



FINANCES

COST OF SERVICE STATEMENT – SUMMARY

Operating Funding Requirements	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Operating Income		
Targeted Rates	13,966	14,142
Dev Contribution Recognition	10,346	7,636
Property Sales	1,095	3,053
Other Income	26,754	20,045
Total Income	52,161	44,876
Operating Expenditure		
Managing Growth	1,020	997
Strong Communities	30,549	32,335
Sustainable Environment	14,911	15,782
Economic Development	2,701	2,971
Good Governance	5,356	5,760
Other	2,071	1,808
Total Operating Expenditure	56,608	59,653
Net deficit (surplus) of operations	4,447	14,777
Funded by:		
General Rates	23,760	24,743
Other general Investment sources		
Operating deficit (surplus) to/from reserves	(18,863)	(9,516)
Opening Balances	(450)	(450)
Total Funding applied	4,447	14,777

NOTE

This Annual Plan has been prepared based on the 2006-2016 LTCCP. The LTCCP should be referred to in order to provide background and context to the Annual Plan. The financial tables within this section have been prepared showing comparison with the LTCCP.

COST OF SERVICE STATEMENT – SUMMARY (CONTINUED)

Capital and Reserves Funding Requirements	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Capital Expenditure		
Managing Growth	1,029	2,007
Strong Communities	40,874	23,242
Sustainable Environment	11,163	16,434
Economic Development	56	25
Good Governance	51	52
Other	953	904
Total Capital Expenditure	54,126	42,664
Loan Repayments	3,579	3,670
Transfer to reserves		
Total net Cost	57,705	46,334
Funded by:		
General Rates		
Property Sales		
Loans Raised	22,581	22,389
Development, Financial and Other Contributions	22,602	9,663
Transfer from Reserve(s)	12,522	14,282
Total Funding applied	57,705	46,334
Split of Capital Expenditure		
Renewals	7,181	7,896
Growth	38,236	22,142
Increase in level of service	8,709	12,626
Total Capital Expenditure	54,126	42,664

FORECAST STATEMENT OF FINANCIAL PERFORMANCE

For the year ended 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Revenue		
Rates Income	37,726	38,885
Profit on sale of properties	1,095	3,053
Other Revenue from Significant Activities	37,100	27,681
Total Operating Revenue	75,921	69,619
Expenditure		
Operating Expenditure from Significant Activities	56,608	59,653
Total Operating Expenditure	56,608	59,653
Total Operating surplus (deficit) before Taxation	19,313	9,966
Less Taxation Expense	0	0
Net surplus (deficit) after Taxation	19,313	9,966
Operating expenditure from Significant Activities includes:		
Interest expense	4,786	4,236
Depreciation	11,345	11,032



FORECAST SCHEDULE OF RATES

Total District For the year ended 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Targeted Rates	13,966	14,142
General Rates	23,760	24,743
Total Rates	37,726	38,885
Number of Properties	20,234	20,919
Growth in Property Numbers	490	110
Number of Properties to Be Rated	20,724	21,029
Costs to Be Recovered (GST excl)	37,726	38,885
Average Rates per Property (\$)	1,820	1,849
Average Property % Increase	7.79%	8.06%
Average Property \$ Increase (\$) GST excl	132	136
Average Property \$ Increase (\$) GST incl	148	153
Taupo/Kaingaroa - Mangakino/Pouakani		
Average Rates per Property (\$)	1,925	1,925
Average Property % Increase	8.35%	7.97%
Average Property \$ Increase (\$) GST excl	148	142
Average Property \$ Increase (\$) GST incl	167	160
Turangi/Tongariro		
Average Rates per Property (\$)	1,481	1,526
Average Property % Increase	5.39%	8.53%
Average Property \$ Increase (\$) GST excl	76	120
Average Property \$ Increase (\$) GST incl	85	135

FORECAST STATEMENT OF MOVEMENTS IN EQUITY

For the year ended 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Equity at Start of the Year	971,835	959,356
Net surplus	19,313	9,966
Increases	30,856	0
Total Recognised Revenues and Expenses for the Year	50,169	9,966
Less Internal New Borrowing above from TEL Fund	1,022,004	969,322

FORECAST SCHEDULE OF BORROWINGS

For the year ended 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Debt Balances		
Opening Debt	66,625	44,465
New Borrowing Requirements	22,580	22,389
Debt Repayments	(3,578)	(3,670)
Closing Debt	85,627	63,184
Less Internal New Borrowing above from TEL Fund	(6,700)	(1,500)
Closing External Debt	78,927	61,684
Debt Servicing Costs		
Interest	4,786	4,236
Debt Repayments	3,578	3,670
Less Internal Debt Servicing	(574)	(890)
Total External Debt Servicing Costs	7,790	7,016
Borrowing Limits		
In managing its borrowings, Council determines appropriate control limits based on the following covenants:		
% Gross External Interest Expense / Operating Income	5.55%	4.80%
EBIT / Net Interest (- implies more interest earned than paid)	-12.69	³⁴ -4.80
Operating Cashflows / Gross External Interest Expense	2.82	3.47
% Gross External Debt / Equity	7.72%	6.36%

³⁴ The variation in this ratio is primarily due to the revised timeline for the ETA (refer page 20) and hence the LTNZ subsidy also being delayed in line with the new project timeline.

PROJECTED STATEMENT OF FINANCIAL POSITION

As at 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Equity		
Accumulated Funds	255,877	901,316
Council Created Reserves	76,655	67,604
Restricted Reserves	234	252
Revaluation Reserves	689,238	150
Total Equity	1,022,004	969,322
Current Assets		
Cash and cash equivalents	5,600	5,600
Investment	35,286	26,488
Trade and Other receivables	9,728	9,110
Inventories	557	523
Non current assets held for sale	0	1,900
	51,171	43,621
Non-Current Assets		
Investments	27,994	35,599
Biological Assets	4,260	3,083
Property Plant and Equipment	1,034,028	959,908
	1,066,282	998,590
Total Assets	1,117,453	1,042,211
Current Liabilities		
Trade and other payables and provisions	14,074	8,899
Employee entitlement provisions	1,827	1,018
Borrowings	5,096	25,756
	20,997	35,673
Non-Current Liabilities		
Borrowings	73,832	35,928
Employee entitlement provisions	620	977
Deferred Tax – Taupo Airport	0	311
	74,452	37,216
Total Liabilities	95,449	72,889
Total Net Assets	1,022,004	969,322

FORECAST STATEMENT OF CASHFLOWS

For the year ended 30 June 2008	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
Cash Flows from Operating Activities		
Cash was provided from:		
Rates	37,727	38,885
Subsidies	2,256	3,023
Interest Income	6,639	7,008
Fees, Charges & Other Income	10,167	10,908
Cash was applied to:	56,789	59,824
Payments to Suppliers & Employees	40,134	43,975
Interest on Public Debt	4,786	4,236
Net Cash inflow (outflow) from Operating Activities	11,869	11,613
Cash Flows from Investing Activities		
Cash was provided from:		
Proceeds from Sale of Fixed Assets	2,573	4,018
Development/ Financial Contributions	13,031	8,046
Capital Subsidies	7,331	0
Net Decrease in Investments	8,419	1,768
Cash was applied to:	31,354	13,832
Purchase & Development of Fixed Assets	54,126	42,664
Net Increase in Investments	0	0
Net cash inflow (outflow) from Investing Activities	(22,772)	(28,832)
Cash Flows from Financing Activities		
Cash was provided from:		
Loans Raised	15,881	20,889
Cash was applied to:	15,881	20,889
Repayment of Public Debt	3,578	3,670
Net cash inflow (outflow) from financing activities	12,303	17,219
Net increase (decrease) in cash held	1,400	0
Add: Cash at start of year	4,200	5,600
Cash at end of year	5,600	5,600

FORECAST SCHEDULE OF CAPITAL EXPENDITURE

Activity/Scheme	Project	2007/08 LTCCP (\$)	2007/08 Annual Plan (\$)	Change (\$)
STRONG COMMUNITIES				
Recreation & Leisure				
Amenity Planting	Renewals & improvements	28,316	77,180	(51,136)
Sport Grounds TK	OD Park Depot & renewals	253,957	253,957	-
Sport Grounds TT	McLaren Park improvements	-	51,450	51,450
Parks & Reserves TK	Tongariro Domain, Nukuhau Boat Ramp & other improvements / renewals	1,166,372	1,452,437	286,065
Parks & Reserves TK	Development Contribution projects	4,135,044	4,135,044	-
Parks & Reserves TT	Pukawa Jetty & Park & Equipment renewals	239,757	176,277	(63,480)
Mangakino Gymnasium	Gym & Pool renewals	12,348	43,218	30,870
Turtle Pool	New Pool complex	637,980	3,107,580	2,469,600
AC Baths	Building & Equipment renewals	595,791	570,073	(25,718)
Taupo Events Centre	Building & Equipment renewals	164,640	144,060	(20,580)
Great Lake Centre	Building & Equipment renewals	285,033	285,033	-
Community Facilities				
Libraries	Taupo & Turangi Building extensions	2,055,942	2,736,111	680,169
Museum	New exhibition space & Building renewals	149,495	149,495	-
Cemeteries	Lawn upgrade / New berm & pathway	15,435	15,435	-
Pensioner Housing	Renewals & refits	113,190	113,190	-
Public Conveniences	Building renewals	82,320	164,640	82,320

Activity/Scheme	Project	2007/08 LTCCP (\$)	2007/08 Annual Plan (\$)	Change (\$)
Roading				
Roading TK Urban	Footpath const. / Reseals & renewals	3,437,338	1,131,916	(2,305,422)
Roading TK Rural	East Taupo Arterial (ETA)	13,338,000	1,026,000	(12,312,000)
Roading TK Rural	Wakeman Road extension	1,744,200	2,349,540	605,340
Roading TK Rural	Seal extension / Poihipi straightening / Pavement reseals & renewals	1,597,158	1,720,258	123,100
Roading TT Urban	Omori Road, footpaths & renewals	244,915	527,065	282,150
Roading TT Rural	Pavement reseals & renewals	78,314	80,366	2,052
Water				
All Schemes	Water renewals	1,445,358	1,784,523	339,165
Taupo	Water Treatment & Rainbow Point connection	8,728,209	996,569	(7,731,640)
Centennial Drive	Intake replacement	31,260	31,260	-
Total Strong Communities Capital Expenditure		40,757,547	23,199,851	(17,557,696)
SUSTAINABLE ENVIRONMENT				
Solid Waste				
Litter Control	Vehicle replacement & litter bins	125,024	94,154	(30,870)
Solid Waste Disposal	District landfill cell 2C & Transfer Stations	871,565	1,334,615	463,050
Waste Water				
Taupo	New land disposal site & PCP upgrade	2,823,820	10,267,200	7,443,380
Acacia Bay	Acacia Bay including Ponui & Brodie	2,086,084	52,100	(2,033,984)
Kinloch	Land purchase & design	2,813,400	531,420	(2,281,980)
Waitahanui / Five Mile Bay	Upgrading existing treatment plant	-	260,500	260,500

Activity/Scheme	Project	2007/08 LTCCP (\$)	2007/08 Annual Plan (\$)	Change (\$)
Mangakino	Upgrading existing treatment plant	-	1,458,800	1,458,800
All Schemes	Wastewater renewals	1,256,027	1,562,375	306,348
Stormwater & Land Drainage	Stormwater upgrades & improvements	1,079,512	764,828	(314,684)
Lake & River Systems	Lake Taupo Foreshore Protection	108,045	107,885	(160)
Total Sustainable Environment Capital Expenditure		11,163,476	16,433,876	5,270,400
ECONOMIC DEVELOPMENT, MANAGING GROWTH & OTHER				
Economic Development				
Visitor Centres & Marketing	Shop Fittings	55,674	24,744	(30,930)
Managing Growth				
Urban Land Development	Taupo Urban Lands	1,029,000	2,006,550	977,550
Other				
Forestry	Afforestation	53,750	53,750	-
Property Management	Property Renewals	406,764	406,764	-
Support Services	Network Development, Office Equipment	311,878	254,398	(57,480)
Vehicles	Vehicle Replacement	348,478	283,675	(64,803)
Total Economic Development, Managing Growth & Other Capital Expenditure		2,205,543	3,029,880	824,337

ACCOUNTING POLICIES

1. REPORTING ENTITY

Taupo District Council is a Local Authority governed by the Local Government Act 2002. The financial statements of Taupo District Council and Group have been prepared in accordance with the provisions of section 98(1) of the Local Government Act 2002.

The Council's financial statements include Council and the Taupo Airport Authority (50%). The Lake Taupo Protection Trust is an equity accounted associate.

The group reporting entity consists of the Taupo District Council, and its subsidiaries, Data Capture Systems Limited and Destination Lake Taupo Limited. Council has two other Council Controlled Entities being the Lake Taupo Tourism Advisory Board and the Taupo District Economic Development Board. These are advisory boards and there are no financial results or assets or liabilities to consolidate.

2. STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

These financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and therefore also comply with International Financial Reporting Standards. For this purpose the Council has designated itself as a public benefit entity.

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and in preparing an opening NZ IFRS Balance Sheet at 1 July 2005 for the purposes of the transition to NZ IFRS.

The financial statements are prepared using the historical cost basis except for assets and liabilities which are recorded at fair value. These are detailed in the specific policies below.

3. ACCOUNTING POLICIES

The following accounting policies which materially affect the measurement of results and financial position have been applied:

3.1 BASIS OF CONSOLIDATION

Subsidiaries include special purpose entities and are those over which Taupo District Council and group has the power to govern

financial and operating policies, generally arising from a shareholding of at least half of the voting rights. Potential exercisable or convertible voting rights are considered when assessing whether Taupo District Council and group controls another entity.

Subsidiaries are fully consolidated from the date on which control is transferred to Taupo District Council and group and de-consolidated from the date control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries.

Inter-company transactions, balances and unrealised gains on transactions are eliminated. Unrealised losses are also eliminated, unless the transaction provides evidence of the impairment of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by Taupo District Council and group.

The following entities are treated as subsidiaries in Council's consolidated financial statements

- Data Capture Systems Limited (100% owned)
- Destination Lake Taupo Limited (100% owned)

3.2 FOREIGN CURRENCY TRANSACTIONS

The functional and presentation currency is New Zealand dollars. Transactions in foreign currencies are translated at the foreign exchange rate ruling on the day of the transaction.

Foreign currency monetary assets and liabilities at the balance date are translated to NZ dollars at the rate ruling at that date. Foreign exchange differences arising on translation are recognised in the income statement, except when deferred in equity as qualifying cash flow hedges and qualifying net investment hedges.

3.3 DERIVATIVE FINANCIAL INSTRUMENTS

Taupo District Council and group uses derivative financial instruments to hedge its exposure to interest rate and foreign exchange risks arising from operational, financing and investment activities. In accordance with the treasury policies of the respective group entities, Taupo District Council and group does not hold or issue

derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on re-measurement to fair value is recognised immediately in profit or loss. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged (see Hedging policy).

The fair value of interest rate swaps is the estimated amount that the group would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward exchange contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

3.4 HEDGING

Derivatives are first recognised at fair value on the date a contract is entered into and are subsequently re-measured to their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. Taupo District Council and group designates certain derivatives as either; (1) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge); or (2) hedges of highly probable forecast transactions (cash flow hedges).

Taupo District Council and group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. Taupo District Council and group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

Fair Value Hedge

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the income

statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Cash Flow Hedge

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in equity in the hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the income statement.

Amounts accumulated in equity are recycled in the income statement in the periods when the hedged item will affect profit or loss (for instance when the forecast sale that is hedged takes place). However, when the forecast transaction that is hedged results in the recognition of a non-financial asset (for example, inventory) or a non-financial liability, the gains and losses previously deferred in equity are transferred from equity and included in the measurement of the initial cost or carrying amount of the asset or liability.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the income statement.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately transferred to the income statement.

Derivatives That Do Not Qualify For Hedge Accounting

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of any derivative instrument that does not qualify for hedge accounting are recognised immediately in the income statement.

3.5 GST

The financial statements have been prepared exclusive of GST with the exception of receivables and payables that have been shown inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

3.6 REVENUE

Rates revenue is recognised when invoiced.

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

Government grants, including non-monetary grants at fair value, shall not be recognised by Taupo District Council and group until there is reasonable assurance that:

- (a) the entity will comply with the conditions accounting to them; and
- (b) the grants will be received.

Government grants, other than grants related to assets, shall be recognised as income over the periods necessary to match them with the related costs which they are intended to compensate, on a systematic basis.

Land Transport New Zealand roading subsidies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council – with or without conditions – are recognised as revenue when control over the assets is obtained. Grants and bequests are recognised at their fair value where there is a reasonable assurance that the grant or bequest will be received and that Council as the recipient will comply with all attached conditions.

Revenue from the sale of goods is recognised in the income statement when the significant risks and rewards of ownership have been transferred to the buyer.

Revenue from any services rendered (except as described above) is recognised in the income statement in proportion to the stage of completion of the transaction at the balance sheet date. The stage of completion is assessed by reference to surveys of work performed.

Rental income from investment property is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives granted are recognised as an integral part of the total rental income.

Development contributions are accounted for using the liability method which means that invoiced revenue from these contributions is not recognised as revenue until applied towards an allowable capital project. The invoiced revenue is treated as a liability until applied.

Dividend income shall be recognised when the shareholder's right to receive payment is established.

Interest income is recognised in the income statement as it accrues, using the effective interest method. Interest income is not allocated to significant activities and is included as other income in the income statement.

General rates are not allocated to significant activities and are included as general rate revenue in the income statement.

No revenue is recognised if there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

3.7 EXPENSES

Leases

Leases in which substantially all of the risks and rewards of ownership transfer to the lessee are classified as finance leases. At inception, finance leases are recognized as assets and liabilities on the balance sheet at the lower of the fair value of the leased property and the present value of the minimum lease payments. Any additional direct costs of the lessee are added to the amount recognized as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Operating Lease Payments

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

Finance Lease Payments

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.

Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest rate method, foreign exchange losses, and losses on hedging instruments that are recognised in the income statement (see Hedging policy).

The interest expense component of finance lease payments is recognised in the income statement using the effective interest rate method.

3.8 EQUITY

Equity is the community's interest in the Council as measured by the value of total assets less total liabilities. Public Equity is disaggregated and classified into a number of reserves to enable clearer identification of the specified uses Council makes of its accumulated surpluses. The public equity of Council is made up of the following components:

- Accumulated Funds
- Council Created Reserves
- Restricted Reserves
- Revaluation Reserves

3.9 RESERVES

Reserves are a component of Public Equity and represent a particular use to which parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Council Created Reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

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

Asset Revaluation Reserves arise from certain asset classes being revalued, with these classes including land, buildings, infrastructural assets, restricted assets and investments. The treatment of revaluation movements is detailed in item 3.15.1 of the policies.

3.10 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash balances and 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 Taupo District Council and group'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.

3.11 INVESTMENTS

Taupo District Council and group classify its investments in the following categories:

(a) Financial assets or financial liabilities at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Derivatives are also categorised as held for trading unless they are designated as hedges.

(b) Loans and receivables

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

(c) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that management has the positive intention and ability to hold to maturity.

(d) Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Council Investment In Subsidiaries

For the purposes of the Council's financial statements, Taupo District Council's equity investments in its subsidiary companies are stated at cost, less impairment losses (see impairment policy).

Investments In Debt And Equity Securities
Financial instruments held for trading are classified as financial assets at fair value through the profit and loss and are stated at fair value, with any resultant gain or loss recognised in the income statement. Council's managed equity investments fall into this category. Fair value is determined as current market value based on the 30 June closing sale price recorded in the relevant stock exchange. The value of the foreign-listed managed equities is converted to New Zealand dollars at the 30 June closing rate of exchange.

Council's shareholding in King Country Energy Limited is classified as available for sale. This investment is stated at fair value with the resultant gain or loss recognised through equity. Fair value is determined at current market value based on the 30 June closing stock exchange sale price.

Where Taupo District Council and group has the positive intent and ability to hold government bonds to maturity, they are classified as held-to-maturity investments, measured at initial recognition at fair value, and subsequently carried at amortised cost less impairment losses (see accounting policy 3.18).

3.12 ACCOUNTS RECEIVABLE

Accounts receivable are valued at their cost less impairment losses (see accounting policy 3.18).

3.13 INVENTORIES

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

Inventories held for distribution at no charge, or for a nominal amount, are stated at the lower of cost and current replacement cost.

The cost of inventories is based on the first-in first-out principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

3.14 NON-CURRENT ASSETS (OR DISPOSAL GROUPS) 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. A gain or loss not previously recognised by the date of the sale of the non-current asset (or disposal group) is recognised at the date of de-recognition.

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

Non-current assets classified as held for sale and the assets of a disposal group classified as held for sale are presented separately from the other assets in the balance sheet. The liabilities of a disposal group classified as held for sale are presented separately from other liabilities in the balance sheet.

3.15 PROPERTY, PLANT AND EQUIPMENT PROPERTY, PLANT AND EQUIPMENT CONSIST OF:

Operational assets – These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

Restricted assets – Restricted assets are parks and reserves owned by the Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

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

Heritage assets and works of art.

3.15.1 VALUATION METHODOLOGIES

Operational land and restricted land were initially valued at fair value by Quotable Value New Zealand at 30 June 2005 which was considered deemed cost. These were

revalued to fair value by Quotable Value New Zealand at 30 June 2007.

Operational buildings were initially valued at fair value by Quotable Value New Zealand at 1 July 2005 which was considered deemed cost. These were revalued to fair value by Quotable Value New Zealand at 30 June 2007.

Infrastructure roading assets (except for land under roads) were valued at depreciated replacement cost by Council Asset Managers and reviewed by Opus International Consultants Limited at 30 June 2005. This valuation is considered deemed cost.

Infrastructure water, wastewater and stormwater (excluding buildings associated with these networks) were valued at depreciated replacement cost by Beca Valuations Limited at 30 June 2005. This valuation is considered deemed cost.

Infrastructure solid waste is valued at cost less accumulated depreciation.

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. Valuations are performed with sufficient regularity to ensure revalued assets are carried at a value that is not materially different from fair value.

Land under roads was initially valued by Quotable Value New Zealand at 30 June 2005 which was considered deemed cost. This asset class was revalued to fair value by Quotable Value New Zealand at 30 June 2007.

Urban land was valued at 45% of the surrounding land's market value. Rural land was valued based on the surrounding land's market value. Land under roads is not depreciated.

The Airport Infrastructure was valued at depreciated replacement cost by Beca Valuations Limited at 30 June 2002. This valuation is considered deemed cost.

Heritage assets and park furniture were included for the first time at 1 July 2005. Under NZ IFRS this valuation has been deemed cost and will no longer be valued. Heritage assets are not depreciated.

All other property, plant and equipment is stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains/losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of an asset class are credited to revaluation reserves in shareholders' equity. To the extent that the increase reverses a decrease previously recognised in the income statement, the increase is first recognised in the income statement. Decreases that reverse previous increases of the same asset class are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class; all other decreases are charged to the income statement.

Borrowing costs are not capitalised as part of the cost of an asset. They are recognised as an expense in the period in which they are incurred.

3.15.2 ADDITIONS

Additions between valuations are shown at cost, except vested assets. Certain infrastructural assets and land have been vested in Council as part of the sub-divisional consent process. The vested land reserve has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructural assets are valued based on the actual quantities of infrastructure components vested and the current "in the ground" cost of providing identical services.

3.15.3 DEPRECIATION

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

The useful lives and associated depreciation rates of assets to be depreciated have been estimated as follows:

OPERATIONAL ASSETS:		
LAND	Nil	Nil
BUILDINGS		
Structure	20-80 yrs	1.3%-5% SL
Roof	20-40 yrs	2.5%-5% SL
Services	20-45 yrs	2.5%-5% SL
Internal fit out	15-35 yrs	2.9%-6.7% SL
Machinery	4-10 yrs	10-25%DV
Computer Equipment	4 yrs	25%SL
Office Equipment	5-10 yrs	10-20%DV
Furniture & Fittings	5-10 yrs	10-20%DV
Vehicles	5-10 yrs	10-20%DV
Library Books	6.5 yrs	15.5%SL
INFRASTRUCTURAL ASSETS:		
ROADS		
Top surface	3 -20 yrs	5%-33%SL
Pavement	45 - 60 yrs	1.7%-2%SL
Formation	not depreciated	
Culverts	60-80 yrs	1.3%-1.7%SL
Footpaths	30 - 80 yrs	1.3%-3.3%SL
Kerbs	60 yrs	1.7%SL
Signs	10-25 yrs	4-10%SL
Street Lights & Poles	25 - 60 yrs	1.7%-4%SL
Bridges	90-100 yrs	1%-1.1%SL
Foot Bridges	30-60 yrs	1.7% -3.3%SL
Land under roads	not depreciated	
WATER RETICULATION		
Pipes	45 - 80 yrs	1.25%-2.2%SL
Valves, hydrants	40 yrs	2.5%SL
Pump stations	10 - 60 yrs	1.7%-10%SL
Tanks	25 - 80 yrs	1.3%-4%SL
SEWERAGE RETICULATION		
Pipes	15 - 80 yrs	1.3%-6.7%SL
Manholes	80 yrs	1.3%SL
Treatment Plant	10 - 80 yrs	1.3%-10%SL
STORMWATER SYSTEMS		
Pipes	80 - 100 yrs	1%-1.3%SL
Manholes, Cesspits	80 - 100 yrs	1%-1.3%SL
Flood Control Systems	15 - 18 yrs	5.6%-6.7%SL
RESTRICTED ASSETS:		
Land	Nil	Nil
Other	0-40 ys	Nil - 2.5%SL

Forest Assets are not depreciated.

The assets' residual values and useful lives 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.

Assets Under Construction

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

3.15.4 DISPOSAL

Gains and losses on disposal are determined by comparing proceeds with carrying amount. These are included in the income statement. When revalued assets are sold, the amounts included in other reserves in respect of those assets are transferred to retained earnings.

3.16 INTANGIBLE ASSETS DEVELOPMENT EXPENDITURE

Costs related to producing the accounting billing system for Data Capture Systems Ltd. Development costs are capitalised where future benefits are expected to exceed those costs, otherwise such costs are recognised in the statement of financial performance in the period in which they are incurred. Unamortised costs are reviewed at each balance date to determine the amount (if any) that is no longer recoverable, and any amount so identified is written off. As the company has made the decision to cease trading all development expenditure has been fully impaired.

Software

Acquired computer software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These are valued at cost and are amortised over the expected useful life of the licence.

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

3.17 BIOLOGICAL ASSETS AND AGRICULTURAL PRODUCE

A biological asset is a living animal or plant. Biological assets that are the subject of agricultural activity (i.e. the management of the biological transformation of biological assets for sale, into agricultural produce, or into additional biological assets) are stated at fair value less estimated point-of-sale costs, determined on the basis of an annual revaluation, with any resultant gain or loss recognised in the income statement. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to get the assets to market.

All other biological assets are measured at the lower of cost and net realisable value.

Agricultural produce is the harvested product of the entity's biological assets. Agricultural produce is measured at fair value less estimated point-of-sale costs at the point of harvest.

Forest Assets

Forest assets are predominantly standing trees which are managed on a sustainable yield basis. These are shown in the balance sheet at fair value less estimated point of sale costs at harvest. The costs to establish and maintain the forest assets are included in the income statement together with the change in fair value for each accounting period.

The valuation of Taupo District Council and groups forests is based on discounted cash flow models where the fair value is calculated using cash flows from continued operations; that is, based on sustainable forest management plans taking into account growth potential. The yearly harvest from tree forecast tree growth is multiplied by expected wood prices and the costs associated with forest management, harvesting and distribution are then deducted to derive annual cash flows.

The fair value of the forest assets is measured as the present value of cash flows from one growth cycle based on the productive forest land, taking into consideration environmental, operational and market restrictions. Forest assets are valued separately from the underlying freehold land.

3.18 IMPAIRMENT

The carrying amounts of Taupo District Council and group's assets, other than investment property (see Investments policy), inventories (see Inventories policy) and deferred tax assets (see Income Tax policy), are reviewed at each balance sheet date to determine whether there is any indication of impairment.

3.19 FINANCIAL LIABILITIES

Financial liabilities (creditors, income in advance, loans, bonds and deposits) are recognised at fair value. These are subsequently recognised at amortised cost.

3.20 EMPLOYEE ENTITLEMENTS

Provision is made in respect of Taupo District Council and group's liability for annual leave, sick leave, long service leave, and gratuities.

The retiring gratuity liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Long-service leave for which there is already actual entitlement is accrued at actual entitlement using current rates of pay. In addition, there is an actuarial assessment of value for which entitlement has not yet been reached. This assessment uses current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement. These estimated amounts are discounted to their present value.

Liabilities for annual leave are accrued on an actual entitlement basis using current rates of pay.

Liabilities for accumulating short-term compensated absences (for example, sick leave) are measured as the amount of unused entitlement accumulated at balance date that the Council anticipates employees will use in future periods in excess of the days that they will be entitled to in each of those periods.

3.21 PROVISIONS

A provision is recognised in the balance sheet when the group 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

The Council, as operator of the District landfill, has a legal obligation under the resource consent to provide 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.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

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 the Council.

3.22 INTEREST-BEARING BORROWINGS

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

3.23 INCOME TAX

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

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 the amounts used for taxation purposes.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

3.24 COST ALLOCATION

Taupo District Council has derived the net cost of service for each significant activity of the Council using the following cost allocation system:

Direct costs (costs directly attributable to a significant activity) are charged directly to significant activities.

Indirect costs (those costs which cannot be identified in an economically feasible manner, with a specific significant activity) are charged to significant activities based on cost drivers and related activity/usage information.

3.25 BUDGET FIGURES

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Long Term Council Community Plan / Annual Plan process. The budget figures have been prepared in accordance with generally accepted accounting practice and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

3.26 THIRD PARTY TRANSFER PAYMENT AGENCIES

Taupo District Council and group collect monies for many organisations. Where collections are processed through Taupo District Council and group's books, any monies held are shown as Accounts Payable in the Statement of Financial Position. Amounts collected on behalf of third parties are not recognised as revenue, but commissions earned from acting as agent are recognised in revenue.

FUNDING IMPACT STATEMENT

1. INTRODUCTION

This Funding Impact Statement has been updated to include any Council decisions subsequent to the 2006-2016 LTCCP and to reflect the revenue requirements of the 2007/08 year.

The Schedule on page 87 is provided to show the dollars collected from all funding sources.

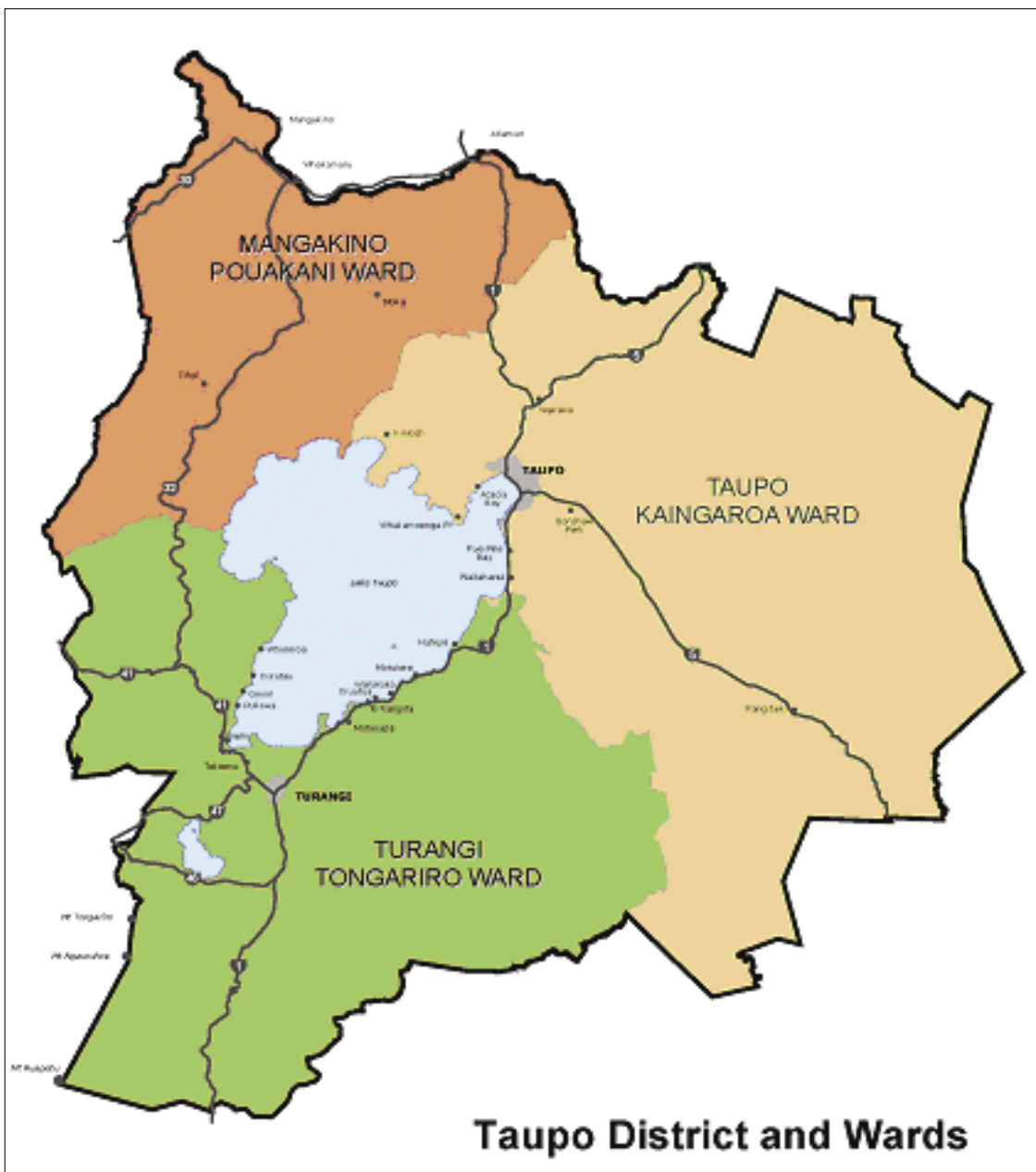
2. WARD BOUNDARIES AND RATING AREAS

The two rating areas for 2007/08 are:

- Mangakino/Pouakani, Taupo and Kaingaroa Wards combined
- Turangi/Tongariro Ward.

Where services benefit the whole community, these services will be paid from general rates. Where services benefit individuals or identifiable groups in the community, user charges or targeted rates may be levied.

Rates are levied throughout the District in the two separate rating areas of Taupo/Kaingaroa and Mangakino/Pouakani combined, and Turangi/Tongariro.



Rates raised in a rating area are spent in that area. Each rating area is under the control of a Community Board or Committee of Council. These two bodies recommend the rates and charges for their rating areas with Council making the final decision.

The rating system used by Council is land value, and the property valuations produced by Quotable Value effective 1 July 2005 and valuation of additional subdivisions are used for the 2007/08 rating year. It should be noted that any rate in the dollar detailed in this policy is a rate in the dollar using the land value of that rating unit.

3 CATEGORIES OF RATEABLE LAND

The Council will adopt the following as its definitions for categories of rateable land for the 2007/08 financial year. These categories will be used as described elsewhere in this policy, and as required, for setting the general rate differentially and for setting some of the targeted rates.

The categories are:

- Residential – all residential rating units with up to two separately used or inhabited portions under common ownership
- Rural Residential - all rural properties under four hectares but excluding those properties which have commercial, retail, industrial, accommodation, farming or horticultural, or electricity generation uses
- Multi residential – all rating units where there are more than two portions capable of separate occupation (including institutions for the elderly)
- Commercial/Industrial – all rating units used for commercial, industrial or retail purposes excluding motels, hotels and other accommodation establishments for the travelling public, and rating units with electricity generation use. Administrative and operational rating units of Central and Local Government, including State Owned Enterprises are also categorised Industrial/Commercial
- Accommodation – all accommodation establishments for the travelling public, including motels, hotels, camping grounds and backpacker lodges
- Timeshare Accommodation – all timeshare units where there is a composite certificate of title for an undivided share in a stratum estate in freehold under the Unit Titles Act 1972 and an estate in leasehold for a time-share period under the Land Transfer Act 1952.
- Rural within urban – all rating units in the urban areas of four hectares or larger, but excluding those rating units which have commercial or retail, industrial, accommodation or electricity generation uses.
- Rural – all rating units in the rural areas of four hectares or larger, but excluding those properties which have commercial or retail, industrial, accommodation or electricity generation uses. To avoid doubt this category includes any rating unit used predominately for farming or horticultural use-
- Electricity generators – all rating units used for electricity generation, where the whole operation of the electricity generator within the District (from this rating unit and any others involved in the operation) exceeds 30,000 MWh per annum.
- Other - All other rating units not defined within the other differential categories.

It should be noted that:

- a. Vacant land – the differential classification will be determined by the underlying zone classification or size (area) of the rating unit.
- b. Separately usable or habitable portion – this refers to the ability to use a part or parts of the rating unit as an independent residence; or in the case of a rating unit used for commercial or industrial business, the ability to use part or parts of the rating unit for independent trading operations. In a residential situation a separately usable or habitable portion will only be classified if all of the following apply - separate cooking facilities, separate living facilities, separate toilet and bathroom facilities and a separate external entrance. In a business situation a separately usable or habitable portion will be classified where the property has been set-up to accommodate, or is accommodating, separate lessees, tenants, or the like, operating separate businesses from the same rating unit.

3.1 PROPERTY CLASSIFICATIONS AND DIFFERENTIAL FACTORS FOR 2007/08 GENERAL RATE BASED ON LAND USE

Property Classes	Differential Factors	
	Taupo/Kaingaroa/ Mangakino/ Pouakani	Turangi/ Tongariro
Urban residential	1.000	1.000
Urban multi resd [>2]	2.000	2.000
Urban ind/commercial	2.000	2.000
Urban accommodation	2.000	2.000
Timeshare Accommodation	1.000	1.000
Rural within urban	1.000	1.000
Rural residential	1.000	1.000
Rural multi resd [>2]	2.000	2.000
Rural ind/commercial	2.000	2.000
Rural accommodation	2.000	2.000
Rural within rural	1.000	1.000
Electricity generators – Hydro	14.26	16.23
Electricity generators – Geothermal	29.70	29.70
Other	2.000	2.000

3.2 TARGETED RATES BASED ON LAND USE

Council will target rates based on land use to assess:

- Marketing development rate (1 below)
- District refuse disposal rate (1 and 2 below)
- Lake protection rate (3 below).

The following categories will apply:

- All commercial, industrial, electricity generation, and accommodation rating units
- All residential, multi residential, timeshare accommodation, and rural properties
- All rural rating units over 2 hectares within the defined Lake Taupo catchment area excluding commercial/industrial and forestry.

3.3 TARGETED RATES BASED ON LOCATION

Council will use targeted rates based on location to assess rates on rating units for:

- Targeted uniform general rate (1 and 2 below)
- Main street development charge (2 below)
- Lake protection rate (3 and 4 below)
- Taupo town centre management rate (5 below)
- Security rate (6 below).

The following categories will apply:

- Taupo/Kaingaroa and Mangakino/Pouakani Rating Area – all rating units
- Turangi/Tongariro Rating Area – all rating units
- Inside Lake Taupo catchment area – all rating units excluding rural units over 2 hectares (see map at end of policy)
- Outside Lake Taupo catchment area – all rating units (see map at end of policy)
- Industrial/commercial rating units within the defined central business district of Taupo town
- Specified rating units within the Turangi central business district.

3.4 TARGETED RATES BASED ON AVAILABILITY OF SERVICE

Council will use targeted rates based on availability of service to assess rates on rating units for:

- water supply and sewage disposal (1,2,3,4 and 5 below)
- water and sewer loans to fund capital costs (6 below)
- main street security rate (7 below)
- Whakamaru fire protection charge (8 below).

The following categories will apply:

- 1 connected – any rating unit that is connected to a Council operated water scheme or is connected to a public sewerage drain
- 2 serviceable – any rateable rating unit that is not connected to a sewage drain but is within 30 metres of such a drain; or a Council operated water scheme that is not connected, but:
 - for certain defined water schemes is within 100 metres of any part of the waterworks or
 - for other certain defined water schemes within the scheme area
- 3 sewer multi connections – rating units with more than one pan or urinal
- 4 water multi connections – rating units with more than one separately occupiable part
- 5 metered water supply – rating units with a water meter
- 6 rating units where no election was made to pay by lump sum contribution
- 7 defined rating units within the Turangi CBD
- 8 defined rating units within the Whakamaru village.

4 GENERAL AND TARGETED RATES

The Council intends to set the following rates under the Local Government (Rating) Act 2002, on rating units in the District for the financial year commencing on 1 July 2007 and ending on 30 June 2008.

4.1 GENERAL RATE

A General Rate, set under section 13 of the Local Government (Rating) Act 2002 made on every rating unit, assessed on a differential basis as described below and calculated on the land value of each rating unit in the District.

Area and Rating Unit	2007/08 GST Inclusive	2006/07 GST Inclusive
Taupo Township/Acacia Bay/Mangakino Township		
Residential	0.0022838/\$	0.0020078/\$
Residential-Multi	0.0045676/\$	0.0040155/\$
Accommodation	0.0045676/\$	0.0040155/\$
Timeshare Accommodation	0.0022838/\$	0.0020078/\$
Industrial/Commercial	0.0045676/\$	0.0040155/\$
Rural	0.0022838/\$	0.0020078/\$
Electricity generators – Geothermal	0.0678288/\$	0.0613370/\$
Electricity generators – Hydro	0.0325669/\$	0.0290924/\$
Other	0.0045676/\$	0.0040155/\$
Balance Taupo Ward/Kaingaroa/Pouakani		
Residential	0.0022838/\$	0.0020078/\$
Residential-multi	0.0045676/\$	0.0040155/\$
Accommodation	0.0045676/\$	0.0040155/\$
Timeshare Accommodation	0.0022838/\$	0.0020078/\$
Industrial/Commercial	0.0045676/\$	0.0040155/\$
Rural	0.0022838/\$	0.0020078/\$
Electricity generators – Geothermal	0.0678288/\$	0.0613370/\$
Electricity generators – Hydro	0.0325669/\$	0.0290924/\$
Other	0.0045676/\$	0.0040155/\$

Area and Rating Unit	2007/08 GST Inclusive	2006/07 GST Inclusive
Turangi Township		
Residential	0.0024166/\$	0.0020856/\$
Residential-multi	0.0048332/\$	0.0041712/\$
Accommodation	0.0048332/\$	0.0041712/\$
Timeshare Accommodation	0.0024166/\$	0.0020856/\$
Industrial/Commercial	0.0048332/\$	0.0041712/\$
Rural	0.0024166/\$	0.0020856/\$
Electricity generators – Geothermal	0.0717730/\$	0.0637151/\$
Electricity generators – Hydro	0.0392216/\$	0.0354762/\$
Other	0.0048332/\$	0.0041712/\$
Tongariro		
Residential	0.0024166/\$	0.0020856/\$
Residential-multi	0.0048332/\$	0.0041712/\$
Accommodation	0.0048332/\$	0.0041712/\$
Timeshare Accommodation	0.0024166/\$	0.0020856/\$
Industrial/Commercial	0.0048332/\$	0.0041712/\$
Rural	0.0024166/\$	0.0020856/\$
Electricity generators - Geothermal	0.0717730/\$	0.0637151/\$
Electricity generators – Hydro	0.0392216/\$	0.0354762/\$
Other	0.0048332/\$	0.0041712/\$

The General Rate will be used to fund planning guidance, building and development services, inspection services, rural fire, housing for the elderly, community support, community health, arts and culture, heritage, safety and crime prevention, venture centre, swimming pool (Turangi), roading, rate remissions, parking control, economic development and destination marketing.

4.2 TARGETED UNIFORM GENERAL RATE

A Targeted Uniform General Rate made on every rating unit, set under section 16 of the Local Government (Rating) Act 2002, assessed as below:

Targeted General Charge	2007/08	2006/07
TKMP	490.00	480.00
TT	480.00	470.00

The Targeted Uniform General Rate will be used to fund governance, integrated planning, environmental planning, policy and development, civil defence, animal control, venues, libraries, Great Lake Centre (TKMP), parks and reserves, sports grounds, amenity plantings, community halls, public conveniences, Super Loo (TKMP), visitor centres and litter control.

4.3 SEWAGE DISPOSAL

A targeted rate for sewage disposal, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit connected or available to be connected to a Council scheme on the basis of one charge per pan or urinal (with the exception of the residence of a single household – which shall be levied only one charge). For the avoidance of doubt the words ‘a single household’ do not restrict the charge to one pan/urinal in the situation where a rating unit has separately usable and habitable portions. In such a situation each separately usable or habitable portion is regarded as a separate household, and a charge applied, at the sliding scale, for each separately usable or habitable portion of the rating unit (as defined in section 3 of this document).

The sewer schemes are as follows:

Schemes – Taupo Township, Acacia Bay, Kinloch, Waitahanui/Five Mile Bay, Whakamaru, Mangakino, Atiamuri, Turangi Township/Tokaanu, Omori/Kuratau/Pukawa, Motutere, Whareroa and Motuoapa.

The targeted sewer charges are as follows:

Category	2007/08	2006/07
Connected (1 st pan/urinals)	343.89	293.12
Connected (2 – 10 pans/urinals)	257.91	219.84
Connected (10 + pans/urinals)	171.94	146.56
Connected (schools 10 + pans/urinals)	85.97	73.28
Serviceable (available to be connected)	171.95	146.56

A targeted rate for sewer scheme loans, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit within a sewer loan servicing scheme where no election was made to pay by way of lump sum contribution.

The targeted sewer scheme loan charges are as follows:

Sewer Loan	2007/08	2006/07
Acacia Bay	264.27	264.27
Kinloch	160.14	440.48
Waitahanui/Five Mile Bay	228.17	176.71
Motuoapa 'A' Zone	137.70	292.50

4.5 WATER SUPPLY

Water Schemes with fixed charge targeted rates

A targeted rate for water supply, set under section 16 of the Local Government (Rating) Act, assessed on the basis of a targeted rate on any separately usable or habitable portion (as defined in section 3 of this statement) of a rating unit that can be occupied, **and** being a rating unit which is connected, or is available to be connected, to a Council scheme. A full charge will be made for connected rating units and a half charge for serviceable rating units (those within 100 metres of any part of the waterworks).

The water schemes and targeted water charges on any separate part of a rating unit as described above are as follows:

Water Scheme	2007/08	2006/07
Taupo Township/Wairakei	187.34	185.62
Acacia Bay	367.11	348.21
Kinloch	135.61	132.38
Waitahanui	470.23	463.55
River Road	250.76	247.91
Mangakino Township	181.23	178.78
Atiamuri	353.95	350.48
Whakamaru	301.33	298.41
Turangi Township/Tokaanu	141.67	138.25
Motuoapa	161.44	155.86
Omori/Kuratau/Pukawa	119.80	117.23
Hatepe	212.80	208.24
Whareroa	215.04	204.11

Water schemes with charges based on land value

All rating units within the water supply areas defined below (whether connected or not) are levied on the basis of land value. This is also a targeted rate, set under section 16 of the Local Government (Rating) Act 2002. The water schemes and targeted water rates are as follows:

Water Scheme	2007/08	2006/07
Whakaroa	0.0004782/\$	0.0004720/\$
Centennial Drive	0.0018943/\$	0.0018750/\$
Mapara Road	0.0002953/\$	0.0002924/\$
Bonshaw Park	0.0015124/\$	0.0012329/\$
Whakamoenga Point	0.0005376/\$	0.0005323/\$
Waihaha	0.0016510/\$	0.0016344/\$
Tirohanga	0.0005505/\$	0.0005451/\$

4.6 METERED WATER SUPPLY

A targeted rate for metered water supply, set under section 19 of the Local Government (Rating) Act 2002, and assessed on the volume of water supplied to every rating unit with a water meter. In applying these metered water charges, the ratepayer will be provided with units of water at **no charge** up to the threshold at which the level of water usage multiplied by the rate per cubic metre matches the targeted rate contribution under the provisions of section 4.5 of this statement. It is only when this threshold is exceeded that water meter charges at the rates set below will be applied.

Note: Water meter charges will be invoiced separately from rate invoices at various times throughout the year (depending on the water scheme).

The targeted water meter rates are as follows:

Water Supply	2007/08 GST Inclusive		2006/07 GST Inclusive	
	Ordinary Cents per m ³	Extraordinary Cents per m ³	Ordinary Cents per m ³	Extraordinary Cents per m ³
Taupo Township/Wairakei	94	143	94	143
Waitahanui	470	707	457	687
Acacia Bay	167	245	158	232
Kinloch	79	122	78	120
Whakaroa	105	159	105	158
Centennial Drive	37	74	37	74
Mapara Road	107	160	106	159
Bonshaw Park	139	210	136	205
Whakamoenga Point	101	101	101	101
River Road	70	106	69	104
Mangakino Township	79	117	77	114
Tirohanga	36	55	35	53
Turangi Township	35	69	31	62
Motuoapa	50	74	50	74
Tokaanu	70	70	58	58
Hatepe	86	129	86	129
Omori/Kuratau/Pukawa	96	96	96	96

4.7 DISTRICT REFUSE DISPOSAL CHARGE

A targeted rate for district refuse disposal, solid waste operations and waste minimization initiatives, set under section 16 of the Local Government (Rating) Act 2002 and assessed on every rateable rating unit in the District on the basis that residential, multi-residential, timeshare accommodation, rural and electricity generation rating units shall be assessed with one charge per rating unit, and all other rating units shall be assessed with two charges per separately useable or habitable portion of a rating unit (as defined in section 3 of this statement). For the avoidance of doubt, where a rating unit is divided into separate parts for rating purposes, each separate part is treated as if it were a separate rating unit for the application of this District Refuse Disposal Charge.

The targeted refuse disposal charge is as follows:

	2007/08 GST Inclusive	2006/07 GST Inclusive
District Refuse Disposal Charge	72.03	63.11

4.8 MARKETING DEVELOPMENT RATE

A targeted marketing development rate, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit in the District being used for commercial, industrial, electricity generation, or accommodation purposes.

The targeted marketing development rate is as follows:

	2007/08 GST Inclusive	2006/07 GST Inclusive
Marketing Development Rate	0.0021497/\$	0.0020956/\$

4.9 MAIN STREET DEVELOPMENT – PROJECT POUNAMU

A targeted main street development rate, set under section 16 of the Local Government (Rating) Act 2002, assessed on every rating unit in the Turangi/Tongariro rating area.

The targeted main street development charge is as follows:

	2007/08 GST Inclusive	2006/07 GST Inclusive
Main Street Development	34.55	34.42

4.10 SECURITY RATE

A targeted security rate, set under section 16, of the Local Government (Rating) Act 2002, assessed on specified rating units within the Turangi central business district.

The targeted security rate is as follows:

	2007/08 GST Inclusive	2006/07 GST Inclusive
Security Rate	0.0083563/\$	0.0083563/\$

4.11 WHAKAMARU FIRE PROTECTION RATE

A targeted Whakamaru fire protection rate, set under section 16 of the Local Government (Rating) Act 2002, assessed on specified rating units within the Whakamaru Village.

The targeted Whakamaru fire protection rate is as follows:

	2007/08 GST Inclusive	2006/07 GST Inclusive
Whakamaru Fire Protection	93.75	93.75

4.12 LAKE PROTECTION RATE

A targeted Lake Protection rate, set under section 16 of the Local Government (Rating) Act 2002, assessed on specified rating units within the Taupo District.

The targeted Lake Protection rate is as follows:

Name	Scope	2007/08 GST Inclusive	2006/07 GST Inclusive
Lake Protection 1	All Taupo and Turangi township ratepayers. Lakeshore settlements, rural industrial properties and rural commercial properties including forestry interests within the Lake catchment.	67.50	67.50
Lake Protection 2	Taupo District ratepayers outside the Lake catchment including Mangakino and River Road.	28.12	28.12
Lake Protection 3	Rural properties 2 hectares and over within catchment but excluding rural industrial properties, rural commercial properties and forestry interests.	0.0006683/\$	0.0006588/\$

4.13 TAUPO TOWN CENTRE MANAGEMENT RATE

A targeted Taupo Town Centre Management rate, set under section 16 of the Local Government (Rating) Act 2002, assessed on each separately usable or habitable portion (as defined in section 3 of this statement) of defined rating units within the central business district of Taupo town.

The targeted Taupo Town Centre Management rate is as follows:

Name	2007/08 GST Inclusive	2006/07 GST Inclusive
Taupo Town Centre Management	240.00	240.00

5 PENALTIES ON RATES

Council delegates authority to the Revenue Supervisor and their delegated Financial Officers to apply the following penalties on unpaid rates at their discretion:

- i a charge of 10 percent on so much of any instalment that has been assessed after 1 July 2007 and which is unpaid after the due date
- ii a charge of 10 percent on any outstanding rates, penalties and charges levied before 1 July 2007 which **remain** unpaid 5 working days after the 2007/08 rates resolution is made (between 1 - 9 July 2007).
- iii Penalties imposed are exempt from GST.



SCHEDULE TO FUNDING IMPACT STATEMENT

	LTCCP 2007/08 (\$,000)	A/Plan 2007/08 (\$,000)
INCOME		
General Rate	15,225	16,209
Targeted Rates		
Targeted Uniform General Rate	8,500	8,500
Lake Protection	1,392	1,300
Water Supply	4,408	4,218
Sewage Disposal	5,798	5,959
Refuse Disposal	1,169	1,444
Marketing Development Rate	941	952
Mainstreet Rate	156	154
Mainstreet Security Rate	35	35
Taupo Town Centre Management Rate	98	110
Whakamaru Fire Protection	4	4
Fees and Charges	10,528	10,014
Operating Subsidies	2,256	3,023
Interest	6,639	7,008
Capital Contributions		
Development Contributions	10,346	7,636
Asset Sales	1,095	3,053
Capital Subsidy	7,331	
Total Operating Revenue	75,921	69,619
OPERATING EXPENDITURE		
Operating expenditure	40,477	44,385
Interest expense	4,786	4,236
Depreciation	11,345	11,032
Total Operating Expenditure	56,608	59,653
Operating (surplus)/deficit	(19,313)	(9,966)
OTHER EXPENDITURE		
Capital Expenditure	54,126	42,664
Debt Repayments	3,579	3,670
Transfers to special reserves	18,863	9,516
Total net Cost	57,255	45,884
Funded by:		
Loans Raised	22,581	22,389
Development, Financial and Other Contributions	22,602	9,663
Transfers from Reserves	12,522	14,282
Depreciation not funded		
Opening Balance	(450)	(450)
Total net Funding	57,255	45,884

Note: This Annual Plan has been prepared based on the 2006-2016 LTCCP. The LTCCP should be referred to in order to provide background and context to the Annual Plan.