investment Property

Investment properties are properties which are held either to earn rental income or for capital appreciation or for both. Investment properties are stated at fair value. They are valued annually by an external independently registered valuer, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued. Any gain or loss arising from a change in the fair value of investment properties are recognised in profit or loss for the period in which it arises.

Assets under Construction

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

Non-current Assets Held for Sale

Non-current assets (or disposal groups) are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. An impairment loss is recognised for any initial or subsequent write down of the asset (or disposal group) to fair value less costs to sell. A gain is recognised for any subsequent increases in fair value less costs to sell of an asset (or disposal group), but not in excess of any cumulative impairment loss previously recognised.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Intangible Assets: Computer Software and Consents

Acquired computer software licenses are capitalised on the basis of costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful lives. Costs associated with developing or maintaining computer software programmes are recognised as an expense as incurred.

Consent costs for capital works are capitalised.

Impairment of Assets

The carrying amounts of Council's assets, other than investment property and deferred tax assets, are reviewed at each balance date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the income statement. Impairment losses on revalued assets offset any balance in the asset revaluation reserve, with any remaining impairment loss being posted to the income statement.

When a decline in the fair value of an available-for-sale financial asset has been recognised directly in equity and there is objective evidence that the asset is impaired, the cumulative loss that had been recognised directly in equity is recognised in profit or loss even though the financial asset has not been derecognised. The amount of the cumulative loss that is recognised in profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss.

Reversal of impairment

An impairment loss in respect of loans and receivables carried at amortised cost is reversed if the subsequent increase in recoverable amount can be related objectively to an event after the impairment loss was recognised.

An impairment loss in respect of an investment in an equity instrument classified as available for sale is not reversed through profit or loss. If the fair value of a debt instrument classified as available-for-sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss shall be reversed, with the amount of the reversal recognised in profit or loss.

In respect of other assets, an impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Employee Benefits

Provision is made in respect of the liability for annual leave, long service leave, sick leave and retirement gratuities. Sick leave is provided for based on expectancy of these absences being taken. Other employee benefits are provided for on an actual basis.

Finance Leases

Leases in which substantially all the risks and rewards of ownership transfer to the lessee are classified as finance leases. Finance leases are recognised as assets and liabilities on the balance sheet at the lower of the fair value of the leased assets and the present value of the minimum lease payments. The leased assets are depreciated as if the assets were owned.

Minimum lease payments are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating Leases

Leases other than finance leases are operating leases. Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Payments received where the Council is lessor are also recognised in the income statement on a straight-line basis over the term of the lease.

Borrowing Costs

Borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

Provisions

A provision is recognised in the balance sheet when Council has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits, the amount of which can be reliably estimated, will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Landfill Post-closure Costs

Council has a legal obligation to provide on-going maintenance and monitoring services at its landfill sites. A provision is recognised as a liability in the financial statements. The provision is measured based on the present value of future cash outflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all known costs associated with landfill post-closure.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to Council.

Statement of Cash Flows

Cash and cash equivalents comprise cash balances, call deposits and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of Council's cash management are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows, and in current liabilities on the balance sheet.

Activity Statements (Estimated Expense and Revenue Statements & Estimated Capital Funding Requirements)

The Activity Statements report on the net cost of services for significant activities of Council, and are represented by the cost of providing the services less all revenue that can be allocated to these activities.

Cost Allocation Policy

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.

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

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

Prospective Financial Statements

The purpose for the preparation of the prospective financial statements is to enable ratepayers, residents and any other interested parties to obtain information about the expected future financial performance, position and cash flows of Waikato District Council for the ten years from 2006/07 to 2015/2016. The information contained in these statements may not be appropriate for purposes other than that as previously described.

The actual financial performance and cash flows for the first five months of the 2005/06 financial year and the financial position as at 30 November 2005 have been extrapolated and included in the prospective financial statements.

The preparation of prospective financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may vary from these estimates and the variations may be material.

The significant assumptions underlying the prospective financial statements are outlined on pages 14 to 19.

Impact on Adoption of NZ IFRS

Council has assessed the impact of adopting NZ IFRS based on the current standards. These standards may change over time.

The impacts of adopting NZ IFRS on the total equity and profit after tax as reported under the previous NZ GAAP are illustrated below.

\$000

Total Equity under previous NZ GAAP at 30.6.05	624,604
Adjustments to Accumulated Fund	
- Properties Intended for Sale transfer to Property, Plant and Equipment	130
- Sick Leave Accrual	- 25
- Restate Equity Investments at Cost	- 2,812
- Restate Community Loans using Effective Interest Rate Method	- 33
Total Equity under NZ IFRS	621,864

Impacts on the Opening Balance Sheet of the adoption of NZ IFRS are illustrated as follows:



Waikato District Council
Opening Balance Sheet

	\$000	PPE to Intangible Assets	PIFS to PPE	Bank etc to Cash and Cash Equivalents	Sick Leave Accrual	Equity Investments at Cost	Valuation of Community Loans	Reclassification of Investments	\$000	\$000	As at 1 July 2005
As at 30 June 2005	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000	As at 1 July 2005
CURRENT ASSETS											CURRENT ASSETS
Bank	426			10,200							10,626 Cash and Cash Equivalents
Bank Deposits	10,200			-10,200							-
Accounts Receivable	6,211										6,211 Trade and Other Receivables
Investments	-										- Loans and Receivables
Inventories	-										- Inventories
Prepayments	252										252 Prepayments
Properties Intended for Sale (PIFS)	172										172 Non-current Assets Held for Sale
Taxation	-										- Taxation
TOTAL CURRENT ASSETS	17,261	-	-	-	-	-	-	-	-	-	17,261 TOTAL CURRENT ASSETS
NON CURRENT ASSETS											NON CURRENT ASSETS
Bank Deposits	-										-
Investments	6,420					-2,812					- Future Tax Benefits
											Financial Instruments Available for Sale
Investment Properties	4,205										588 Loans and Receivables
Properties Intended for Sale (PIFS)	162		-162								4,205 Investment Properties
Property, Plant and Equipment (PPE)	604,274	-1,397	292								603,169 Property, Plant and Equipment
		1,397									1,397 Intangible Assets
											- Taxation
TOTAL NON CURRENT ASSETS	615,061	-	130	-	-	-2,812	-33	-	-	-	612,346 TOTAL NON CURRENT ASSETS
TOTAL ASSETS	632,322	-	130	-	-	-2,812	-33	-	-	-	629,607 TOTAL ASSETS

- Bank and Bank Deposits have now been amalgamated into Cash and Cash Equivalents. Cash comprises cash on hand and demand deposits. Cash equivalents are short-term, highly liquid investments with an original maturity of 90 days or less, and which can be readily convertible to known amounts of cash with an insignificant risk of changes in value.
- Computer software and consents have been reclassified as intangible assets under NZ IAS 38, from Property, Plant and Equipment.
- Properties Intended for Sale that no longer fall within the definition of non-current assets held for sale have been transferred to Property Plant and Equipment under NZ IFRS 5.
- Employee Benefits: please refer to policy on Employee Benefits and the opening New Zealand equivalents to IFRSs balance sheet at 1 July 2005.
- Investments: refer to policy on Investments.

Other Documents

The following documents have been utilised as a reference or included as part of this Long-Term Council Community Plan:

- District Plan
- Asset Management Plans
- Reserves and Recreation Strategy
- Conservation Strategy
- Revenue and Financing Policy

Funding Impact Statement

Revenue and Financing Mechanisms

The Local Government Act introduces the concept of a Funding Impact Statement, which outlines how the activities contained in the Long-Term Council Community Plan will be funded. (All rates quoted in the Funding Impact Statement are inclusive of GST)

The revenue and financing mechanisms to be used by the Council, including the amount to be produced by each mechanism, are as follows:

	2006/07	2007/08	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
General Rate	21,748	23,455	25,140	26,283	27,515	29,018	29,977	31,002	32,112	32,807
Uniform Annual General Charge	5,736	6,185	6,558	6,939	7,329	7,729	8,137	8,458	8,883	9,218
TOTAL	27,484	29,640	31,698	33,222	34,844	36,747	38,114	39,460	40,995	42,025
Fees & Other Charges	8,626	6,814	6,972	7,674	7,568	8,705	9,155	9,912	10,201	9,710
Rates Penalties	627	646	666	683	700	717	731	745	757	768
Investment Income	1,524	1,581	1,512	1,785	1,718	1,798	2,005	2,087	2,378	2,738
Financial Contributions	8,461	5,981	6,191	5,753	5,786	5,819	5,846	5,903	5,969	5,994
Grants & Subsidies	12,601	13,505	11,887	15,199	13,677	13,989	15,768	14,597	14,960	14,394
Sale of Property, Plant & Equipment	363	392	199	154	132	209	293	135	214	210
Loan Repayment from External Parties	88	94	75	79	84	89	94	50	35	-
External Borrowing	10,273	2,687	2,000	-	-	-	-	-	-	-
TOTAL	42,563	31,700	29,502	31,327	29,665	31,326	33,892	33,429	34,514	33,814
Total Targeted Rates	7,419	8,255	8,745	9,261	9,728	10,173	10,630	11,100	11,544	11,956
Targeted Rates (individual):										
DD Austins	3	5	5	5	5	5	5	5	5	5
DD Blairs	-	1	1	1	1	1	1	1	1	1
DD Churchill East	25	25	25	25	25	25	25	25	25	25
DD Greenhill	1	1	1	1	1	1	1	1	1	1
DD Guests	1	2	2	2	2	2	2	2	2	2
DD Hills	1	1	1	1	1	1	1	1	1	1
DD Hopuhopu	3	3	3	3	3	1	1	1	1	1
DD Horohoro	11	13	13	13	13	14	14	14	14	14
DD Huntly West	2	2	2	6	6	6	6	6	6	6
DD Island block	3	4	4	4	4	4	4	4	4	4
DD Kimihia Pumped	1	1	1	1	1	1	1	1	1	1
DD Kirikiroa Horsham downs	4	4	4	4	4	4	4	4	4	4
DD Kirikiroa Komakorau	2	2	2	2	2	1	1	1	1	1
DD Lake Waikare Frost	1	1	1	1	1	1	1	1	1	1
DD Lake Waikare Nikau	1	1	1	1	1	1	1	1	1	1
DD Lake Waikare Ohinewai	1	1	1	1	1	1	1	1	1	1
DD Lake Waikare Rangiriri	1	1	1	1	1	1	1	1	1	1
DD Lake Waikare West	4	4	4	4	4	4	4	4	4	4
DD Mangawara	2	2	2	2	2	2	2	2	2	2
DD Mangati	1	1	1	1	1	1	1	1	1	1
DD Matangi	22	22	22	22	22	22	22	22	22	22
DD Meremere East	23	23	23	23	23	23	23	23	23	23
DD Meremere West	1	2	2	2	2	2	2	2	2	2
DD Ngaruawahia North	1	1	1	1	1	1	1	1	1	1
DD Ohinewai	1	1	1	1	1	1	1	1	1	1
DD Okowhau	2	4	4	4	4	4	4	4	4	4
DD Orchard Road	2	2	2	2	2	2	2	2	2	2
DD Pukekapia No 1	1	1	1	1	1	1	1	1	1	1

FUNDING IMPACT STATEMENT

DD	Pukekapia No 2	1	1	1	1	1	1	1	1	1	1
DD	Pukeroro	1	1	1	1	1	1	1	1	1	1
DD	Rangiriri	3	5	5	5	5	5	5	5	5	5
DD	Ruawaro No 1	1	1	1	1	1	1	1	1	1	1
DD	Ruawaro No 1 East	2	2	2	2	2	2	2	2	2	2
DD	Ruawaro North	2	2	2	2	2	2	2	2	2	2
DD	Ruawaro West	1	1	1	1	1	1	1	1	1	1
DD	Swan Road	40	40	40	40	40	27	13	13	13	13
DD	Tamahere	10	11	12	13	13	14	15	16	16	17
DD	Te Kowhai	2	2	2	2	2	2	2	2	2	2
DD	Travers Road	1	1	1	1	1	1	1	1	1	1
DD	Vrsaljkos	1	1	1	1	1	1	1	1	1	1
CF	Eureka	5	5	5	5	5	5	5	5	5	5
CF	Gordonton	9	9	9	9	9	9	9	9	9	11
CF	Horsham Downs	7	7	7	7	7	7	7	7	7	7
CF	Huntly	112	113	64	65	65	66	66	74	74	75
CF	Huntly Pool	6	6	-	-	-	-	-	-	-	-
CF	Maramarua	6	6	6	6	6	6	6	6	6	6
CF	Matangi	16	16	16	16	16	16	16	16	16	16
CF	Meremere	4	4	4	4	4	4	4	4	4	4
CF	Ngaruawahia	29	29	29	29	30	30	30	30	30	30
CF	Ohinewai	3	3	3	3	3	3	3	3	3	3
CF	Orini	4	4	4	4	4	4	4	4	4	4
CF	Puketaha	6	6	6	6	6	6	6	6	6	6
CF	Raglan	26	27	27	28	29	30	30	31	32	33
CF	Ruawaro	6	6	6	6	6	6	6	6	6	6
CF	Tamahere	47	51	55	58	62	65	69	73	76	33
CF	Taupiri	10	10	10	10	10	10	10	10	10	11
CF	Tauwhare	6	6	6	6	6	6	6	6	6	6
CF	Te Akau/ Waingaro	4	4	4	4	4	4	4	4	4	4
CF	Te Hoe	3	3	3	3	3	3	3	3	3	3
CF	Te Kowhai	18	18	18	18	18	18	18	18	18	18
CF	Te Mata	4	4	4	4	4	4	4	4	4	4
CF	Whitikahu	4	4	4	4	4	4	4	4	4	4
R	General	1,381	1,522	1,596	1,671	1,735	1,801	1,868	1,936	1,992	2,049
R	Raglan	68	70	75	77	83	86	90	94	98	103
USW	Huntly	184	193	203	212	222	232	239	246	253	261
USW	Ngaruawahia	174	182	190	197	205	213	221	228	234	241
USW	Raglan	315	338	361	386	411	436	461	485	509	534
USW	Te Kauwhata	17	18	19	20	22	23	24	26	27	28
W	Gordonton	3	3	3	4	4	4	4	4	4	4
W	Huntly	463	486	509	533	554	575	597	616	635	654
W	Ngaruawahia	366	403	421	439	455	472	488	503	516	532
W	North Waikato	100	107	113	117	121	125	128	132	135	138
W	Raglan	279	299	321	342	365	386	408	430	451	473
W	South District	314	364	416	470	527	584	643	702	764	827
W	Taupiri	12	13	13	14	15	15	16	16	17	18
W	Tauwhare Pa	15	16	17	17	18	18	19	19	20	20
W	Te Akau	7	7	7	8	8	8	8	9	9	9
W	West District	9	9	9	9	9	9	9	9	9	9
WbyM	Gordonton	4	4	4	5	5	5	6	6	6	7
WbyM	Hopuhopu	46	48	50	52	53	55	57	58	59	61
WbyM	Huntly	228	238	248	257	265	274	281	289	295	302
WbyM	Ngaruawahia	97	101	105	109	113	116	120	123	126	128
WbyM	North Waikato	374	463	502	520	538	555	570	585	599	612
WbyM	Raglan	20	21	22	23	24	24	25	26	26	27
WbyM	South District	681	770	856	945	1,038	1,135	1,234	1,338	1,446	1,556
WbyM	Taupiri	50	52	54	56	58	60	61	63	64	66
WbyM	Te Akau	1	1	1	1	1	1	1	1	1	1

WbyM West District	48	51	55	56	57	57	58	59	59	60
WW Huntly	559	591	637	699	727	755	781	807	830	853
WW Maramarua	4	4	4	4	4	4	4	5	5	5
WW Matangi	24	25	26	27	28	29	29	30	31	32
WW Meremere	75	86	94	97	101	104	107	109	112	114
WW Ngaruawahia	318	339	358	377	392	406	419	433	445	457
WW Raglan	507	545	583	623	662	703	743	782	820	859
WW Taupiri	-	69	96	100	105	104	113	117	121	125
WW Tauwhare Pa	-	-	22	23	24	25	25	26	27	27
WW Te Kauwhata	127	146	155	164	173	182	191	199	208	217
WW Te Kowhai	9	10	10	10	11	11	11	12	12	12
CWC Te Kauwhata	20	20	-	-	-	-	-	-	-	-
CWC Taupiri	-	90	86	82	78	74	70	66	62	58
CWC Rangiriri	-	17	16	15	15	14	13	12	12	11

W - Water, WW - Wastewater, USW - Urban Stormwater, DD - Land Drainage, R - Refuse, CF- Community Facilities, WbyM - Water by Meter, CWC - Capital Works Contribution

Rate Types

Rates may be levied by General Rate, Uniform Annual General Charge or Targeted Rates (either on the basis of value or as a fixed charge). The following rates are those to be set by Council for the financial year commencing 1 July 2006 and ending 30 June 2007. In addition to this, an indication of the proposed rates for the following 2 years are included, these will be redebated and confirmed during the applicable Annual Plan process.

General Rate

A General Rate will be set on the capital value of rateable properties. The General Rate required to undertake the work programme outlined in this LTCCP will be \$215.60 per \$100,000 of capital value. This level is based on the existing rating database and a review of the number and value of properties that may be added to the rating base, prior to setting the rate based on an effective date of 30 June.

The proposed General Rate for 2007/08 is \$227.85 per \$100,000 of capital value, and for 2008/09 is \$239.26 per \$100,000 of capital value.

Differential Rating

Historically, Council is not in favour of differential rating. Council believes that some of the rating inequities are removed through the capital value rating system and therefore does not consider it appropriate to introduce differential rating.

Rating of Utilities

By legislation, Council is required to value the assets of utility companies. This includes gas, electricity and telecommunication networks as well as Council-owned networks for water, wastewater and stormwater.

After considerable debate, Council elected to fully rate these assets. Several utility companies made submissions on rating issues but, after considering the issues raised, Council is still of the opinion that fully rating is the only fair and equitable approach to adopt. Council does not consider that utility assets have a significantly different pattern of rating benefit to justify a differential rate.

Council does not intend to charge utility operators targeted rates because of the nature of the assets - mainly pipelines and power poles. These assets are not connected to water, wastewater or stormwater systems. In addition, infrastructural assets do not require a refuse collection.

Uniform Annual General Charge (UAGC)

A UAGC of \$335.00, which is not linked to property values and will be assessed per rating unit has been set for the 2006/2007 year. The proposed UAGC for 2007/08 is \$355.00 and for 2008/09 is \$370.00.

Part of this increase (\$10 per year) is for capital projects to be undertaken on District wide community facilities. This will enable work to proceed on projects for public toilets, community properties, parks and reserves, swimming pools and community halls.

Council considered and agreed on a range of services that a UAGC might cover. The appropriate services are viewed as people-related, rather than property-related.

The UAGC will contribute towards the funding of people-related services which include Libraries, Parks and Reserves, Public Cemeteries, Public Swimming Pools, Public Toilets, Community Centres, Community Liaison, Grants and Donations, Safer Communities, Animal Control, Civil Defence and Safety, Building Control, Environmental Health, Resource Management Planning, Environmental Consents Planning, Area Offices and Democracy/Local Government.

The Local Government (Rating) Act 2002 (LGRA) restricts the level at which the UAGC can be set. At \$335.00, the UAGC is set at approximately 55% of the legislative maximum. Council considered this to be fair and equitable and took into account the needs of our diverse community.

Targeted Rates

Targeted Rates are set on each rateable property within a defined rating area to cover the operation, maintenance and part of the capital costs of:

- halls, community centres and community facilities
- land drainage and urban stormwater
- refuse collection, recycling and disposal
- wastewater collection, treatment and disposal
- water supplies.

Council has chosen to set the Targeted Rates on a fixed charge basis - in other words, all properties that receive the service pay a set amount, regardless of property value. The exceptions to this are land drainage which is levied on a set dollar amount per hectare, and water by meter which is charged by consumption. Rates for water are not applicable to those areas outside of a defined water supply area.

Council adopts the following as definitions for the differential categories:

- Residential - any part of a rating unit that is used primarily for residential purposes.
- Commercial - any part of a rating unit that is not categorised as residential.

Details of individual Targeted Rates are as follows.

Water Supply

The Council has set a Targeted Rate for water supply based on the provision (connected to the supply) or availability (property situated within 100 metres of any part of the waterworks) of a water supply service to land. The Targeted Rates are specific to individual water supply schemes and are set as a fixed charge per connection, or a fixed charge for availability as per the following tables. Targeted Rates are set for water supply based on the number of connections to the supply.

The charges for the Northern Waikato area are differentiated, taking into account the nature of service to these properties.

Area Connected	Connected/Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Gordonton	Connected	105.00	109.00	114.00	119.00
Southern Districts	Connected	220.00	229.00	239.00	249.00
Taupiri	Connected	100.00	62.00	65.00	68.00
Tauwhare Pa	Connected	360.00	375.00	391.00	407.00
Te Akau South	Connected	270.00	281.00	293.00	305.00
Te Akau South	Available	135.00	140.50	146.50	152.50
Western Districts	Connected	150.00	150.00	150.00	150.00
Northern Waikato Urban	Connected	140.00	146.00	152.00	158.00
Northern Waikato Rural	Connected	200.00	208.00	217.00	226.00

Taupiri water targeted rate has decreased due to the wastewater scheme coming on line. The water targeted rate was higher in the past to assist with the wastewater costs for the new scheme.

Huntly Water Supply Targeted Rate

Huntly residential and commercial properties whether on water meter or not, are charged the same Targeted Rate.

Commercial properties on water meter receive the first 123m³ at 1 cent per m³ and thereafter 68 cents per m³, every six months. The properties concerned are higher users of the water supply. Huntly rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

Area	Connected/ Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Huntly Residential	Connected	160.00	165.00	172.00	179.00
Huntly Residential	Available	80.00	82.50	86.00	89.50
Huntly Commercial	Connected	160.00	165.00	172.00	179.00
Huntly Rural	Connected	110.00	115.00	120.00	125.00

Ngaruawahia* Water Supply Targeted Rate

Ngaruawahia residential and commercial properties whether on water meter or not, are charged the same Targeted Rate. Commercial properties on water meter receive the first 133m³ at 1 cent per m³ and thereafter 68 cents per m³, every six months. The properties concerned are higher users of the water supply.

Ngaruawahia rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

* Including Horotiu

Area	Connected/ Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Ngaruawahia Residential*	Connected	175.00	185.00	203.00	211.00
Ngaruawahia Residential*	Available	87.50	92.50	101.50	105.50
Ngaruawahia Commercial*	Connected	175.00	185.00	203.00	211.00
Ngaruawahia Rural*	Connected	110.00	115.00	120.00	125.00

Raglan Water Supply Targeted Rate

The charges for residential, commercial and commercial with accommodation are differentiated, taking into account the extent of use of the water supply service. Residential properties are charged a lower Targeted Rate than commercial properties and commercial properties are charged a lower Targeted Rate than commercial properties with accommodation. Those commercial properties on water meter receive the first 190m³ at 1cent per m³ and thereafter 68 cents per m³, every six months. The properties concerned are higher users of the water supply.

Raglan rural properties are charged a lesser Targeted Rate and the water by meter charge is not scaled, taking into account the nature of service to these properties.

Area	Connected/ Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Raglan Residential	Connected	165.00	172.00	179.00	186.00
Raglan Residential	Available	82.50	86.00	89.50	93.00
Raglan Commercial (no water meter)	Connected	250.00	260.00	271.00	282.00
Raglan Commercial with accommodation	Connected	340.00	354.00	369.00	384.00
Raglan Commercial – metered	Connected	250.00	260.00	271.00	282.00
Raglan Rural	Connected	110.00	115.00	120.00	125.00

Water by Meter

The Council has set a Targeted Rate for water according to the quantity of water consumed by any person receiving the same as measured or controlled by meter. The Targeted Rates are specific to individual water supply schemes and are set on a scale of charges per cubic metre basis across each scheme. (See comments under Water Supply). Water by Meter rates are applicable per six month usage.

Area Connected	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Gordonton	0.77	0.96	1.00	1.03
Southern Districts	0.90	0.96	1.00	1.03
Taupiri	0.65	0.68	0.71	0.74
Te Akau South	0.70	0.73	0.76	0.79
Western Districts	0.90	0.96	1.00	1.03
Northern Waikato Urban	0.80			
Northern Waikato Rural	0.75 first 4000 cubic meters, then 0.65			
North Waikato		0.85	0.89	0.93
Huntly Commercial (first 123 cubic meters)	0.01	0.01	0.01	0.01
Huntly Commercial (after 123 cubic meters)	0.65	0.68	0.71	0.74
Huntly Rural	0.65	0.68	0.71	0.74
Huntly – Genesis Power Station	0.55	0.57	0.59	0.61
Ngaruawahia* Commercial (first 133 cubic meters)	0.01	0.01	0.01	0.01
Ngaruawahia* Commercial (after 133 cubic meters)	0.65	0.68	0.71	0.74
Ngaruawahia* Rural	0.65	0.68	0.71	0.74
Raglan Commercial (first 190 cubic meters)	0.01	0.01	0.01	0.01
Raglan Commercial (after 190 cubic meters)	0.65	0.68	0.71	0.74
Raglan Rural	0.65	0.68	0.71	0.74

* Including Horotiu

It is proposed to remove the differential for the Northern Waikato for water by meter.

Community Facilities

The Council has set a Targeted Rate for the purpose of covering the costs of maintenance and operation of community facilities in the respective defined rating areas. This charge is set per rating unit within the defined rating area. The Targeted Rates are differentiated by where the land is situated (each specific rating area) and are set as a fixed charge across each area.

Area	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Huntly	40.00	40.00	40.00	25.00
Huntly Pool		15.00	15.00	
Ngaruawahia	15.00	15.00	15.00	15.00
Raglan	15.00	15.00	15.00	15.00

The Huntly Community Facilities rate was increased by \$15 for 5 years (ending 2007/08) to assist with the initial increase in costs for the pool heating project.

Community Centres

The Council has set a Targeted Rate for the purpose of covering the costs of maintenance and operation of halls, other facilities and community centres in the respective defined rating areas. This charge is set per separately used or inhabited portion of a property within the defined hall/community centre area. The Targeted Rates are differentiated by where the land is situated (each specific rating area) and are set as a fixed charge across each area. The rates are further differentiated in that only residential parts are charged. This is taking into account that commercial parts do not use this service.

Area	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Eureka	25.00	25.00	25.00	25.00
Gordonton	22.50	22.50	22.50	22.50
Horsham Downs	25.00	25.00	25.00	25.00
Maramarua	22.50	22.50	22.50	22.50
Matangi	22.50	22.50	22.50	22.50
Meremere	22.50	22.50	22.50	22.50
Ohinewai	22.50	22.50	22.50	22.50
Orini	25.00	25.00	25.00	25.00
Puketaha	25.00	25.00	25.00	25.00
Ruawaro	27.50	27.50	27.50	27.50
Tamahere	60.00	60.00	60.00	60.00
Taupiri	22.50	22.50	22.50	22.50
Tauwhare	40.00	25.00	25.00	25.00
Te Akau/Waingaro	22.50	22.50	22.50	22.50
Te Hoe	22.50	22.50	22.50	22.50
Te Kowhai	30.00	35.00	35.00	35.00
Te Mata	22.50	22.50	22.50	22.50
Whitikahu	22.50	22.50	22.50	22.50

Council invoices and collects the following rates on behalf of the mentioned Councils. For further information refer to the appropriate Council's Annual Plan, or LTCCP.

Franklin District Council Charge (per dwelling unit)

Hall/Community Centre	Actual \$ 2005/06	Charge \$ 2006/07
Glen Murray	33.75	33.75
Mangatangi	22.50	22.50
Naike	22.50	22.50

Matamata Piako District Council (charge on land value)

Hall/Community Centre	Actual \$	Charge \$ 2006/07
Hoe-O-Tainui	0.000060	0.000060
Tauhei	0.000120	0.000120

Waipa District Council (per dwelling)

Hall/Community Centre	Actual \$ 2005/06	Charge\$ 2006/07
Fencourt	14.00	14.00
Koromatua	20.00	20.00
Hautapu	17.50	17.50

District Refuse (excluding Raglan)

The Council has set a Targeted Rate for the purpose of covering the costs of household refuse collection, recycling and disposal (excluding Raglan). The Targeted Rates are differentiated based on the provision of the services to the land. The charge is set per separately used or inhabited portion of a property or building and is set as a fixed charge.

	Actual \$2005/06	Charge \$2006/07	Proposed \$2007/08	Proposed \$2008/09
District Refuse (excluding Raglan)	95.00	120.00	130.00	134.00

Raglan Recycling and Waste Minimisation

The Council has set a Targeted Rate for the purpose of covering the costs of recycling and waste minimisation where the service is provided in Raglan. The Targeted Rates are differentiated based on the provision of the services to the land. The charge is per separately used or inhabited portion of a property or building and is set as a fixed charge.

	Actual \$2005/06	Charge \$2006/07	Proposed \$2007/08	Proposed \$2008/09
Raglan Recycling and Waste Minimisation	38.00	42.00	42.00	44.00

Refer to the Solid Waste Management section of the LTCCP for information about what these Targeted Rates provide.

Wastewater

The Council has set a Targeted Rate for wastewater based on the provision (connected to the supply) or availability (property situated within 30 metres of a public wastewater drain - to which it is capable of being effectively connected) of the service.

The Targeted Rates are specific to individual wastewater schemes and are set as a fixed charge per connection, or a fixed charge per availability as per the following table.

Area Connected	Connected/Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Huntly	Connected	190.00	200.00	210.00	225.00
Huntly	Available	95.00	100.00	105.00	112.50
Maramarua	Connected	440.00	458.00	477.00	496.00

Area Connected	Connected/Available	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Matangi	Connected	440.00	458.00	477.00	496.00
Meremere	Connected	430.00	448.00	467.00	486.00
Ngaruawahia*	Connected	160.00	170.00	180.00	189.00
Ngaruawahia*	Available	80.00	85.00	90.00	94.50
Raglan	Connected	420.00	320.00	333.00	346.00
Raglan	Available	210.00	160.00	166.50	173.00
Taupiri	Connected	210.00	0	357.75	496.00
Taupiri	Available	105.00	0	178.90	248.00
Tauwhare Pa	Connected				496.00
Te Kauwhata	Connected	296.00	296.00	308.00	320.00
Te Kauwhata	Available	148.00	148.00	154.00	160.00
Te Kowhai	Connected	440.00	458.00	477.00	496.00
Te Kowhai	Available	220.00	229.00	238.50	248.00

* Including Horotiu

The Raglan Targeted Rate has decreased as there is sufficient funding for the wastewater scheme upgrade.

The Taupiri Wastewater Scheme is expected to be operational for approximately 3 months of the 2006/07 year. In 2005/06 the targeted rate was 50% and therefore there is no targeted rate proposed for 2006/07. The rate in 2007/08 is proposed for 75% of the year. Refer to the Wastewater section of the LTCCP for more detailed information on the Taupiri Wastewater Scheme.

There is a proposal in the LTCCP for a wastewater scheme covering the Tauwhare Pa area. This targeted rate is an indication that should the scheme occur, a targeted rate will be applicable. For more detailed information refer to the Wastewater section of the LTCCP.

The Council has set a Targeted Rate for wastewater based on the provision (connected to the supply for each of the third and subsequent pans). As per Note 4 of Schedule 3 of the Local Government (Rating) Act 2002 this rate will not apply to residential properties. This Targeted Rate is differentiated based on the use to which the land is put.

The following are the differential land use definitions for wastewater in relation to the third and subsequent pans:

Non-rateable - Organisations classified by the Act as fully non-rateable or organisations deemed by Council to be non-profitable.

Assistance for the Elderly - Organisations deemed by Council to be supportive of the elderly, including Retirement Homes, Rest Homes and Council owned Pensioner Flats.

Commercial - Commercial organisations (such as motels, clubs such as the Raglan Club, RSAs and Workingmens Clubs), hotels and retail/business premises and other organisations.

	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Huntly Wastewater Pans				
Non-rateable	19.00	20.00	21.00	23.00
Assistance for the Elderly	38.00	40.00	42.00	45.00
Commercial	95.00	100.00	105.00	112.50
Matangi Wastewater Pans				
Non-rateable	42.00	46.00	48.00	50.00
Assistance for the Elderly	84.00	92.00	95.00	99.00
Commercial	210.00	229.00	238.50	248.00
Meremere Wastewater Pans				
Non-rateable	42.00	45.00	47.00	49.00
Assistance for the Elderly	84.00	90.00	93.00	97.00

	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Commercial	210.00	224.00	233.50	243.00
Ngaruawahia Wastewater Pans				
Non-rateable	16.00	17.00	18.00	19.00
Assistance for the Elderly	32.00	34.00	36.00	38.00
Commercial	80.00	85.00	90.00	94.50
Raglan Wastewater Pans				
Non-rateable	42.00	32.00	33.00	35.00
Assistance for the Elderly	84.00	64.00	67.00	69.00
Commercial	210.00	160.00	166.50	173.00
Te Kauwhata Wastewater Pans				
Non-rateable	30.00	30.00	31.00	32.00
Assistance for the Elderly	59.00	59.00	62.00	64.00
Commercial	148.00	148.00	154.00	160.00

Capital Works Contribution

The Council has set a Targeted Rate for the purpose of covering the capital cost and interest charges of work not met by a lump sum contribution. The Targeted Rates are differentiated taking into account the extent of use of the service, and are set on a fixed charge basis across each scheme. For schemes other than Te Kauwhata Water, Council provides ratepayers with an option on whether to pay for the cost of the capital work by lump sum contribution or by rates over a period of years.

Te Kauwhata Water Contributions

A Targeted Rate has been set for the purpose of covering the capital cost and interest charges of work not met by lump sum contributions for the Te Kauwhata Water Supply.

This Targeted Rate shall be set on each rating unit that is connected to the water supply and has not paid the lump sum contribution. This Targeted Rate applies until and including the rating year 2007/08.

	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Te Kauwhata	200.00	200.00	200.00	0

Taupiri Wastewater Contributions

A Targeted Rate has been set for the purpose of covering the capital cost and interest charges of work for the Taupiri Wastewater Supply.

The Contribution Lump Sum Targeted Rate will be set on each rating unit that exercises its right to pay by lump sum through the notice that Council supply in April of each year.

The Contribution Loan Targeted Rate shall be set on each rating unit that is connected to the water supply and has not paid the lump sum contribution.

	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Taupiri – Lump sum			2531.25	2278.13
Taupiri – Loan*			437.08	417.72

* Future years loan targeted rates may change as interest rates change. The projected rates will be advised as part of the yearly notice to ratepayers that have not paid the lump sum contribution.

Rangiriri Wastewater Contributions

A Targeted Rate has been set for the purpose of covering the capital cost and interest charges of work for the Rangiriri Wastewater Supply.

The Contribution Lump Sum Targeted Rate will be set on each rating unit that exercises its right to pay by lump sum through the notice that Council supply in April of each year.

The Contribution Loan Targeted Rate shall be set on each rating unit that is connected to the water supply and has not paid the lump sum contribution.

	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Rangiriri – Lump sum			2812.50	2531.25
Rangiriri – Loan*			485.65	464.13

* Future years loan targeted rates may change as interest rates change. The projected rates will be advised as part of the yearly notice to ratepayers that have not paid the lump sum contribution.

Tauwhare Pa Wastewater Contributions

The targeted rate for this scheme will be proposed when pricing is more definite and consultation with affected parties has been undertaken.

Te Ohaki Wastewater Contributions

The targeted rate for this scheme will be proposed when pricing is more definite and consultation with affected parties has been undertaken.

Whale Bay Wastewater Contributions

The targeted rate for this scheme will be proposed when pricing is more definite and consultation with affected parties has been undertaken.

Urban Stormwater

The Council has set a differentiated Targeted Rate for urban stormwater based on the availability of drainage to land. The Targeted Rates are specific to individual towns and are set on a fixed charge basis across each scheme.

Area	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Huntly	65.00	70.00	73.00	76.00
Ngaruawahia	95.00	105.00	109.00	113.00
Raglan	100.00	200.00	208.00	216.00
Te Kauwhata	45.00	50.00	52.00	54.00

The Raglan targeted rate has increased as there is a need to provide more infrastructure in the area. Refer to the Land Drainage section of the LTCCP for more information.

Tamahere Stormwater

The Council has set a Targeted Rate for Tamahere Rural Stormwater based on the availability of drainage to land. The Targeted Rate is specific to the Tamahere stormwater rating area and is set on a fixed charge basis across the scheme. In addition to this targeted rate, ratepayers will also incur a Land Drainage targeted rate.

Area	Actual \$ 2005/06	Charge \$ 2006/07	Proposed \$ 2007/08	Proposed \$ 2008/09
Tamahere	15.16	12.13	12.13	12.13

Land Drainage

The Council has set a Targeted Rate for land drainage based on the degree of benefit received from the drainage system. This charge is on a land area basis (per hectare) that reflects the level of the benefit. The Targeted Rates are specific to individual land drainage schemes.

Actual charge 2005/06

Area/Classification	A	B	C	D	E	F
Bells*			34.18			
Blairs	9.26	6.61	2.64	1.32		
Churchill East	61.66	49.33	37.00			
HoroHoro	31.95	22.82	9.13	4.56		
Horsham Downs			26.49	13.25		2.65
Komakorau			14.41	7.21		0.72
Lake Waikare subdivisions:						
Nikau	10.15	8.46	6.77	5.07	3.38	1.69
Ohinewai	30.05	15.03	7.51	3.76		
West	4.19	3.35	1.68	0.84		
Mangati	6.50	4.33	2.17			
Matangi	11.88					
Meremere East	30.45	22.84	15.23	7.61		
Meremere West	12.51	9.38	6.25	3.12		
Orchard Road	136.57	109.25				
Pukekapia No 2	3.27	1.63	0.82			
Rangiriri	31.92	26.60	15.96			
Ruawaro West	5.23	3.92	2.61	1.31		
Swan Road		18.51	12.34	6.17		
Tamahere	3.71					
Te Kowhai	6.86	5.15	2.57	1.72	0.86	0.43
Travers Road	38.62	25.75	19.31			

* Council collects this rate on behalf of Franklin District Council.

Charges for 2006/2007

Area Classification	A	B	C	D	E	F
Bells*			34.18			
Austins	16.13	10.08	4.03			
Churchill East	61.66	49.33	37.00			
Greenhill	12.49	10.93	7.81			
Guests	3.90	2.60				
Hills	10.09	7.20	2.88	1.44		
Hopuhopu	12.58	8.39	4.19	1.40		
HoroHoro	22.82	16.30	6.52	3.26		
Huntly West	5.58	3.99	1.59	0.80		
Island block	36.82	18.41	9.21			
Kimihia Pumped	21.75	10.88				

Area Classification	A	B	C	D	E	F
Horsham Downs			26.49	13.25		2.65
Komakorau			28.82	14.41		1.44
Lake Waikare subdivisions:						
Frost	9.56	4.78	2.39	1.20		
Nikau	9.94	8.28	6.62		3.38	1.69
Ohinewai	30.05	15.03	7.51	3.76		
Rangiriri	8.77	5.26	1.75			
West	9.21	7.37	3.69	1.84		
Mangawara	4.12	2.57	2.06	0.51		
Mangati	6.50	4.33	2.17			
Matangi	11.88					
Meremere East	60.89	45.67	30.45	15.22		
Meremere West	12.51	9.38	6.25	3.12		
Ngaruawahia North	17.57					
Ohinewai	30.05	15.03	7.51	3.76		
Okowhau	24.38	13.93	6.96	3.48		
Orchard Road	56.92	45.54				
Pukekapia No 1	5.22	2.61	1.30			
Pukekapia No 2	3.27	1.63	0.82			
Pukeroro	9.95	6.64	4.98			
Rangiriri	43.10	35.91	21.55			
Ruawaro No 1 Central	13.30	9.50				
Ruawaro No 1 East		10.32	6.88	3.44		
Ruawaro North	30.85	22.04	8.82			
Ruawaro West	5.23	3.92	2.61	1.31		
Swan Road		102.54	68.37	34.17		
Tamahere	2.97					
Te Kowhai	26.07	19.55	9.78	6.52	3.26	1.63
Travers Road	49.51	33.01	24.76			
Vrsaljkos	26.73		13.37			

Proposed Charges for 2007/08 + 2008/09

Area Classification	A	B	C	D	E	F
Bells*			34.18			
Austins	29.47	18.42	7.37			
Blairs	18.49	13.21	5.28	2.64		
Churchill East	61.66	49.33	37.00			
Greenhill	12.49	10.93	7.81			
Guests	11.65	7.77				
Hills	20.17	14.41	5.76	2.88		
Hopuhopu	12.58	8.39	4.19	1.40		
HoroHoro	26.25	18.75	7.50	3.75		
Huntly West	5.58	3.99	1.59	0.80		
Island Block	49.09	24.55	12.27			
Kimihia Pumped	34.77	17.38				
Horsham Downs			26.49	13.25		2.65
Komakorau			28.82	14.41		1.44
Lake Waikare subdivisions:						
Frost	9.56	4.78	2.39	1.20		
Nikau	9.94	8.28	6.62		3.38	1.69
Ohinewai	30.05	15.03	7.51	3.76		
Rangiriri	8.77	5.26	1.75			
West	9.21	7.37	3.69	1.84		
Mangawara	4.12	2.57	2.06	0.51		
Mangati	6.50	4.33	2.17			
Matangi	11.88					
Meremere East	60.89	45.67	30.45	15.22		

Area Classification	A	B	C	D	E	F
Meremere West	25.01	18.76	12.51	6.25		
Ngaruawahia North	17.57					
Ohinewai	30.05	15.03	7.51	3.76		
Okowhau	42.67	24.38	12.19	6.10		
Orchard Road	56.92	45.54				
Pukekapia No 1	5.22	2.61	1.30			
Pukekapia No 2	3.27	1.63	0.82			
Pukeroro	9.95	6.64	4.98			
Rangiriri	70.22	58.52	35.11			
Ruawaro No 1 Central	44.27	31.62				
Ruawaro No 1 East		10.32	6.88	3.44		
Ruawaro North	30.85	22.04	8.82			
Ruawaro West	5.23	3.92	2.61	1.31		
Swan Road		102.54	68.37	34.17		
Tamahere	2.97					
Te Kowhai	26.07	19.55	9.78	6.52	3.26	1.63
Travers Road	49.51	33.01	24.76			
Vrsaljkos	26.73		13.37			

* Council collects this rate on behalf of Franklin District Council.