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Summary of Support Allocations

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Activity Revenue										
Corporate Support, Legal and Insurance	75	77	80	82	84	86	87	89	91	92
Information Management	4	4	4	4	4	4	4	4	4	4
Finance	793	807	820	833	846	857	868	878	888	897
Testing Station	1,325	1,455	1,499	1,539	1,578	1,616	1,649	1,682	1,714	1,742
Project Services	40	41	42	44	45	46	47	48	48	49
Property	302	312	321	329	337	345	353	359	367	372
Quarry	485	500	515	528	542	577	589	600	612	621
Customer Services	288	297	305	314	321	329	335	342	348	354
Total	3,312	3,493	3,586	3,673	3,757	3,860	3,932	4,002	4,072	4,131
Activity Direct Costs (After Internal Recoveries)										
Chief Executive's Office	1,316	1,259	1,292	1,326	1,361	1,389	1,417	1,444	1,471	1,494
Risk Management	662	678	696	712	726	742	754	767	778	787
Corporate Support, Legal and Insurance	1,866	1,180	1,240	1,342	1,179	1,251	1,240	1,293	1,263	1,316
Human Resources	972	1,154	1,136	1,240	1,304	1,402	1,443	1,526	1,579	1,651
Information Management	114	49	21	(11)	(46)	(79)	(107)	(137)	(181)	(208)
Finance	2,011	1,953	2,066	2,053	2,097	2,199	2,172	2,211	2,307	2,271
Strategic Group	27	21	21	22	22	23	23	24	24	25
Testing Station	1,156	1,183	1,222	1,253	1,277	1,311	1,335	1,360	1,385	1,407
Project Services	(47)	(66)	(86)	(105)	(129)	(148)	(174)	(190)	(216)	(236)
Property	354	363	372	380	388	398	406	411	415	422
Quarry	189	217	204	202	230	212	217	246	236	240
Customer Services	2,928	3,003	3,121	3,144	3,250	3,268	3,364	3,374	3,478	3,515
Remuneration Adjustments	500	513	525	536	547	557	566	575	582	590
Total	12,048	11,507	11,830	12,094	12,206	12,525	12,656	12,904	13,121	13,274
Indirect Costs and Allocations										
Administration	1,192	1,297	1,321	1,353	1,387	1,409	1,438	1,459	1,484	1,505
Total	1,192	1,297	1,321	1,353	1,387	1,409	1,438	1,459	1,484	1,505
Total for Allocation	9,928	9,311	9,565	9,774	9,836	10,074	10,162	10,361	10,533	10,648
Support Capital Expenditure										
Plant Replacement	1,200	1,237	1,273	1,307	1,340	1,371	1,400	1,426	1,453	1,477
Civic Centre and Accommodation	25	-	26	27	28	28	29	29	30	30
Information Management	11,308	5,671	6,047	6,123	4,880	3,107	3,348	4,778	7,655	8,946
Testing Station	15	-	-	-	-	-	-	-	-	-
Property	1,111	547	685	431	682	696	596	174	522	582
Customer Services	115	-	-	-	-	-	-	-	-	-
Total	13,774	7,455	8,031	7,888	6,930	5,202	5,373	6,407	9,660	11,035

Funding Impact Statement

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Total Costs										
Costs of Services Activity Costs										
Urban & Rural Villages	22,935	22,836	23,839	25,264	25,775	26,871	27,746	28,691	29,148	29,886
Integrated Transport & Communication	8,694	9,633	10,320	10,808	11,248	11,799	12,553	13,084	13,656	14,573
Strong Innovative Economy	3,403	3,717	3,669	3,890	4,002	4,152	4,173	5,006	5,009	5,235
Strong Communities	23,306	25,071	25,553	26,022	26,613	27,366	28,167	28,905	29,312	29,768
Active Democracy	6,753	7,486	7,304	7,244	7,966	7,724	7,724	8,473	8,011	8,146
Green Network	10,714	11,555	11,775	11,961	12,333	12,777	13,219	13,632	14,029	14,520
Three Waters	36,084	38,066	40,114	42,009	45,228	48,698	52,085	55,476	59,454	63,307
Zero Waste	13,126	13,146	13,474	13,775	14,059	14,308	14,650	14,977	15,287	15,574
Sustainable Energy & Clean Air	459	278	286	292	301	307	313	320	327	332
Total	125,474	131,788	136,334	141,265	147,525	154,002	160,630	168,564	174,233	181,341
Cost of Services Unit Administration										
Urban & Rural Villages	1,937	2,225	2,255	2,307	2,365	2,402	2,449	2,487	2,532	2,562
Integrated Transport & Communication	785	876	889	911	933	949	968	983	1,001	1,012
Strong Innovative Economy	732	865	874	894	916	931	948	963	981	991
Strong Communities	1,135	1,290	1,309	1,338	1,373	1,395	1,420	1,445	1,470	1,488
Active Democracy	1,694	1,885	1,917	1,961	2,010	2,048	2,085	2,120	2,157	2,183
Green Network	636	672	687	704	720	733	750	760	772	785
Three Waters	801	836	856	878	897	915	932	948	963	977
Zero Waste	476	502	513	526	538	549	559	568	577	585
Sustainable Energy & Clean Air	35	41	41	42	44	45	46	46	47	47
Total	8,231	9,192	9,341	9,561	9,796	9,967	10,157	10,320	10,500	10,630
Cost of Services Depreciation										
Urban & Rural Villages	5,174	5,929	6,456	7,016	7,586	7,692	7,772	7,890	7,979	8,326
Integrated Transport & Communication	9,891	10,836	11,551	12,357	13,173	13,717	14,301	14,946	15,599	16,265
Strong Innovative Economy	127	206	224	266	298	265	213	230	216	227
Strong Communities	4,506	5,479	5,921	6,020	6,502	6,270	5,869	5,801	6,181	6,444
Active Democracy	253	417	448	496	595	494	394	390	346	353
Green Network	401	642	721	819	921	816	675	627	605	629
Three Waters	13,219	14,223	15,147	16,206	17,462	17,849	18,103	18,683	19,375	20,257
Zero Waste	710	974	1,067	1,201	1,307	1,170	1,027	985	951	987
Sustainable energy & clean Air	17	15	17	20	22	20	16	15	14	14
Total	34,298	38,721	41,552	44,401	47,866	48,293	48,370	49,567	51,266	53,502

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Funding Impact Statement *(continued)*

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Cost of Services Interest										
Urban & Rural Villages	1,986	2,264	3,153	3,910	4,400	4,879	5,273	5,617	5,901	6,168
Integrated Transport & Communication	6,406	7,397	10,375	12,880	14,553	16,171	17,525	18,703	19,707	20,643
Strong Innovative Economy	43	49	62	76	83	91	94	113	115	120
Strong Communities	311	356	461	546	596	646	685	711	732	747
Active Democracy	85	100	123	141	165	168	173	192	184	187
Green Network	134	154	198	233	256	279	297	309	322	334
Three Waters	5,420	6,103	8,039	9,719	10,884	11,980	12,885	13,644	14,311	14,914
Zero Waste	165	175	227	269	292	312	329	339	351	358
Sustainable Energy & Clean Air	6	4	5	6	6	7	7	7	8	8
Total	14,556	16,602	22,643	27,780	31,235	34,533	37,268	39,635	41,631	43,479
Cost of Services Allocated Overheads										
Urban & Rural Villages	1,815	1,613	1,674	1,748	1,719	1,757	1,755	1,762	1,762	1,756
Integrated Transport & Communication	688	681	724	748	750	772	794	804	826	856
Strong Innovative Economy	269	263	257	269	267	272	264	308	303	307
Strong Communities	1,844	1,771	1,793	1,800	1,774	1,790	1,782	1,777	1,772	1,748
Active Democracy	534	529	512	501	531	505	489	521	484	478
Green Network	848	816	826	828	822	836	836	838	848	853
Three Waters	2,855	2,689	2,814	2,907	3,016	3,186	3,295	3,410	3,594	3,717
Zero Waste	1,039	929	945	953	937	936	927	921	924	914
Sustainable Energy & Clean Air	36	20	20	20	20	20	20	20	20	19
Total	9,928	9,311	9,565	9,774	9,836	10,074	10,162	10,361	10,533	10,648
External Levies and Payments to Other Organisations										
Auckland Regional Council Rates	94	97	100	102	105	107	110	112	114	116
Auckland War Memorial Museum	2,565	2,644	2,721	2,794	2,864	2,930	2,992	3,049	3,107	3,156
Aotea Centre	80	82	85	87	89	91	93	95	97	98
Zoo Grant	26	27	28	28	29	30	30	31	31	32
Museum of Transport and Technology	825	851	875	899	921	943	962	981	999	1,015
Regional Transport Governance	50	52	53	54	56	57	58	59	61	62
Beacon	200	206	212	218	223	228	233	238	242	246
Total	3,840	3,959	4,074	4,182	4,287	4,386	4,478	4,565	4,651	4,725
Other Expenses										
Revaluation of Aftercare Liability	331	272	254	200	143	127	107	89	70	50
Total	331	272	254	200	143	127	107	89	70	50
Total Gross Operating Costs	196,658	209,845	223,763	237,163	250,688	261,382	271,172	283,101	292,884	304,375

Funding Impact Statement *(continued)*

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Capital expenditure, loan repayments and transfer to reserves										
Urban & rural villages	67,156	40,786	15,524	20,542	10,494	11,184	16,867	14,179	14,771	16,722
Integrated transport & communication	63,241	60,479	76,918	52,599	42,175	45,525	40,910	42,845	42,325	41,712
Strong communities	11,018	11,700	13,646	8,905	6,319	5,480	5,753	12,472	11,339	5,671
Green network	2,210	1,292	1,204	1,443	609	682	1,080	2,575	1,272	1,469
Three waters	41,474	29,177	33,994	47,319	66,780	60,318	50,310	38,459	36,233	37,785
Zero waste	1,652	961	1,418	1,445	814	838	779	794	807	726
Support	13,774	7,455	8,031	7,888	6,930	5,202	5,373	6,407	9,660	11,035
Loan repayments	-	-	-	1,058	11,597	11,602	16,650	24,669	37,729	47,708
Transfer to reserves	925	1,118	1,093	1,081	1,263	1,287	1,306	1,338	1,369	1,398
Repayment of short term borrowing	-	-	-	-	-	64	218	654	857	1,252
Total	201,450	152,968	151,828	142,280	146,981	142,182	139,246	144,392	156,362	165,478
Total gross costs	398,108	362,813	375,591	379,443	397,669	403,564	410,418	427,493	449,246	469,853
Less Items Not Funded										
Revaluation of aftercare liability	(331)	(272)	(254)	(200)	(143)	(127)	(107)	(89)	(70)	(50)
Depreciation not funded	(7,500)	(10,408)	(10,452)	(8,433)	(1,599)	-	-	-	-	-
Total Funding Requirement	390,277	352,133	364,885	370,810	395,927	403,437	410,311	427,404	449,176	469,803
Funding										
General rate	87,070	95,978	104,573	114,456	124,865	136,322	148,958	162,685	177,940	194,269
Wastewater targeted rate	23,250	24,607	26,552	28,288	31,177	34,220	37,171	40,351	43,719	47,155
Environmental monitoring rate	133	139	144	149	155	159	164	168	172	176
Rural sewerage targeted rate	608	634	659	683	706	728	749	768	786	804
Water by meter	18,837	20,028	21,247	22,474	23,702	24,926	26,135	27,350	28,539	29,780
Anticipated surplus brought forward from 2005/2006	2,594	-	-	-	-	-	-	-	-	-
Allocated surplus brought forward	5,090	-	-	-	-	-	-	-	-	-
Depreciation reserve	26,798	28,313	31,100	35,968	46,267	48,293	48,370	49,567	51,266	53,502
Development contributions	14,813	14,813	14,813	23,832	23,832	23,832	23,832	23,832	23,832	23,832
Vested assets	-	62	-	65	41	342	2,482	5,227	2,455	2,924
Financial contributions	1,140	1,735	1,705	1,440	1,434	1,286	398	902	1,050	1,080
Other capital receipts	9,300	6,660	2,357	2,445	2,527	3,205	216	221	226	231
Activity revenue	40,372	42,584	44,148	46,207	48,277	49,726	51,565	53,564	54,816	56,343
Current year's loans	68,968	88,640	86,069	67,174	71,503	57,411	50,524	41,898	43,793	39,504
Previous years' loans	65,992	-	-	-	-	-	-	-	-	-
Short term borrowing	901	379	247	207	106	-	-	-	-	-
Reserves	1,268	1,314	1,329	1,366	1,399	1,426	1,454	1,476	1,498	1,524
Transfund and other subsidies	23,143	26,247	29,942	26,056	19,936	21,561	18,293	19,395	19,084	18,679
Total Funding	390,277	352,133	364,885	370,810	395,927	403,437	410,311	427,404	449,176	469,803

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Rating Information

General Rates

For the 2006/2007 year General rates are set differentially under Section 13 of the Local Government (Rating) Act 2002 for different categories of rateable properties based on the land value of properties.

In order to secure a fair distribution of the general rates compared to services utilised within the various categories of rateable properties, and to maintain relative equity in rating between individual properties, the general rates will be levied under Section 13 of the Local Government (Rating) Act 2002 at different rates in the dollar of rateable value for different categories of land as defined in the Description of the Differential Rating System and Method of Calculation of Rates as follows:

- (a) Residential and Other (except non-rateable)
- (b) Multi-Unit Residential
- (c) Business Sector

Rating units are allocated to differential categories on the basis of specified criteria including the activities that are permitted, controlled or discretionary under the Human Environments, Special Area or Scheduled Site status attributed under the Waitakere City Operative District Plan prepared under the provisions of the Resource Management Act, the use to which the land is put including the number of dwellings, the provision or availability of a wastewater service to the property and where the land is situated.

The relationship between the rates set on rateable land in each differential category is as follows:

Differential Category	Land Value Range	Differential Factor
(a) Residential and Other Categories		
Step 1	\$1- \$150,000	1.00
Step 2	\$150,001- \$380,000	.75
Step 3	>\$380,000	.50
(b) Multi-Unit Residential Categories		
Multi-Unit 2		
Step 1	\$1- \$300,000	1.00
Step 2	\$300,001- \$760,000	.75
Step 3	>\$760,000	.50

Differential Category	Land Value Range	Differential Factor
Multi-Unit 3		
Step 1	\$1- \$ 450,000	1.00
Step 2	\$450,001- \$1,140,000	.75
Step 3	>\$1,140,000	.50
Multi-Unit 4		
Step 1	\$1- \$ 600,000	1.00
Step 2	>\$600,000	.75
Multi-Unit 5-9		
Step 1	\$1- \$ 750,000	1.00
Step 2	>\$750,000	.75
Multi-Unit 10-39		
Step 1	\$1- \$1,750,000	1.00
Step 2	>\$1,750,000	.75
Multi-Unit 40+		
Step 1	\$1- \$7,000,000	1.00
Step 2	>\$7,000,000	.75

A stepped differentials as detailed above applies to the portions of the land values of a rating unit as specified.

(c) Business Sector

For the 2006/2007 year 20% of the total rate requirement, excluding targeted rates for water will be collected from business sector properties.

The General Rate is calculated on the land value of properties in the Sector, the amount of General Rates being the remainder of the 20% of the total rate requirement after deducting the product from Business Sector properties of the Uniform Annual General Charge and targeted rates for wastewater, Rural Sewerage and Environment Monitoring. The stepped differential is not applied to rating units in the Business Sector.

The General Rate calculated on the land value on all differential categories is estimated to yield \$54,757,500 inclusive of GST in the 2006/2007 year.

Uniform Annual General Charge

A Uniform Annual General Charge of \$600 inclusive of GST is set under Section 15 of the Local Government (Rating) Act 2002 on all rateable land, being a fixed amount per separately used or inhabited part of a rating unit. This represents a contribution to all services funded from the General Rate. The application of the Uniform Annual General Charge is calculated to yield \$41,520,000 inclusive of GST. The Uniform Annual General Charge is calculated to yield approximately 28.61 per cent of the total rate requirement (including water) in the 2006/2007 year. The product of the Uniform Annual General Charge together with the product of targeted rates charged as fixed charges, (excluding the Wastewater Uniform Annual Charge) is calculated to be 29.18% of the total rate requirement (including water).

Targeted Rates

Targeted rates are set under Section 16 of the Local Government (Rating) Act 2002 for the following activities: -

Wastewater, Rural Sewerage Management, Environment Monitoring, and Water Supply.

Note: By virtue of Section 9 of the Local Government (Rating) Act 2002, non-rateable land is rateable for the purpose of a targeted rate if the rate is set solely for water supply, sewage disposal (wastewater) or waste collection, and the particular service is provided to the land.

Wastewater

1. Residential Properties and Multi-Unit Residential Properties

a. A targeted rate to be described as the Wastewater Uniform Charge is set as a fixed charge of \$350 inclusive of GST on each separately used or inhabited part of a rating unit in the Drainage Area where sewer reticulation is available to recover part of the costs of provision of the City's wastewater service, and is estimated to yield \$20,662,250 inclusive of GST in the 2006/2007 year.

b. Targeted rates are set differentially on land value on the same basis as for the General Rate on properties in the Drainage Area to recover the remainder of wastewater costs met by these properties, and is estimated to yield \$988,629.

2. Business Sector Properties

The proportion of the cost of wastewater to be met by the Business Sector will

continue to be determined by the Sector's proportion of total City water usage as measured and recorded by meters and assessed periodically, currently 16.27%.

A targeted rate calculated on the rateable land value of properties is levied for wastewater on Business Sector properties, and is estimated to yield \$4,255,622 inclusive of GST.

3. Educational Establishments and other Non-rateable Properties

Wastewater targeted rates are set differentially on the same basis as the General Rate on the land value of non-rateable properties in the Drainage Area where a wastewater service is provided. The rates in the dollar will be calculated on the same basis as if the whole wastewater rate requirement to be met from properties other than Business Sector properties had been calculated solely on land value, and are estimated to yield \$249,750 inclusive of GST in the 2006/2007 year.

The application of the various Wastewater Targeted Rates is calculated to yield \$26,156,251 inclusive of GST in the 2006/2007 year.

Rural Sewerage

A targeted rate to be described as the Rural Sewerage Charge is set as a fixed charge on all rating units in the Non-Drainage Area of the City as defined in the Description of the Differential Rating System where there are septic tanks, long drops or grease traps that are scheduled to be inspected and/or pumped out by the Council within the three-yearly cycle, to recover the costs of implementation of the On-site Waste Systems Management Plan. The fixed charge is levied in respect of each septic tank, long drop or grease trap utilised in conjunction with the particular rating unit. The rate is calculated to be \$154 inclusive of GST for each such septic tank, long drop or grease trap so utilised in conjunction with the rating unit, and the application of the Rural Sewerage Charge is estimated to yield \$684,000 inclusive of GST in the 2006/2007 year.

Environment Monitoring

A targeted rate to be described as the Environment Monitoring Charge is set as a fixed charge on all rating units in the Non-Drainage Area as defined in the Description of the Differential Rating System, including vacant land and properties with high tech septic tanks or on-site treatment systems which are not scheduled to be inspected and/or pumped out by the Council within the three yearly cycle and where those on-site treatment systems are evidenced as being currently maintained to recover the costs of monitoring and addressing pollution of watercourses. The rate is calculated to be \$26 inclusive of GST, and the application of the Environment Monitoring Charge is estimated to yield \$149,625 in the 2006/2007 year.

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Rating Information *(continued)***Water Supply**

A targeted rate is proposed to be set under Section 19 of the Local Government (Rating) Act 2002 for the quantity of water supplied, as measured and recorded by meter, at a fixed charge of \$1.48 per cubic metre of water supplied, subject to a minimum charge of \$17 for each billing period, and the application of the Water Rate is estimated to yield \$21,191,625 in the 2006/2007 year.

Rates Payable by Instalments

Rates are payable by four equal instalments due on the 20th day of August, November, February and May each year. Where the due date falls on a weekend or public holiday, the due date is extended until the next working day.

Penalties on rates not paid by the Due Date

In accordance with Sections 57 and 58 of the Local Government (Rating) Act 2002, a penalty of 10 per cent is added to each instalment or part thereof which is unpaid after the due date for payment of that instalment. A further penalty of 10 per cent is added to any unpaid rates relating to a previous year or years that are still unpaid on 30 September and 31 March during the current rating year.

Impact on Rates

The following schedules show the overall impact of the plan on Council's rates on single residential properties and Business Sector properties for 2006/2007 under a land value based rating system.

Description of Differential Rating System and Method of Calculation of Rates

The 2002/2003 Annual Plan contained a full description of the differential rating system and method of calculation of rates.

Apart from changes consequential to the matters listed above on which the Council is maintaining the same differential rating system and method of calculation of rates as shown in that Annual Plan, and repeated in subsequent Annual Plans.

Indicative rates based on 2006/2007 Annual Plan

The following table shows the indicative rates (2006/2007) for residential properties in the Inner Area on a Land Value Rating system. These are based upon one Uniform Annual General Charge, one Uniform Annual Charge for wastewater per Rating Unit, a stepped differential and a Business Sector contribution being 20% of the total rate requirement. The total number of Rating Units is shown in various bands of Land Value.

Residential Properties - Inner Area

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Wastewater UAC \$350	Estimated Total Rating Units
20,000	1,034	14
30,000	1,076	66
40,000	1,118	144
50,000	1,160	253
60,000	1,202	405
70,000	1,245	974
80,000	1,287	1,860
90,000	1,329	3,151
100,000	1,371	4,429
110,000	1,413	6,693
120,000	1,455	7,161
130,000	1,497	4,770
140,000	1,539	4,148
150,000	1,581	5,162
160,000	1,613	3,311
170,000	1,644	2,222
180,000	1,676	1,303
190,000	1,707	1,411
200,000	1,739	988
210,000	1,771	627
220,000	1,802	713
230,000	1,834	548
240,000	1,865	298
250,000	1,897	396
260,000	1,928	265
270,000	1,960	230
280,000	1,991	244
290,000	2,023	121
300,000	2,055	161

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Indicative rates based on 2006/2007 Annual Plan

Residential Properties - Inner Area (continued)

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Wastewater UAC \$350	Estimated Total Rating Units
310,000	2,086	104
320,000	2,118	71
330,000	2,149	80
360,000	2,244	41
370,000	2,276	56
380,000	2,307	27
390,000	2,328	56
400,000	2,349	28
410,000	2,370	32
420,000	2,391	35
430,000	2,412	24
440,000	2,433	14
450,000	2,454	28
460,000	2,475	18
470,000	2,496	7
480,000	2,517	16
490,000	2,538	3
500,000	2,559	27
510,000	2,580	24
520,000	2,602	9
530,000	2,623	25
540,000	2,644	6
550,000	2,665	14
560,000	2,686	10
570,000	2,707	7
580,000	2,728	6
590,000	2,749	11
600,000	2,770	10
650,000	2,875	26
700,000	2,980	16
750,000	3,085	15
800,000	3,190	8
850,000	3,295	5

Indicative rates based on 2006/2007 Annual Plan

Residential Properties - Inner Area (continued)

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Wastewater UAC \$350	Estimated Total Rating Units
900,000	3,401	6
950,000	3,506	3
1,000,000	3,611	8
1,250,000	4,137	10
1,500,000	4,662	8
1,750,000	5,188	4
2,000,000	5,714	3
3,000,000	7,817	10
4,000,000	9,920	2
5,000,000	12,023	2
		53,099

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Indicative rates based on 2006/2007 Annual Plan

The following table shows the indicative rates (2006/2007) for residential properties in the Outer Area on a Land Value Rating system. These are based upon one Uniform Annual General Charge, one Rural Sewerage Annual Charge, one Environment Monitoring Charge a stepped differential and the Business Sector Contribution being 20% of the total rate requirement. The total number of Rating Units is shown in various bands of Land Value.

Residential Properties - Outer Area			
Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Rural Sewerage \$154 Environment Monitoring \$26		Estimated Total Rating Units
30,000		902	3
40,000		943	5
50,000		984	6
60,000		1,025	9
70,000		1,065	10
80,000		1,106	16
90,000		1,147	95
100,000		1,188	98
110,000		1,228	75
120,000		1,269	133
130,000		1,310	187
140,000		1,351	252
150,000		1,391	228
160,000		1,422	300
170,000		1,453	267
180,000		1,483	302
190,000		1,514	156
200,000		1,544	144
210,000		1,575	203
220,000		1,605	113
230,000		1,636	254
240,000		1,667	119
250,000		1,697	175
260,000		1,728	136
270,000		1,758	95
280,000		1,789	123
290,000		1,819	99
300,000		1,850	136
310,000		1,881	59

Indicative rates based on 2006/2007 Annual Plan

Residential Properties - Outer Area (continued)

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Rural Sewerage \$154 Environment Monitoring \$26	Estimated Total Rating Units
320,000	1,911	77
330,000	1,942	93
340,000	1,972	88
350,000	2,003	93
360,000	2,033	84
370,000	2,064	41
380,000	2,095	58
390,000	2,115	45
400,000	2,135	84
410,000	2,156	40
420,000	2,176	52
430,000	2,196	48
440,000	2,217	37
450,000	2,237	36
460,000	2,257	24
470,000	2,278	16
480,000	2,298	42
490,000	2,319	18
500,000	2,339	55
510,000	2,359	35
520,000	2,380	22
530,000	2,400	35
540,000	2,420	20
550,000	2,441	32
560,000	2,461	14
570,000	2,482	12
580,000	2,502	31
590,000	2,522	5
600,000	2,543	26
650,000	2,645	63
700,000	2,746	82
750,000	2,848	77
800,000	2,950	50

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Indicative rates based on 2006/2007 Annual Plan

Residential Properties - Outer Area (continued)

	Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Rural Sewerage \$154 Environment Monitoring \$26	Estimated Total Rating Units
	850,000	3,052	28
	900,000	3,154	36
	950,000	3,256	23
	1,000,000	3,357	39
	1,250,000	3,867	50
	1,500,000	4,376	18
	1,750,000	4,885	5
	2,000,000	5,394	9
	3,000,000	7,431	12
	4,000,000	9,468	5
	5,000,000	11,505	2
			5,560

Indicative rates based on 2006/2007 Annual Plan

The following table shows the Indicative Rates (2006/2007) for business sector properties in the Inner Area on a Land Value Rating system. These are based upon one Uniform Annual General Charge and a targeted rate for wastewater calculated on Land Value. The business sector's share of total rates has been assessed at 22%.

Business Sector - Inner Area

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Wastewater Land Value	Estimated Total Rating Units
20,000	1,260	35
30,000	1,591	85
40,000	1,921	138
50,000	2,251	155
60,000	2,581	143
70,000	2,912	152
80,000	3,242	126
90,000	3,572	123
100,000	3,902	141
110,000	4,233	152
120,000	4,563	74
130,000	4,893	87
140,000	5,223	77
150,000	5,553	78
160,000	5,884	72
170,000	6,214	56
180,000	6,544	61
190,000	6,874	46
200,000	7,205	30
210,000	7,535	30
220,000	7,865	58
230,000	8,195	37
240,000	8,526	37
250,000	8,856	26
300,000	10,507	116
350,000	12,158	83
400,000	13,809	54
450,000	15,460	43
500,000	17,112	41

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Indicative rates based on 2006/2007 Annual Plan

Business Sector - Inner Area (continued)

Land Value Effective 1 July 2005	2006/2007 Indicative Rates Business Rate 20% UAGC \$600 Wastewater Land Value	Estimated Total Rating Units
550,000	18,763	39
600,000	20,414	29
700,000	23,716	46
800,000	27,018	35
900,000	30,321	30
1,000,000	33,623	17
2,000,000	66,646	61
3,000,000	99,669	16
3,100,000	102,971	1
3,500,000	116,181	1
4,500,000	160,604	1
6,600,000	218,552	1
6,800,000	225,756	1
7,500,000	248,273	1
14,100,000	549,624	1
14,700,000	521,438	1
18,700,000	651,130	1
		2,638

Prospective Income Statement

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
OPERATING REVENUE										
Rates	111,061	121,358	131,928	143,576	156,903	171,429	187,042	203,972	222,617	242,404
Other revenue	107,797	112,077	114,222	122,464	119,719	124,547	120,451	125,276	127,560	129,959
Infrastructure assets vested in Council from property developers	9,000	9,360	9,588	19,793	29,175	25,714	23,685	26,856	13,461	14,124
TOTAL OPERATING REVENUE	227,858	242,795	255,738	285,833	305,797	321,690	331,178	356,104	363,638	386,487
LESS OPERATING EXPENSES										
Expenditure	193,068	206,144	219,954	233,253	246,680	257,281	266,985	278,833	288,536	299,958
Museum levy	2,565	2,644	2,721	2,794	2,864	2,930	2,992	3,049	3,107	3,156
MOTAT levy	825	851	875	899	921	943	962	981	999	1,015
Payments to other Organisations	200	206	213	217	223	228	233	238	242	246
TOTAL OPERATING COSTS	196,658	209,845	223,763	237,163	250,688	261,382	271,172	283,101	292,884	304,375
NET SURPLUS FOR THE YEAR	31,200	32,950	31,975	48,670	55,109	60,308	60,006	73,003	70,754	82,112
Expenditure includes:										
Depreciation	34,298	38,721	41,552	44,401	47,866	48,293	48,370	49,567	51,266	53,502
Interest	14,556	16,602	22,643	27,780	31,235	34,533	37,268	39,635	41,631	43,479

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Prospective Statement of Changes in Equity

Details	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	Budget \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's
TOTAL EQUITY AT BEGINNING OF YEAR	1,813,081	1,844,281	1,930,355	2,015,677	2,116,620	2,222,970	2,334,461	2,443,732	2,563,986	2,678,250
Net surplus for the year	31,200	32,950	31,975	48,670	55,109	60,308	60,006	73,003	70,754	82,112
Infrastructure Assets Revaluation	-	53,124	53,347	52,273	51,241	51,183	49,265	47,251	43,510	45,230
Total recognised revenue and expenses	31,200	86,074	85,322	100,943	106,350	111,491	109,271	120,254	114,264	127,342
TOTAL EQUITY AT END OF YEAR	1,844,281	1,930,355	2,015,677	2,116,620	2,222,970	2,334,461	2,443,732	2,563,986	2,678,250	2,805,592

Prospective Funding Statement

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Net surplus for the year	31,200	32,950	31,975	48,670	55,109	60,308	60,006	73,003	70,754	82,112
Less vested assets and aftercare revaluation	(8,669)	(9,088)	(9,334)	(19,593)	(29,032)	(25,587)	(23,578)	(26,767)	(13,391)	(14,074)
Funding surplus after vested assets and aftercare revaluation	22,531	23,862	22,641	29,077	26,077	34,721	36,428	46,236	57,363	68,038
<i>Operating revenue utilised to fund capital expenditure</i>										
Land Transport NZ subsidies for capital expenditure	(16,486)	(19,178)	(24,327)	(20,375)	(14,131)	(15,582)	(12,225)	(12,684)	(12,314)	(11,796)
Development contributions, financial contributions and other capital receipts	(24,148)	(20,770)	(15,186)	(23,188)	(22,070)	(22,345)	(18,379)	(18,765)	(18,984)	(18,958)
Rates & other revenue	(21,343)	(22,978)	(24,867)	(29,004)	(26,187)	(33,351)	(37,251)	(38,950)	(38,656)	(41,736)
Add back depreciation	34,298	38,721	41,552	44,401	47,866	48,293	48,370	49,567	51,266	53,502
Previous years' surplus	1,649	-	-	-	-	-	-	-	-	-
<i>Movements in special funds</i>	4	(36)	(60)	(60)	(64)	(70)	(75)	(81)	(89)	(90)
Funding surplus prior to debt repayment	(3,495)	(379)	(247)	851	11,491	11,666	16,868	25,323	38,586	48,960
Debt repayment from rates	-	-	-	-	-	-	(5,531)	(14,052)	(25,119)	(35,942)
Debt repayment from depreciation funding	-	-	-	(1,058)	(11,597)	(11,602)	(11,119)	(10,617)	(12,610)	(11,766)
Movement in Short term borrowing for water supply (self-funded)	901	379	247	207	106	(64)	(218)	(654)	(857)	(1,252)
Payments from previous years' surplus	2,594	-	-	-	-	-	-	-	-	-
Funding Surplus (Deficit)	-	-	-	-	-	-	-	-	-	-

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Prospective Balance Sheet

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
Current liabilities										
Trade & Other Payables	45,422	46,830	48,188	49,487	50,723	51,890	52,980	53,989	55,015	55,896
Short term borrowings	4,357	4,167	3,866	3,550	3,160	2,631	1,978	925	-	-
Term borrowings - current portion	-	5,000	35,025	50,000	35,000	10,000	10,000	23,500	25,000	-
Landfill aftercare liability - current portion	932	318	792	864	280	311	264	289	313	245
TOTAL CURRENT LIABILITIES	50,711	56,315	87,871	103,901	89,163	64,832	65,222	78,703	80,328	56,141
Non-current liabilities										
Term borrowings	331,937	415,763	472,033	523,449	598,480	669,417	703,427	707,282	711,962	728,870
Landfill aftercare liability	3,282	3,578	2,312	1,376	1,680	1,338	1,121	807	470	293
Employee entitlements	3,198	3,278	3,357	3,430	3,499	3,562	3,623	3,677	3,725	3,773
TOTAL NON-CURRENT LIABILITIES	338,417	422,619	477,702	528,255	603,659	674,317	708,171	711,766	716,157	732,936
Equity										
Accumulated Funds	1,843,559	1,876,524	1,908,515	1,957,204	2,012,334	2,072,666	2,132,698	2,205,729	2,276,513	2,358,657
Restricted reserves	722	707	691	672	651	627	601	573	543	511
Asset revaluation reserve	-	53,124	106,471	158,744	209,985	261,168	310,433	357,684	401,194	446,424
TOTAL EQUITY	1,844,281	1,930,355	2,015,677	2,116,620	2,222,970	2,334,461	2,443,732	2,563,986	2,678,250	2,805,592
TOTAL EQUITY AND LIABILITIES	2,233,409	2,409,289	2,581,250	2,748,776	2,915,792	3,073,610	3,217,125	3,354,455	3,474,735	3,594,669
Current assets										
Cash and deposits	862	871	881	891	901	912	923	935	1,278	2,889
Trade and Other Receivables	29,319	30,228	31,105	31,943	32,741	33,494	34,198	34,849	35,511	36,080
Inventory	43	44	46	47	48	49	50	51	52	53
TOTAL CURRENT ASSETS	30,224	31,143	32,032	32,881	33,690	34,455	35,171	35,835	36,841	39,022
Non-current assets										
Community loans	913	913	913	913	913	913	913	913	913	913
Investments	198,929	198,929	198,929	198,929	198,929	198,929	198,929	198,929	198,929	198,929
Investment properties	22,994	23,661	24,282	24,857	25,386	25,869	26,306	26,697	27,042	27,387
Other property, plant and equipment	224,931	247,939	277,374	290,373	288,523	284,395	284,167	290,230	302,511	310,079
Infrastructure property, plant and equipment	1,755,418	1,906,704	2,047,720	2,200,823	2,368,351	2,529,049	2,671,639	2,801,851	2,908,499	3,018,339
TOTAL NON-CURRENT ASSETS	2,203,185	2,378,146	2,549,218	2,715,895	2,882,102	3,039,155	3,181,954	3,318,620	3,437,894	3,555,647
TOTAL ASSETS	2,233,409	2,409,289	2,581,250	2,748,776	2,915,792	3,073,610	3,217,125	3,354,455	3,474,735	3,594,669

Prospective Statement of Cash Flows

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
CASH FLOWS FROM OPERATING ACTIVITIES										
Cash was provided from:										
Rates	111,061	121,358	131,928	143,576	156,903	171,429	187,042	203,972	222,617	242,404
Water charges	18,837	20,028	21,247	22,474	23,702	24,926	26,135	27,350	28,539	29,780
Government Grants & Subsidies	25,273	29,733	34,211	29,921	24,004	25,870	22,921	24,246	24,163	24,131
Dividends and subvention payments	340	340	340	340	340	340	340	340	340	340
Other external recoveries	51,443	47,029	43,334	45,889	47,845	49,161	50,758	52,609	53,708	54,925
Interest received	9	10	10	10	11	11	12	12	13	14
Development Contributions, Financial Contributions and Other Receipts	25,253	18,632	18,875	27,717	27,793	28,323	24,446	24,955	25,108	25,143
	232,216	237,130	249,945	269,927	280,598	300,060	311,654	333,484	354,488	376,737
Cash was applied to:										
Payments to suppliers and employees	147,498	153,775	158,855	164,341	171,024	178,057	185,078	193,493	199,597	207,072
Auckland War Memorial Museum Levy	2,565	2,644	2,721	2,794	2,864	2,930	2,992	3,049	3,107	3,156
MOTAT Levy	825	851	875	899	921	943	962	981	999	1,015
Auckland Regional Council rates	94	97	100	102	105	107	110	112	114	116
Interest paid	14,556	16,602	22,643	27,780	31,235	34,533	37,268	39,635	41,631	43,479
	165,538	173,969	185,194	195,916	206,149	216,570	226,410	237,270	245,448	254,838
NET CASH FLOW FROM OPERATING ACTIVITIES	66,678	63,161	64,751	74,011	74,449	83,490	85,244	96,214	109,040	121,899
CASH FLOWS FROM INVESTING ACTIVITIES										
Cash was provided from:										
Release of sinking funds	3,147	-	-	-	-	-	-	-	-	-
	3,147	-	-	-	-	-	-	-	-	-
Cash was applied to:										
Purchase of fixed assets	200,525	151,788	150,735	140,076	134,080	128,887	118,590	112,504	113,952	112,196
	200,525	151,788	150,735	140,076	134,080	128,887	118,590	112,504	113,952	112,196
NET CASH FLOW FROM INVESTING ACTIVITIES	(197,378)	(151,788)	(150,735)	(140,076)	(134,080)	(128,887)	(118,590)	(112,504)	(113,952)	(112,196)

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Prospective Statement of Cash Flows

Details	2006/2007 Budget \$000's	2007/2008 Forecast \$000's	2008/2009 Forecast \$000's	2009/2010 Forecast \$000's	2010/2011 Forecast \$000's	2011/2012 Forecast \$000's	2012/2013 Forecast \$000's	2013/2014 Forecast \$000's	2014/2015 Forecast \$000's	2015/2016 Forecast \$000's
CASH FLOWS FROM FINANCING ACTIVITIES										
Cash was provided from:										
Proceeds from term borrowings	156,163	88,826	91,295	102,474	121,628	92,539	60,660	52,024	67,409	64,616
Cash was applied to:										
Repayment of term borrowings	31,031	-	5,000	36,083	61,597	46,602	26,650	34,669	61,229	72,708
NET CASH FLOW FROM OPERATING ACTIVITIES										
	125,132	88,826	86,295	66,391	60,031	45,937	34,010	17,355	6,180	(8,092)
TOTAL NET CASH FLOW	(5,568)	199	311	326	400	540	664	1,065	1,268	1,611
Cash balances at beginning of year	2,073	(3,495)	(3,296)	(2,985)	(2,659)	(2,259)	(1,719)	(1,055)	10	1,278
CASH BALANCES AT END OF YEAR	(3,495)	(3,296)	(2,985)	(2,659)	(2,259)	(1,719)	(1,055)	10	1,278	2,889

The prospective financial statements were adopted and authorised for issue by the Council on 30 June 2006.

The Prospective Financial Statements have included the approved Annual Plan for the 2005/2006 year in preparing forecasts. Since the prospective financial statements cover the ten year period from 2006/2007 to 2015/2016, actual results are not reflected.

The Council is responsible for the prospective financial statements presented, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

The information contained in the financial statements is not suitable to be used for any purposes other than to give an indication of the magnitude of the Council's financial requirements for the period of the Plan.

Prospective financial information can be either a forecast or a projection. A forecast is based on assumptions which the council reasonably expects to occur. A projection is based on one or more hypothetical and realistic assumptions.

The preparation of the prospective financial statements in conformity with New Zealand Equivalents to International Reporting Standards (NZ IFRS) 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 best available information known at the time of preparation which includes 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 carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates and these variances may be material.

Risks and Uncertainties.

As with any prospective financial information there is a number of uncertainties. All of the assumptions used create uncertainties. The level of uncertainty for each assumption applied is included in forecasting assumptions in volume 3 pages 138 to 143.

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Statement of Accounting Policies

Reporting Entity

Waitakere City Council ("the Council") is a local authority governed by the Local Government Act 2002.

The prospective financial statements are prepared for Waitakere City Council (parent entity) as a separate legal entity and do not consolidate the results of its council controlled organisations. The Council is designated a public benefit entity for financial reporting purposes. The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002.

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to users. The main purpose of prospective financial statements in the LTCCP is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and the consequences of how much the Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of the Council.

Application of first time adoption of New Zealand Equivalent to International Financial Reporting Standards (NZ IFRS 1)

The prospective financial statements are the first Council financial statements prepared in accordance with NZ IFRS. NZ IFRS has been applied in preparing these financial statements. Previous financial statements were prepared in accordance with New Zealand Financial Reporting Standards (NZ FRS). NZ FRS differs in certain aspects from NZ IFRS.

These financial statements have been prepared under the historical cost convention modified by the revaluation of certain classes of assets and liabilities, which are stated at fair value.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

The specific accounting policies set out below will be applied consistently to all periods presented in the financial statements and in preparing an opening NZ IFRS balance sheet at 1 July 2005 for the purposes of the transition to NZ IFRS.

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 annual planning 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.

Goods and Services Tax (GST)

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

Revenue Recognition

Revenue is measured at the fair value of the amounts received or receivable net of rebates, and discounts.

Revenue is recognised for the following significant revenue categories:

Revenue from the sale of goods is recognised in the income statement when ownership has been transferred to the buyer.

Rates revenue is recognised when levied.

Unbilled water revenue, as a result of unread meters at year end, is accrued based on past usage.

Government grants are recognised when conditions pertaining to their eligibility have been fulfilled. Grants and contributions received in connection with the acquisition of fixed assets are recognised as income in the year that they are received.

Rental revenue is recognised in the period that it relates to.

Dividends are recognised when the right to receive payment is established.

Consents revenue is recognised by reference to the stage of completion of the consent process at the balance sheet date.

Traffic and Parking Infringement revenue is recognised when paid.

Development and financial contributions are recognised as income at the point in time when the appropriate works, attributable to growth and relating to that spe-

cific category of contribution, are carried out. Any contributions not so applied at balance date will be recorded as a liability within the financial statements.

Interest income is recognised on a time-proportion basis using the effective interest method.

Assets vested in the Council are recognised as revenue based on their fair value at the date of acquisition.

Accounts Receivables

Receivables are valued at amortised cost less provision for doubtful debts. Where monies receivable at balance date are not expected to be received within the 12 months following balance date an allowance will be factored in to reflect the time value of those expected receipts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

Inventory

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.

Income Tax

Income tax expense in relation to the profit or loss for the period comprises current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using rates that have been enacted or substantially enacted by balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantially enacted by balance date.

Current tax and deferred tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Investments

Categories of investments

Assets designated at fair value through profit or loss are classified as financial assets 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.

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

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.

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

Measurement of investments

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit and loss.

Available for sale financial assets and fair value through profit or loss financial assets are subsequently carried at fair value. Loans and receivables and held to maturity investments are carried at amortised cost using the effective interest rate method.

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Statement of Accounting Policies *(continued)***Shares**

Shares are recorded at fair value. An increase in the fair value of a shareholding is recognised directly in equity unless it offsets a previous decrease recognised in the Income Statement, in which case it is recognised in the Income Statement. A decrease in fair value is recognised in Income Statement where it exceeds the increase previously recognised in equity.

Short Term Deposits

Short term deposits and investment securities are valued at amortised cost, which is adjusted for any premium or discount paid or received upon the acquisition of securities. Discounts and premiums resulting from the acquisition of securities are amortised over the term of the security on a purchase yield basis.

Derivative Financial Instruments

The Council uses derivative financial instruments within predetermined policies and limits in order to reduce its exposure to fluctuations in interest rates. Approved derivative financial instruments in the Council's Liability Management and Investment Policy are forward rate agreements, interest rate swaps, and interest rate options. These instruments are designated as hedges of specific future interest repayments and are recognised on the same basis as the underlying hedged interest. The net differential paid or received on the instruments is recognised as a component of interest expense or revenue over the period of the relevant agreements.

Where a derivative financial instrument, which is a hedge of an anticipated transaction, is terminated early but the anticipated transaction is still expected to occur, the deferred gain or loss that arose prior to termination continues to be deferred and is recognised as part of the transaction when it occurs. If the transaction is no longer expected to occur, the deferred gain or loss is recognised in the statement of financial performance immediately.

The Council does not engage in speculative transactions or hold derivative financial instruments for trading purposes.

Community Loans

Community loans are stated at amortised cost.

Investments in Subsidiaries

Subsidiaries are all those entities (including special purpose entities) over which the Council has the power to govern the financial and operating policies, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether Waitakere City Council controls another entity.

Investments in subsidiaries are stated at cost.

Fixed Assets**General Fixed Assets**

General fixed assets are carried at cost less accumulated depreciation and any accumulated impairment losses

Depreciation is not provided on assets under construction until they are complete and available for use.

Major depreciation periods and rates are:

Buildings - structure	50 years	2%
Buildings - services	22 years	5%
Buildings - roof, fittings	20 years	5%
Buildings - internal finishes	15 years	7%
Motor vehicles	5 years	20%
Plant and equipment	10 years	10%
Office equipment	5 years	20%
Furniture and fittings	5 years	20%
Leased assets	5 years	20%
Library books	8 years	13%

Library Books

Library books on hand as at 1 July 2001 have been recognised at their depreciated replacement cost and are depreciated over their estimated remaining useful lives. Subsequent purchases have been recorded at cost.

Land and Buildings

Land and buildings are valued at deemed cost on an open market basis as at 30 June 1992 by the then Valuation New Zealand. Subsequent additions have been recorded at cost. Land is not depreciated. Certain heritage buildings were revalued at market value less estimated costs of disposal from the period 30 June 1995 to 30 June 1998.

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 sewer pump stations.

Infrastructure assets, excluding land, are stated at valuation (less accumulated depreciation) as determined at least every three to five years by an independent valuer, or the Council employee sufficiently experienced to conduct a valuation. Valuations conducted by an employee are subject to review by an independent valuer. The latest valuation for infrastructure assets was performed as at 1 July 2005 and the basis of valuation is optimised depreciated replacement cost. Any increase in value of a class of infrastructure is recognised directly in equity unless it offsets a previous decrease in value recognised in profit or loss, in which case it is recognised in profit or loss. A decrease in value relating to a class of infrastructure is recognised in profit or loss where it exceeds the increase previously recognised in equity.

Land under roads has been valued at the average value of land in the city per hectare as determined by Quotable Value New Zealand Limited as at 1 September 2004, and adjusted by the cost of subsequent improvements and the movement in the quarterly Housing Price Index for Waitakere City. Land under stormwater, wastewater and water infrastructure was valued at residential market value as at 1 July 1998 by Bristow and Partners Limited.

Depreciation

Infrastructure assets, excluding land, are depreciated on a straight-line basis based on useful lives as follows:

Transport System

pavement surface	3-75 years
pavement layers	50-85 years
pavement formation, road marking	not depreciated
major culverts, bridges, drainage control	80-100 years
retaining walls	50-80 years
footpaths	50-80 years
street lighting	20 years
traffic signs, traffic signals	15 years
street furniture	30 years
safety barriers	30-50 years

Parks and Reserves

bridges, buildings, other structures	10-50 years
drainage systems	20-33 years
car parks and courts base	5-50 years
furniture, fencing, tracks, surfaces, sports fields	2-33 years
lighting	33 years

Stormwater Reticulation

pipes	30-100 years
manholes, cesspits, inlets and outlet structures	80 years
detention and quality ponds, dam retaining walls	50 years
swales, rain gardens, permeable paving, sand filters	15-50 years
mechanical devices (litter traps, enviropods)	5 years
stream flood warning alarms	10 years

Wastewater Reticulation

pipes	60-100 years
manholes and dry chambers	80 years
pipe bridges	60 years
pump stations (at individual component level)	12-100 years

Water Supply Reticulation

pipes	40-80 years
fire hydrants, valves	25-70 years
water meters	25-35 years
pipe bridges	60 years
reservoirs (at individual component level)	15-80 years
drinking water monitoring stations	40 years

Depreciable Amount and Depreciation Period

The residual value and the useful life of assets are reviewed at least at each financial year-end and, if expectations differ from previous estimates, the change(s) are accounted for as a change in an accounting estimate in accordance with NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors.

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. An external, independent valuation company, having an appropriate recognised professional qualification and recent experience in the location and category of property being valued, values the portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably, prudently and without compulsion.

Changes in the fair value of Investment property is recognised in profit or loss.

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Statement of Accounting Policies *(continued)*

Where an investment property is disposed of, the gain or loss is the difference between the net disposal proceeds and the carrying amount and is recognised in profit or loss in the year of disposal.

Investment properties are not depreciated.

Property Intended For Sale

Property intended for sale is recorded at the lower of carrying amount and fair value less cost to sell. Where a property previously accounted for as an investment property is intended to be sold, it has been reclassified accordingly and recorded at the carrying amount at the date of the change of intention. Where the carrying amount is greater than fair value less cost to sell, the decrease in value is recognised in the Income Statement.

Property intended for sale is not depreciated.

Impairment

Impairment of assets is assessed annually.

If the estimated recoverable amount of an asset is less than its carrying amount, the asset is written down to its estimated recoverable amount and an impairment loss is recognised in the Income Statement. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

Where the future economic benefits of an asset are not primarily dependent on an ability to generate net cash inflows, value in use is determined as the depreciated replacement cost of the asset.

Equity

Equity consists of accumulated balance, restricted reserves and revaluation reserves.

Special and Trust funds under legal restrictions which can be used only for the purposes for which the funds were established are classified as restricted reserves

The accumulated balance includes the Council created reserves.

Creditors and Accruals

Creditors and accruals are measured at cost which approximates to fair value.

Provisions

Provisions are recognised when: the council has a present legal or constructive obligation as a result of past events; it is more likely than not that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

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

Intangible Assets**Computer software**

Intangible assets comprise of computer software. Acquired computer software and software licences are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimates useful lives of three to eight years.

Cost associated with developing or maintaining computer software are recognised as an expense as incurred. Costs that are directly associated with the production of identifiable and unique software products controlled by the council, and that will generate economic benefits exceeding costs beyond one year, are recognised as intangible assets. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Computer software development costs recognised as assets are amortised over their estimated useful lives (not exceeding three years.)

Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the income statement over the period of the borrowings using the effective interest method.

Borrowing Costs

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

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 recognised 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 recognised as an asset. Subsequently, assets leased under a finance lease are depreciated as if the assets are owned.

Finance Leases: 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: 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.

Employee Entitlements

The actuarial valuation of the cost of short term employee benefits, including compensated absences, expected to be paid for services rendered, is recognised as a liability (accrued expense).

Allocation of the Cost of Support Activities

Direct support costs are charged directly to significant activities. These consist of specific unit administration functions readily identifiable with a significant activity.

Indirect costs, which cannot be identified to a specific significant activity, are allocated to significant activities in two ways. Firstly, on a commercial basis for those indirect costs where this is appropriate. Secondly, where a commercial basis is not appropriate, by a number of cost drivers such as staff numbers and floor area.

Landfill Aftercare Costs

The Council is responsible for a provision of landfill aftercare costs. The provision is stated at the present value of the future cash outflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The liability includes all costs associated with landfill aftercare.

Changes in the provision are recognised in the Income Statement.

Statement of Cash Flows

For the purpose of the Statement of Cash Flows, cash includes cash on hand, deposits held at call and is net of bank overdraft. Cash Equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities include cash received from all income sources of the group and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the council and group.

Changes in Accounting Policies

Adoption of NZIFRS

The Council has early adopted NZ IFRS which are relevant to its operations. The impacts of early adoption are as follows:

Land and Buildings valued at \$7.2 million previously identified as property intended for sale, has now been reclassified as Investment Property.

The adoption of NZ IFRS 39 Financial Instruments: Recognition and Measurement has required the recognition of an unrealised loss on financial instruments as at 1 July 2005 of \$1.7 million

Balance on the asset revaluation reserve has been transferred to the accumulated balance, as a result of the requirement to measure financial assets at fair value and the decision to apply the deemed cost exemption, as permitted under NZ IFRS 1.

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Forecasting Assumptions

Useful Lives of Significant Assets

The following useful lives are the basis for determining the depreciation rates used by the Council:

General fixed assets	- buildings - structure	50 years
	- buildings - services	22 years
	- buildings - roof, fittings	20 years
	- buildings - internal finishes	15 years
	- motor vehicles	5 years
	- plant and equipment	10 years
	- office equipment	5 years
	- furniture and fittings	5 years
	- leased assets	5 years
	- library books	8 years
Transport system	- pavement surface	3-75 years
	- pavement layers	50-85 years
	- pavement formation, road marking	Not depreciated
	- major culverts, bridges, drainage control	80-100 years
	- retaining walls	50-80 years
	- footpaths	50-80 years
	- street lighting	20 years
	- traffic signs, traffic signals	15 years
	- street furniture	30 years
	- safety barriers	30-50 years
Parks and reserves	- bridges, buildings, other structures	10-50 years
	- drainage systems	20-33 years
	- car parks and courts base	5-50 years
	- furniture, fencing, tracks, surfaces, sports fields	2-33 years
	- lighting	33 years

Stormwater reticulation	- pipes	30-100 years
	- manholes, cesspits, inlets and outlet structures	80 years
	- detention and quality ponds, dam retaining walls	50 years
	- swales, rain gardens, permeable paving, sand filters	15-50 years
	- mechanical devices (litter traps, enviropods)	5 years
	- stream flood warning alarms	10 years

Wastewater reticulation	- pipes	60-100 years
	- manholes and dry chambers	80 years
	- pipe bridges	60 years
	- pump stations (at individual component level)	12-100 years

Water supply reticulation	- pipes	40-80 years
	- fire hydrants, valves	25-70 years
	- water meters	25-35 years
	- pipe bridges	60 years
	- reservoirs (at individual component level)	15-80 Years
	- drinking water monitoring stations	40 Years

These useful lives are consistent with the assumptions applied to valuing each asset category so it is highly unlikely that these will change over the 10 years.

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Forecasting Assumptions	Level of Certainty
<p>Sources of Funds for Future Replacement of Significant Assets Future replacement of significant assets will be funded from rates levies to fund depreciation. If the rates so levied are insufficient to fund the required level of renewals, then loan funds will be used.</p>	<p>The funding mix utilised by the Council can be varied during future Annual Plans if there is a major change in circumstances such as a major unplanned replacement arising from unforeseen adverse events. This is unlikely to occur.</p>
<p>Projected Growth Change Factors There are no proposed significant changes to levels of service at this stage. Any developments related to growth will be funded from Development Contributions.</p>	<p>Growth in the Northern Strategic Growth Area is dependent on the movement of the Metropolitan Urban Limit (MUL). Growth is predicted to start in this area in year 4 of the LTCCP. If there is a delay in the movement of the MUL, then the planned growth will not take place. This will result in less capital expenditure and less Development Contributions. This may occur.</p>
<p>Cost Factors Price level adjustments as provided by Business and Economic Research Limited (BERL) have been used to adjust costs and revenue for future years. There are attached as appendix 1.</p>	<p>The LTCCP has been prepared based on price level adjustments recommended by BERL. These have been applied individually to all budgeted items. Where increases in contract prices are known, the budget for these is adjusted for the known increase in today's dollars and then increased by the BERL adjustor. If costs increase at a rate greater than the BERL adjustors, then the Council will have to consider whether it can maintain the proposed level of service. The cumulative effect of the price level changes over the period of the LTCCP probably introduces the greatest uncertainty into the financial statements and will probably occur.</p>
<p>Transfund Subsidy Rates Transfund subsidy rates are assumed to remain constant of the period of the Long Term Council Community Plan (LTCCP). These rates are:</p> <p>Renewals and maintenance 43% Capital Expenditure 53%</p> <p>The 43% renewals and subsidy attracts an additional 2% on the 43% for administration giving a total subsidy of 43.86%.</p>	<p>These rates have been constant for a number of years and it is assumed that they will not change over the life of the LTCCP. If there is an increase in the capital expenditure subsidy rate, then the borrowing requirement will be reduced, with the opposite effect should the subsidy rate decrease. This is unlikely to occur.</p> <p>If the rate for renewals and maintenance increases then the rate requirement will decrease with the opposite effect should the subsidy rate decrease. This is unlikely to occur.</p>
<p>Revaluation of non-current assets The transport system, parks and reserves, stormwater reticulation, wastewater reticulation, water supply reticulation assets and investment properties will be revalued annually. The valuations for the LTCCP are the previous year's values, plus additions and then increased by the appropriate price level adjuster from Business and Economic Research Limited.</p> <p>Depreciation on these items is calculated annually on the revised values.</p> <p>General fixed assets are not revalued and reported at historical costs plus additions. Depreciation is calculated as detailed above.</p>	<p>The cumulative effect of the price level changes over the period of the LTCCP probably introduces the greatest uncertainty into the financial statements and will probably occur.</p>

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Forecasting Assumptions *(continued)*

Forecasting Assumptions	Level of Certainty
<p>Forecast return on investments Return on cash investments is calculated on the borrowing rate less 2%. Dividends and subvention payments from Waitakere City Holdings Limited are assumed to be constant throughout the term of the LTCCP.</p> <p>The Council has and will be acquiring land for future development and sale. The timing of this development and sale is uncertain so these returns have not been included.</p>	<p>Interest rates are assumed to be constant for the period of the LTCCP. This may occur.</p> <p>If sales occur, any proceeds from the sale will be used to repay debt in accordance with the Council's policy on asset sales. If there is a delay in the movement of the MUL, then any sale and development in this area will be delayed. This may occur.</p>
<p>Expected interest rates on borrowing Interest on future borrowing has been calculated at 6.5% for the term of the LTCCP. This is based on the Council's current borrowing rates which are hedged for a number of years into the future.</p>	<p>Interest rates are assumed to be constant for the period of the LTCCP. This may occur.</p>
<p>Depreciation rates on planned asset acquisitions Depreciation is calculated on planned future asset acquisitions and creation using the depreciation rates based on the useful lives detailed above. This is calculated to first apply in the year after the planned acquisition or creation.</p>	<p>If the planned asset acquisition or creation does not take place when predicted, then the depreciation will not apply until it happens. This will probably occur.</p>
<p>Resource consents The Council has the following operations that are subject to resource consents from the Auckland Regional Council:</p> <ul style="list-style-type: none"> • Quarry • Refuse Transfer Station • Cemetery and crematorium <p>The Refuse Transfer Station and the crematorium have received resource consents within the last 2 years. It is not expected that any future consents will be required, with the exception of replacement cremator in year 10 of the LTCCP. The resource consent costs for this are included in year 9.</p>	<p>This will not occur if the cremator does not proceed or is delayed.</p>
<p>Currency movements and related asset values The council has no assets that are dependent on exchange rates. Where items are purchased from overseas, such as library books, the amount of the purchase is determined by the budget in New Zealand dollars so there will be no impact</p>	<p>This will probably occur as the budgets are in New Zealand dollars which dictate the amount that we can purchase from overseas.</p>

Forecasting Assumptions	Level of Certainty
<p>Renewability of external funding It is assumed that the following sources of funds will continue for the term of the LTCCP unless otherwise stated:</p> <ul style="list-style-type: none"> • Transfund subsidies • Subsidies for Civil Defence and Rural Fire • Subsidies for Creative Communities • Subsidy for the Cemetery • Subsidy for Road Safety • Petrol tax • Funding for Project Twin Streams from the Auckland Regional Council • Central government funding for partnership projects until the end of the 2008/2009 financial year 	<p>With the exception of Project Twin Streams which is a large single project for which funding is approved, the renewability of external funding is generally dependant on Central Government Policy. While a change in this is possible, it is very unlikely.</p>
<p>Rental Income There is no provision for increases in the number of rental properties held by the Council. Existing rental income has been increased by the relevant price adjuster.</p>	<p>This will probably occur as there are no provisions in the Long Term Council Community Plan to sell or acquire any further properties.</p>
<p>Other Income Income from consents, licences and other user charges is assumed to be at the same level but adjusted by the relevant price adjuster.</p>	<p>There is a correlation between other income and general economic activity. This is difficult to predict over 10 years so the approach stated is taken. It is most likely that economic activity will fluctuate.</p>
<p>Growth in the rating base This has been included in the LTCCP and subjected to the appropriate price level adjuster.</p>	<p>It is difficult to predict how and when development will happen over 10 years as it is dependant on externalities outside of the Council's control There will be growth in the rating base, but it is likely that the quantum in future years will be different from that predicted.</p>
<p>Population Growth Population growth is determined by the Council's growth model and is predicted to be approximately 2% per annum. This has been used in determining the growth in volume based charges such as water supply</p>	<p>If the assumed growth in the LTCCP methodology does not take place, then the capital expenditure based on this growth will not take place, if the growth is higher, then additional capacity may be needed. This is not considered likely to occur.</p>
<p>Rating methodology It is envisaged that the targeted rates will continue for:</p> <ul style="list-style-type: none"> • Wastewater • Environment monitoring • Rural sewerage • Water supply <p>These may be by way of a fixed charge or a rate in the dollar or a charge based on usage in the case of water supply.</p>	<p>The Council on an annual basis will consider the basis of rating for each of these targeted rates.</p>

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Forecasting Assumptions *(continued)*

Forecasting Assumptions	Level of Certainty
<p>External levies It is assumed that levies will continue to be paid to the Auckland War Memorial Museum and the Museum of Transport and Technology. The appropriate price level adjuster has been applied to these.</p>	<p>This will probably occur as these organisations are subject to the same cost pressures as the Council.</p>
<p>Oil Price Oil prices have a major impact on many cost elements of infrastructure maintenance. These cost elements are based on the price of oil being \$60 a barrel.</p>	<p>Oil prices can be volatile. If there is a major movement in oil prices then the maintenance programme and the corresponding levels of service will have to be re-evaluated. This may occur.</p>
<p>Distributions from Waitakere Properties Limited Waitakere Properties Limited holds and develops land on behalf of the Council. The timing of the distribution of these proceeds is uncertain to they have not been included in the financial statements.</p>	<p>If sales do occur, any proceeds from the sale will be used to repay debt in accordance with the Council's policy on asset sales. If there is a delay in the movement of the MUL, then any sale and development in this area will be delayed. This may occur.</p>
<p>Development Contributions Development contribution receipts are dependent on the timing of work by developers. Because of the uncertainty of this timing, the development contribution receipts for the city wide catchment are budgeted on a straight line basis over the period of the Long Term Council Community Plan. Development Contributions for the NORSGA catchment are budgeted on a straight line basis from years 4 to 10 of the Long Term Council Community Plan.</p>	<p>Growth in the Northern Strategic Growth Area is dependent on the movement of the Metropolitan Urban Limit (MUL). Growth is predicted to start in this area in year 4 of the LTCCP. If there is a delay in the movement of the MUL, then the planned growth will not take place. This will result in less capital expenditure and less Development Contributions. This may occur.</p>
<p>Community Loans The Council lends money to community organisations. It is assumed that when repayments are made, this is then re-lent to other organisations</p>	<p>This re-lending of funds repaid has been continuing since the Council was formed in 1989. This situation is unlikely to change.</p>
<p>Investments Shares in Auckland Regional Transport Network Limited have been written down as at 1 July 2006 as these have no value following the re-organisation of transport entities in Auckland. 50% of the shares in Techscape Limited are held by Waitakere City Holdings Limited and are reflected in the value of the holding company's shares. If these shares in Techscape Limited are sold, then the value of the holding company's shares will be adjusted accordingly.</p>	<p>It is certain that the transport re-organisation will take place. The position of the Techscape Limited shares is being evaluated to determine the best result for the Council. They may be sold.</p>

Appendix 1

BERL Price Adjustors	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
Roading and Transport	2.6	2.4	2.2	2.0	1.9	1.7	1.5	1.3	1.3
Property, Reserves and Parks	2.9	2.7	2.5	2.3	2.1	1.9	1.7	1.5	1.5
Water - Clean and Dirty - Including Pipeline Costs	4.2	4.0	3.7	3.4	3.1	2.8	2.6	2.3	2.3
Energy	4.1	3.8	3.6	3.3	3.0	2.8	2.5	2.2	2.2
Staff	2.5	2.4	2.2	2.0	1.8	1.7	1.5	1.3	1.3
Other	3.1	2.9	2.7	2.5	2.3	2.1	1.9	1.9	1.6

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Summary of Future Borrowing and Debt Servicing Programme

Gross term debt	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	Budget \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's
Opening balance	206,805	331,937	420,763	507,058	573,449	633,480	679,417	713,427	730,782	736,962
<i>Movements during the year</i>										
Issues maturing	(28,250)	-	(5,000)	(35,025)	(50,000)	(35,000)	(10,000)	(10,000)	(23,500)	(25,000)
Debt maturities to be refinanced	18,103	-	5,000	35,025	50,000	35,000	10,000	10,000	23,500	25,000
Loan Repayments	-	-	-	(1,058)	(11,597)	(11,602)	(16,650)	(24,669)	(37,729)	(47,708)
Movements in Special Funds	319	186	226	275	125	128	136	126	116	112
New loans programme	68,968	88,640	86,069	67,174	71,503	57,411	50,524	41,898	43,793	39,504
New loans sanctioned from previous years	65,992	-	-	-	-	-	-	-	-	-
Closing Balance	331,937	420,763	507,058	573,449	633,480	679,417	713,427	730,782	736,962	728,870
Sinking funds										
Sinking fund opening balance	2,964	-	-	-	-	-	-	-	-	-
<i>Movements during the year</i>										
Funds applied to repayment of debt	(3,147)	-	-	-	-	-	-	-	-	-
Interest received	183	-	-	-	-	-	-	-	-	-
Strategic land holdings										
Strategic land holdings opening balance	22,303	55,231	65,521	65,521	73,103	73,103	73,103	75,409	75,409	77,789
<i>Movements during the year</i>										
Strategic land holdings acquisitions	32,928	10,290	-	7,582	-	-	2,306	-	2,380	-
Closing Balance	55,231	65,521	65,521	73,103	73,103	73,103	75,409	75,409	77,789	77,789
Net Term Debt	276,706	355,242	441,537	500,346	560,377	606,314	638,018	655,373	659,173	651,081

Summary of Future Borrowing and Debt Servicing Programme *(continued)*

Gross term debt	2006/2007	2007/2008	2008/2009	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016
	Budget \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's	Forecast \$000's
Financial ratios										
Net debt as a percentage of equity	15%	18%	22%	24%	25%	26%	26%	26%	25%	23%
Net debt as a percentage of total income	120%	144%	170%	173%	181%	186%	190%	182%	179%	167%
Net interest as a percentage of income	6%	7%	9%	10%	10%	11%	11%	11%	11%	11%
Net interest as a percentage of rates (including water)	11%	12%	15%	17%	17%	18%	17%	17%	17%	16%

The Council will finance its borrowing through funding facilities with approved financial institutions and the issuance of Waitakere City Council bonds. All borrowing will be secured under the Council's Debenture Trust Deed.

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Council-Controlled Organisations

Introduction

Schedule 10; clause 4 of the Local Government Act 2002 requires:

A long-term council community plan must, in relation to each council-controlled organisation in which the local authority is a shareholder:-

- a) name the council-controlled organisation and any subsidiary of the council-controlled organisation; and
- b) identify -
 - i) the local authority's significant policies and objectives in regard to ownership and control of the organisation;
 - ii) the nature and scope of the activities to be provided by the council-controlled organisation; and
 - iii) the key performance targets and other measures by which performance may be judged.

Section 6 of the Local Government Act 2002 defines council-controlled organisations as:-

- a) a company-
 - i) in which equity securities carrying 50% or more of the voting rights at a meeting of the shareholders of the company are -
 - A) held by 1 or more local authorities; or
 - B) controlled, directly or indirectly, to appoint 50% or more of the directors of the company; or
- b) an organisation in respect of which 1 or more local authorities have, whether or not jointly with other local authorities or persons, -
 - i) control, directly or indirectly, of 50% or more of the votes at any meeting of the members or controlling body or organisation; or
 - ii) the right, directly or indirectly, to appoint 50% or more of the trustees, directors, or managers (however described) of the organisation.

Governance

The governance of council-controlled organisations is primarily effected through the Finance and Operational Performance Committee.

Statement of intent

The Council has received the 2006/2007 Statements of Intent from Waitakere City Holdings Limited, Techscape Limited, Waitakere Properties Limited and the Waitakere Enterprise Trust. Full copies of the Statements of Intent can be obtained from the Council's Call Centre 839 0400.

Exempted organisations

A number of other organisations, by definition contained within the Local Government Act 2002, are considered to be council-controlled organisations, however, due to various factors exemption from council-controlled organisation status has been given or is being sought.

The Auckland War Memorial Museum and the Museum of Transport and Technology Electoral College, with the support of all contributing Territorial Local Authorities, are to apply, under Section 7(1) and (2) of the Local Government Act 2002, for exemption from the status and requirements of a council-controlled organisation for those two organisations on the grounds that they are already subjected to, through their own respective legislation, comprehensive annual planning and annual reporting requirements.

The Waitakere Arts and Cultural Trust has been granted exemption, under Section 7(3) of the Local Government Act 2002, from council-controlled organisation status by the Council on the basis that the financial operations of the Trust are not material for consolidation into the Council's Annual Report and that adequate current reporting processes are in place for the Trust to report to the Council. The Museum of Transport and Technology has been granted exemption, however, the outcome of the status of the Auckland War Memorial Museum has yet to be decided.

The West Auckland Community Care Trust has also been granted an exemption, under Section 7(3) of the Local Government Act 2002, from the status of council-controlled organisation by the Council on the grounds that the Trust has signalled its intention to distribute all unallocated funds then dissolve the Trust.

Waitakere City Holdings Limited

Waitakere City Holdings Limited (WCHL) is a wholly owned subsidiary of the Council. WCHL wholly owns, directs and monitors the activities of its subsidiary, Waitakere Properties Limited, and owns 50% of the shares and convertible notes issued by Techscape Limited. The main purpose of WCHL is to ensure efficient and economical operations of the Council's trading subsidiaries and to advise the Council on opportunities in respect of its subsidiary operations and the formation of new subsidiaries. For specific objectives and performance measures refer to pages 150 to 152.

Techscape Limited

Techscape is regarded as an associate company of the Council. Its principal activities are works and maintenance services provided to the Council, North Shore City Council and other third parties. WCHL and NSM Contracting Limited each own 50% of Techscape. NSM Contracting Limited is a council-controlled organisation and wholly owned subsidiary of North Shore City Council. For specific objectives and performance measures for Techscape refer to page 149.

As an equal shareholder with the North Shore City Council, the Council has joined North Shore in a process that seeks to tender long term service maintenance contracts for the Council's water, wastewater and stormwater infrastructure, with the requirement that the successful tenderer purchases the Company (Techscape Limited). This process is scheduled for completion in mid 2006 when both councils will consider the results of the tender process and decide whether or not to accept a preferred tender and purchase offer.

Waitakere Properties Limited

Waitakere Properties Limited (WPL) develops and manages council-owned properties including Waitakere Central at 2 Henderson Valley Road, 10 Ambrico Place and the Hugh Brown carpark in New Lynn, sites at Westpark Marina, sections at Harbour View Estate, Glen Eden and commercial properties at 51 – 65 Keeling Road. To facilitate this role the relevant properties have been vested in WPL via deed of trust. However, the Council remains the beneficial owner. WPL also provides property consultancy services to the Council. For specific objectives and performance measures refer to pages 156 to 157.

Waitakere Enterprise Trust

Waitakere Enterprise Trust is a charitable trust subject to the provisions of the Charitable Trusts Act 1957. The Trust does not trade with the intention or purpose of making a profit.

The trust is considered to be a council-controlled organisation because the Council appoints its board of trustees and obtains the benefits of its activities.

The objectives of the trust are closely aligned with the Council's community and economic development objectives. Key activities include providing advice to local businesses, facilitating and attracting investment to the city, employment training and employment placement schemes. The main sources of income for the trust are the Council and the New Zealand government. For specific objectives and performance refer to pages 153 to 155.

OTHER SHAREHOLDINGS

The Council also has the following shareholdings but does not have benefits of control.

The New Zealand Local Government Insurance Corporation Limited

The Council has a 1% shareholding in New Zealand Local Government Insurance Corporation Limited, a company that provides risk financing products to local government and its trading enterprises in New Zealand.

Watercare Services Limited

The Local Government Amendment Act 1998 vested in the Council a 16.6% shareholding in Watercare Services Limited. The Act specifies that Watercare's shareholders must retain their shares and that Watercare must not pay any dividend.

Watercare Services Limited supplies bulk water and wastewater services primarily to local government and its trading enterprises in the Auckland region.

Auckland Regional Transport Network Limited

Auckland Regional Transport Network Limited (ARTNL) was established in July 2001 by six of the territorial local authorities in the Auckland Region.

ARTNL was established to:

- secure access to Auckland regional transport corridors
- contribute and give effect to the Auckland Regional Land Transport Strategy and the Auckland Regional Growth Strategy by owning and developing transport infrastructure assets
- act in a manner that is socially and environmentally responsible
- act for the long term benefit of its shareholders
- act for the long term benefit of the citizens and ratepayers of the Auckland region.

Negotiations are currently taking place for the transfer of assets and liabilities of ARTNL to the Auckland Regional Council or Auckland Regional Transport Authority (ARTA), to Auckland City Council and Manukau City Council. The approval of shareholding councils is required for the transfer to take place, which is planned to take effect during 2006/2007. Subject to the approval of shareholding councils, ARTNL would subsequently be wound up.

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Council-Controlled Organisations *(continued)*

Council organisations appointments

As required by legislation, the Council has adopted a policy on the appointment of directors to council organisations.

Council organisations fall under three broad categories:

Those controlled solely by this Council, those controlled on a regional basis, and those organisations not controlled by the Council as defined in the Local Government Act 2002, but where the Council either has a minority shareholding or the ability to appoint one or more members to the governing body, but does not control that entity.

Key features of the Council's policy include:

- identification of knowledge, skills and experience relevant to the entity
- consideration of existing mix of skills and experience on the board
- annual review of board performance
- appointment on merit rather than representation
- reference to governance best practice as promulgated by the Institute of Directors, Office of the Auditor General and other relevant material
- use of independent advice where required.

Where council organisations are controlled on a regional basis with other local authorities, governance requirements are established by way of shareholder agreements or equivalent documents and in the absence of such agreements, the Council will abide by its current policy as the minimum standard.

The performance expectations of all council organisations whether controlled or not are established through documents such as statements of intent or equivalent performance agreements. Council-controlled organisations are required to report quarterly to the Council.

Objectives

- 1) To maximise Techscape's value, both in its own right and as a strategic investment of the shareholders by:
 - a) recognising and retaining all existing contracts with North Shore City Council and Waitakere City Council and at the same time growing the business by meeting all the commercial requirements and growth opportunities available from both councils.
 - b) increasing operational efficiency.
 - c) increasing cost effectiveness.
- 2) To increase the rate of return on the shareholders' investment in Techscape by:
 - a) achieving revenue and profitability growth in accordance with the company's annual business plans.
 - b) prudently managing assets and liabilities and adopting a sustainable dividend payment policy that balances the shareholders' expectations in respect of dividend payments with Techscape's capital requirements for asset replacement to maintain operational capability and for investment in new technologies.
- 3) To meet clients' expectations through the delivery of quality services by a skilled and motivated team of employees at a price that provides value for money.
- 4) To uphold the principles contained in the partnering agreements with the shareholding councils.
- 5) To be a good corporate citizen and employer by:
 - a) acting ethically
 - b) being culturally and environmentally conscious
 - c) complying with legislative requirements
 - d) seeking to achieve the highest standards relating to health and safety practice and to eliminate work place accidents
 - e) being a fair employer with dignified human resource practices in respect of all employees

Performance Measures and Targets

1. Achieve revenue of:

For the year to 30 June 2007	\$31 million
For the year to 30 June 2008	\$31 million
For the year to 30 June 2009	\$31 million
2. Achieve a tax paid surplus (before deducting convertible note interest) on consolidated shareholders' funds (as defined) for the year to 30 June 2007 and for the years to 30 June 2008 and 2009 of 20%
3. Maintain and increase client and public satisfaction by achieving or exceeding agreed performance criteria of all contracts and measuring client and public satisfaction through periodic surveys. (Target: Satisfaction of all performance criteria).
4. Retain ISO9001 and ISO14001 certification in each of the relevant operating areas and utilise TQM (total quality management) philosophy to ensure continual improvement in all facets of the company's activities. (Target: achieve)
5. Be environmentally responsible at all times and monitor success in this aim by reference to relevant key performance indicators. (Target :no abatement notices, fines or successful prosecutions under the RMA)
6. Adopt and maintain procedures for adherence to the company's Health and Safety Programme to continually lower the frequency, severity and cost of lost time incidents; and to publish key performance indicators relating to the same. (Target: reduction in frequency, severity and lost days when compared to the previous period)

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Objectives

- To ensure that each subsidiary company operates economically and efficiently, and in accordance with an agreed Statement - from the value of the subsidiary companies within the parameters set by the Council.
- To keep Council informed of matters of substance affecting WCHL and the subsidiary companies and, insofar as it is practical and reasonable in the opinion of the directors, provide the opportunity for comment on such matters prior to taking any action.
- To ensure that there is regular and informative reporting of the financial and non-financial performance and risk exposures of WCHL and the subsidiary companies.
- To advise the Council on establishment opportunities for council-controlled organisations.
- To act as a responsible corporate citizen, including being a good employer.
- To maintain and improve good governance by regularly and constructively appraising the performance of the subsidiary company directorates and maintaining an appropriate monitoring framework.

Performance Measures and Targets

Strategic Objective:

Governance of council-owned entities with accountability to the Community

Performance Measure	Performance Target
Ensure that the financial targets and strategic direction of WCHL are in line with the requirements of the Council.	<ul style="list-style-type: none"> • A draft 2007/2008 SOI for the holding company, and the draft SOIs of its subsidiaries will be submitted to the Council no later than 1 March 2007.
Ensure that Waitakere City Council is kept informed of all significant matters relating to its subsidiaries.	<ul style="list-style-type: none"> • Quarterly reports to the Finance and Operational Performance Committee of the Council. • Major matters of urgency are reported to the Chair of the Finance and Operational Performance Committee of Council and the Council's Chief Executive jointly on a "no surprises" basis with formal reporting undertaken as soon practical on the Board concluding its investigations and being in a position to report.
Ensure that WCHL directors add value to the company, and that their conduct is according to generally accepted standards.	<ul style="list-style-type: none"> • A formal evaluation of the WCHL governance structures and directorate completed in conjunction with the Council by June 2007.
Ensure that WCHL's procedures for the recommendation of directors for appointment to subsidiary directorates are open and in accordance with written policy.	<ul style="list-style-type: none"> • That a Directors Policy be agreed with the Council's Finance and Operational Performance Committee and the adopted Policy be followed for any further director appointments made.
Ensure timely advice to the Council's Finance and Operational Performance Committee and Chief Executive on the performance of the Boards of the respective activities.	<ul style="list-style-type: none"> • Undertake an annual evaluation by the Holding Company, in conjunction with Council officers, of the respective Boards.

Strategic Objective:

Financial return or contribution to the Council's overall budget.

Performance Measure	Performance Target						
Ensure that WCHL returns a dividend to the Council in accordance with the Council's budgets, and meets other financial targets. This will be subject to any contributions made to Beacon Pathways Limited as agreed by the Board through the direction of the Council.	<ul style="list-style-type: none"> WCHL makes financial returns by way of fully imputed dividend or tax subvention in accordance with budget <table border="1"> <tr> <td>2006/2007</td> <td>\$340,000</td> </tr> <tr> <td>2007/2008</td> <td>\$340,000</td> </tr> <tr> <td>2008/2009</td> <td>\$340,000</td> </tr> </table> 	2006/2007	\$340,000	2007/2008	\$340,000	2008/2009	\$340,000
2006/2007	\$340,000						
2007/2008	\$340,000						
2008/2009	\$340,000						
Ensure that the subsidiary companies return a minimum acceptable dividend.	<ul style="list-style-type: none"> WCHL meets its budgeted level of income from its subsidiaries¹: <table border="1"> <tr> <td>2006/2007</td> <td>\$380,000</td> </tr> <tr> <td>2007/2008</td> <td>\$380,000</td> </tr> <tr> <td>2008/2009</td> <td>\$380,000</td> </tr> </table> 	2006/2007	\$380,000	2007/2008	\$380,000	2008/2009	\$380,000
2006/2007	\$380,000						
2007/2008	\$380,000						
2008/2009	\$380,000						

¹ Subject to the continuance of the WCHL Group in the current format, particularly in regards to the holding of the Techscape interest. Returns to the Council may be in the form of dividend or tax subvention payment, subject to the normal limitations associated with long-term forecasting and specific shareholding directives.

Strategic Objective:

Ensure subsidiaries deliver on the Council's strategic goals.

Performance Measure	Performance Target
Ensure that the subsidiaries have in place planning for the future.	<ul style="list-style-type: none"> Completion in conjunction with the Council of a strategic directions document for the Group by 30 June 2007.
Ensure that the draft subsidiary companies SOIs are received on a timely basis for review and comment.	<ul style="list-style-type: none"> Draft 2007/2008 SOIs are to be received by the Holding Company no later than 21 February 2007.
Ensure that the final subsidiary company SOIs are appropriate, measurable, attainable and timely.	<ul style="list-style-type: none"> Comments on the draft 2007/2008 SOIs within two months of the receipt of the draft. WCHL will direct the subsidiary companies to produce strategically aligned draft 2007/2008 SOIs.
Ensure that the final subsidiary company SOIs are strategically aligned documents, while also being compatible with the strategic aims of the Council.	<ul style="list-style-type: none"> WCHL will assess the alignment of the SOIs with any specifically notified Council strategic directives.
Ensure that subsidiary company reporting is relevant and timely.	<ul style="list-style-type: none"> Objectives of Subsidiaries developed, in conjunction with the Council and Council officers, to be aligned with appropriate Council strategic platforms. WCHL will provide the subsidiary company SOIs to the Council for comment.
Ensure that there are adequate processes for the identification, assessment and management of the risk exposures of the subsidiary companies.	<ul style="list-style-type: none"> Subsidiary company SOIs to incorporate specific reporting requirements, including quarterly reporting of performance. Subsidiary company SOIs to incorporate specific statements regarding the processes for the management of risk exposures.

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Strategic Objective:

Supporting Enterprise Waitakere's contribution to a strong innovative economy.

Performance Measure	Performance Target
Oversee the operations of the Board of Trustees of Enterprise Waitakere.	<ul style="list-style-type: none"> • WCHL will meet twice over the course of each financial year with the Board of Trustees to receive a formal update on operations.

Objectives

- Grow local economic opportunity
- Grow the number, size, productivity and profitability of enterprises
- Grow strategic sectors and places
- Grow the value of investment and export
- Grow the economic participation of youth, Maori, Pacific and migrant communities
- Grow the awareness, understanding and organisational effectiveness of Enterprise Waitakere

Performance targets and other measures by which the performance of the Trust may be judged:

OBJECTIVE 1: Grow local economic opportunity.

Activity: In partnership with Council, advocate the needs of the Waitakere City economy and forge the necessary strategic alliances to realise them.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
>90% satisfaction of Enterprise Waitakere's advocacy performance by the Council's partners.	>85% satisfaction of Enterprise Waitakere's advocacy performance by Council partners through a contribution to: <ul style="list-style-type: none"> • Long Term Council Community Plan. • Economic Development Coordination Team. • Regional Business Location Strategy work. • Participation in Auckland Regional Economic Development Agencies network and Economic Development Agencies of New Zealand

OBJECTIVE 2: Grow the number, size, productivity and profitability of enterprises.

Activity: Support the establishment and growth of local businesses through the provision of quality information, advice and training.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Business support programmes service 1,500 businesses per annum with >90% satisfaction by respondent clients.	Support to 1,200 businesses with >90% satisfaction by respondent clients. 90% of Waitakere Employment and Skills project initiatives implemented.

Activity: Run an annual Business Awards.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
125 entries	100 entries
600 attend Business Awards event	550 attend Business Awards event
\$100,000 of media coverage	\$85,000 of media coverage for the business awards

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OBJECTIVE 3: Grow strategic sectors and places.

Activity: Foster the development of high growth potential sectors in which Waitakere has a current or potential competitive advantage.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
The number of registered business entities grow by 8.5%.	Performance sought by 30 June 2007 Support to 2000 businesses with > 85% satisfaction from contact clients. Growth in key sectors realised which exceeds regional and national average The number of business entities grows by at least 4%.

Activity: Support Council's town centre development programme.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
	>90% overall satisfaction of support to Council's town centre development programme by the Council's town centre staff.

OBJECTIVE 4: Grow the value of trade and investment.

Activity: Leverage Waitakere's sister city relationships to drive business growth.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
15 businesses or sector organisations have a trade relationship with Waitakere sister cities.	5 businesses or sector organisations participate in a trade mission to Ningbo, including at least 2 new from 2005.

Activity: Attract new investment to Waitakere and grow the value of current investors.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
60 investment clients facilitated per annum with >90% satisfaction with the service from respondent clients.	40 investment clients facilitated with >85% satisfaction with the service from respondent clients. Establish key client relationships with 50 of Waitakere's large businesses.

OBJECTIVE 5: Grow the economic participation of youth, Maori, Pacific and migrant communities.

Activity: Provide foundation skills for youth training.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
90% occupancy and 75% achievement of positive outcomes for youth students.	80% occupancy and 70% achievement of positive outcomes for students.

Activity: Provide foundation level ESOL.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
90% occupancy and 75% achievement of positive outcomes for ESOL students.	80% occupancy and 70% achievement of positive outcomes for students.
3 year NZQA Quality Audit cycle maintained.	3 year NZQA Quality Audit cycle maintained.

Activity: Undertake specific initiatives within the Maori and Pacific communities.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Maori development programme established.	Maori economic development activity initiated.
Maori and Pacific business participation on business training courses exceeds New Zealand Trade and Enterprise targets.	Maori and Pacific business participation on business training courses exceeds New Zealand Trade and Enterprise targets.
Maori and Pacific youth participating in TrainSmart's youth and alternative education programmes exceeds Tertiary Education Commission targets.	Maori and Pacific youth participating in TrainSmart's youth and alternative education programmes exceeds Tertiary Education Commission targets.

OBJECTIVE 6: Grow the awareness, understanding and organisational effectiveness of Enterprise Waitakere.

Activity: Implement the organisation's Communication Strategy.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Increase awareness of Enterprise Waitakere and its services by 33% above 2005 levels.	Increase awareness of Enterprise Waitakere and its services by 10% above 2005 levels.

Activity: Establish Enterprise Waitakere as an employer of choice.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Employee retention rate exceeds 85% for Enterprise Waitakere and 75% for TrainSmart.	Employee retention rate exceeds 85% for Enterprise Waitakere and 75% for TrainSmart.

Activity: Invest in technology that enables employees to exceed performance targets.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Staff satisfaction with technology provided exceeds 90%.	Staff satisfaction with technology provided exceeds 90%.

Activity: Establish professional office accommodation.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Staff satisfaction with office accommodation meeting business needs exceeds 90%.	Staff satisfaction with office accommodation meeting business needs exceeds 90%.

Activity: Implement Quality Management Systems.

Performance sought by 30 June 2009	Performance sought by 30 June 2007
Quality Management Systems continuously improved and updated.	Quality Management Systems continuously improved and updated.

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Waitakere Properties Limited

Objectives

As a Council-Controlled Trading Organisation, the principal objectives of the company are stated in section 59 of the Local Government Act 2002, specifically:

- To achieve the objectives of its shareholders, both commercial and non-commercial, as specified in the Statement of Intent.
- To be a good employer.
- To exhibit a sense of social and environmental responsibility by having regard to the interests of the community in which it operates.
- To conduct its affairs in accordance with sound business practice.

The directors intend the company to operate as a successful business, recognising that the services are provided in a competitive environment. As a provider of such services it believes it has obligations that apply to a company operating in a competitive environment: -

- To maintain such systems and procedures as necessary for the prudent and successful operation of the company;
- To achieve rates of return similar to other comparable development companies, or to identify the cost of activities not undertaken on a strictly commercial basis;
- To exercise opportunities that add value to the company and/or further the company's objectives;
- To build the value of the Waitakere Properties Limited brand; and
- To manage the risks associated with the company's operations prudently.

The company will aim to maximise the value of the company and therefore the value of the shareholder's investment, by: -

- Anticipating and meeting the customer's needs;
- Ensuring developments are of consistently high quality;
- Providing customers with value for money;
- Undertaking or encouraging development in a manner consistent with the City's strategic objectives; and
- Pursuing opportunities that advance the city's strategic objectives.

The above represent the general values and objectives of the company. Specific objectives relating to each property or project may be consistent with any concept plan approved by resolution of the council or any letter of direction specific to that property/project or set out within the declaration of trust applicable.

Performance Measures and Targets

Goal	To be measured by
<p>Commercial Return - WPL To sustain the economic base of the Company to ensure it is able to carry out the required functions for it's shareholder.</p>	<ul style="list-style-type: none"> • To achieve budgeted revenue and costs. • The net profit after tax (NPAT) target for the Company operations is to break even.
<p>Commercial Return – Declaration of Trust To ensure that each trust project is delivered in a manner which optimises the commercial benefit and return to the Council consistent with the attainment economic, environmental and social objectives.</p>	<ul style="list-style-type: none"> • Financial returns for development projects shall be either at levels consistent with good market practice or, if below this, consistent with the assessment framework as detailed in the main SOI document.

Goal	To be measured by
<p>Governance under Declaration of Trust To adhere to the terms of the declaration of trust and any related letter of direction for each trust project undertaken.</p>	<ul style="list-style-type: none"> • The objectives of each project will: <ul style="list-style-type: none"> - be agreed with the council concurrently with the company accepting responsibility for control and development activities for such landholding under declaration of trust or be provided subsequently by approval of a concept plan or development plan prior to any significant construction expenditure being incurred, consistent with the declaration of trust. • Adherence to the terms and conditions of any letter of direction which may be given by the Council from time to time in relation to any landholding, including in relation to commercial or environmental concerns, strategic outcomes and project financial distributions. • Report to the council on progress in relation to each landholding held under declaration of trust simultaneously with the statutory requirements to report on operations. • Provide a Business Plan for each project held under Declaration of Trust for each financial year and report on progress against business plan in quarterly reports.

Goal	To be measured by
<p>Governance To meet all statutory, regulatory and shareholder requirements as required by the Local Government Act 2002, the Companies Act 1993 and any other applicable legislation.</p>	<ul style="list-style-type: none"> • Provide a draft Statement of Intent to the shareholder by 1 March each year • Provide a final Statement of Corporate Intent to the shareholder by 30 June each year. • To hold regular meetings of the board of directors. • Provide audited financial statements and an operations report for the company to the shareholder within three months of the completion of the financial year as required by section 67 of the Local Government Act 2002. • Provide unaudited financial statements and operations report of the company to the shareholder within two months of the completion of the first half of the financial year as required by section 66 of the Local Government Act 2002. • Provide a quarterly report to the shareholder on financial and non-financial performance including, with respect to trust projects, contracts and transactions of significance and strategic initiatives. • Provide such other information as may reasonably be required by the shareholder or the council, subject to any obligation of confidentiality which may be appropriate.

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Glossary

This section is designed to help you find out the meanings of some of the specialised terms, names and acronyms that we use.

Accounting Policies – these show the generally accepted accounting practices that the Council uses in preparing its financial statements. These disclosures are made in accordance with generally accepted accounting practices.

Activity Costs – Those directions costs that are directly attributable to a strategic platform.

Activity Revenue – Income that is directly attributable to a strategic platform.

Assumption – a statement about a future course of behaviour that Council needs to be aware of for its future planning and activities (examples includes changes in fertility or mortality rates, net migration rates, changes in living arrangements, labour force participation).

Capital Expenditure – the money spent upfront to build or buy a new asset or to improve the standard of an existing asset.

Council-Controlled Organisation – an organisation that the Council directly or indirectly controls by having more than 50% of the vote at meetings of that entity.

Depreciation – the wearing out, consumption or other loss of value of an asset arising from use, passing of time or obsolescence through technological and market changes. It is accounted for by the allocation of the historical cost (or revalued) amount of the asset less its residual value over its useful life.

Development Contributions – a fee paid by developers for the right to subdivide or build new dwellings, or by newly established businesses, to help the city to recover the additional cost of providing network and community infrastructure required for growth.

Financial Contributions – refers to the Council's policy to take financial contributions, under the Resource Management Act, for reserves and for environmental mitigation.

Financial Statements – are the summary of the Council's operating costs and revenue; asset movements; cash movements and other information as required by the Local Government Act 2002 and generally accepted accounting practice.

Financial Year – the Council's financial year starts on the 1st July and ends on the 30th June the following year.

Funding Impact Statement – a financial statement disclosing the revenue and financing mechanisms that the Council proposes to use.

Indirect costs and Allocations – Unit Administration, allocated overheads, Interest and depreciation that is allocated to a strategic platform.

Operating Costs – these are costs to run Council on a day-by-day basis and range from maintenance of infrastructure to staff salaries.

Quadruple Bottom Line – refers to the form of decision making that considers social environmental and cultural impacts as well as the more typical economic impacts.

Revenue – the Council charges for a number of its services such as building permits and dog registration as well as rates. All Council's income from whatever source is its revenue.

Revenue and Financing Policy – a statement about who should pay for the services provided by the Council. The policy outlines who will benefit for each Activity and who should pay for it, taking into account fairness and practicality.

Significance Policy - a policy that sets out conditions that ascertain the significance of proposals and decisions. Councils have to comply with special consultative obligations when decisions or proposals are deemed to be significant.

UAGC and UAC – UAGC stands for "Uniform Annual General Charge" and is the fixed charge component of the rates. UAC stands for "Uniform Annual Charge" which is a fixed charge for a specific item such as solid waste collection and disposal.