

Future Ruapehu

Annual Plan 2005-2006



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This Plan is Ruapehu District Council's Annual Plan 2005-2006 and has been produced in compliance with Section 95 of the Local Government Act 2002.

This Plan was adopted by Ruapehu District Council on the 24th of June 2005.

Approved for Public Release:

Date: 21 July 2005

Signed:



Chris Ryan
CHIEF EXECUTIVE

Statement from the Mayor



Dear residents and ratepayers.

On behalf of the Ruapehu District Council I am very pleased to be presenting the Annual Plan 2005/06 for the Ruapehu district.

The Annual 2005/06 Plan is an 'exceptions' Annual Plan as it highlights the variances between the Council's 11 core operational activities as planned for in the Future Ruapehu Long Term Plan 2004-2014 (LTP) and the Annual Plan for the coming year.

For the 2005/06 year Council has confirmed an overall rate increase of 4.57% bringing the total amount of revenue raised through the rates to \$14,715,196. While the overall rate rise is 4.57% the total rates set on individual properties varies over the whole district.

The Annual Plan is the current document that provides a 'snap shot' of 'how we are doing' and provides an opportunity to reflect on Council's current projects and activities, as well as the overall direction we are heading in.

Council's wider operating environment continues to be exceedingly challenging.

Central government has continued to add to the complexity of our day-to-day operations by increasing the amount of regulation we need to develop, enact and enforce. This is a continual burden on Council corporate resources that has added to our operational costs.

The strength of the New Zealand economy, even though very positive for the District and our core businesses, has led to inevitable pressure on prices and skilled labour shortages. The Council is not immune to these pressures as demands of central government has forced Councils to grow to meet their legislative demands.

The contractor community is currently able to 'pick and choose' work with some Council tenders having had difficulty attracting competitive bids and some project work being significantly delayed.

Although under a lot of resource pressure, Council has maintained an efficient and effective operation. As such, we have been able to maintain direction and limit the overall impact of these resource pressures on our planned deliveries within the LTP.

One of the exciting developments that has happened over the past year is the success of the Major Regional Initiative (MRI) touring route to be implemented in partnership with Iwi and our neighbouring territorial authorities Rangitikei and Wanganui.

Increasing visitor numbers and other key indicators such as the significant increase in Council activity, for example the issuing of building consents, strongly suggest a District going forward.



SUE MORRIS, JP
MAYOR

Statement from the Chief Executive



I am pleased to present Ruapehu District Council's (RDC) first Annual Plan under the new planning process based around the Future Ruapehu Long Term Plan 2004-2014 (LTP) requirement introduced by the Local Government Act 2002 (LGA).

One of the key roles of this Annual Plan is to highlight the variances that have arisen between the LTP and the Annual Plan across Council's 11 core activities together with an explanation of the factors that contribute to the variance.

The variances between the LTP and the Annual Plan typically fall into three areas being either activities or projects that are carried forward into the next year, or where there are changes in activity and or project costs, or where a new project has arisen in the interim.

The Annual Plan outlines the proposed plans, activities and costs involved in taking the Ruapehu District forward over the next year while providing an overview of the strategic direction and Community Outcomes targeted by Council activities.

In my statement to you in the last Annual Plan before the introduction of the LGA I signalled that some local authorities might struggle to deliver on the raft of new policy requirements and to provide the necessary resources to meet the tightly prescribed processes and procedures for public consultation.

Our experience to date has shown that concern to be well founded. The requirements are adding to RDC's costs and placing strong demand on Council's available resources.

Council has pro-actively addressed these challenges. However we have been unable to avoid an increase in costs. A key driver of that outcome is the need to meet the requirements placed on us by changes in the law.

An example is where Council has had to increase the investment in its regulation function and as a consequence increasing the number of personnel to deliver against the service and compliance outcomes required of us.

In particular the new Building Act that came into force in November 2004 has introduced a range of compliance and regulatory measures around new buildings and building work and introduced further checks and balances on the building industry.

To continue providing building inspection services Council must develop its delivery capacity and obtain accreditation in 2007. This requirement will be met in part by providing one additional full time equivalent (staff member) to allow Building Control Officers to focus on delivery of the new building compliance regime.

The delivery of Building and Inspection Services is a part of Council's Regulation Services activity that also includes the functions of Emergency Management, Animal Control, Environmental Health and Resource Management.

The variance in forecast operating costs between the LTP and the Annual Plan for this activity is an increase of \$235,000. The biggest difference is in the Building Services function with a variance of \$192,000.

Law change has not of course been the only cause of variation between the LTP and the Annual Plan.

The LTP forecast was based on an assumption that any new development of the Waimarino Service Centre would be configured to enable the co-location and delivery of administration, library and the Visitor Information Centre (VIC) services from one building. The final configuration however consists of two buildings and this configuration is less efficient in terms of operating costs.

In the Land Transport Activity area the estimated total operating cost is likely to be \$919,000 higher than forecast in the LTP. The main drivers for this increase has been the impact of funding for depreciation driven by asset revaluation, unplanned street light

mounting charges from The Lines Company and an increase in the investment in safety maintenance works to ensure that the roads continue to meet LTP service levels.

The Land Transport Activity operating revenue is expected to be higher than forecast in the LTP by \$876,000 due to the expected recovery of cost incurred in Council's successful defence of a claim made against it by Pratt Contactors Ltd. However, other factors balance this out.

The first is a reduction in forecast subsidy revenue of \$303,000 reflecting a change in the timelines for the proposed Wanganui/Pipiriki Roding project. RDC is also completing a round of emergency repairs to the road network that attract a higher rate of subsidy. This brings the overall variance to only \$56,000.

The Revenue and Financing Policy provides for the funding of the Land Transport Activity by way of a rate in the dollar set on property Capital Value.

Council is using Capital Value as it is a better proxy for benefit from, and usage of, the road network than Land Value for the majority of land transport users.

Council has introduced a differential to this rate following a review of its overall impact, particularly on Genesis Energy's hydroelectric generation assets.

The differential, will apply only to those rating units used for hydroelectric generation, with a property Capital Value in excess of \$50 million, and will decrease the rate in the dollar on these properties by 50%. This means that for the other rateable rating units in the District the rate in the dollar will be 5.4% higher than it would have been if the rate had remained undifferentiated.

The cost implications following the renewal of the contract for the maintenance of water services has impacted on the three Activity areas of sewerage, stormwater and water supply. Council's two-year contract with United Water Limited expired in October 2004

and was renegotiated for a four-year term following a review of their performance over the previous contract period.

The new contract price combined with the revaluation of Council's infrastructure assets which has seen a significant increase in the value of the water, sewage and stormwater assets and therefore an increase in the funding of the cost of depreciation has varied the forecast made in the LTP.

The confirmation that the Ohura prison will close means that a decision needs to be made around the ongoing provision of a water supply to the Ohura Community. Ohura's current water treatment facility will not adequately meet the new government standards for potable water. Any continuation of the reticulated water supply will require a significant investment in the water supply treatment and reticulation system.

The rate increase for 2005/06 on Ohura properties reflects an increase in the water supply component as the costs largely remain the same, but the user base has significantly reduced.

There is a concern that the level of funding required to maintain the reticulated water supply will be unsustainable. Council held a public meeting in Ohura on 18 May 2005 on the draft Annual Plan (DAP) that included a presentation and discussion on the issues associated with the Ohura Water Supply. Ohura residents were strongly encouraged to make submissions to the DAP many of whom did so. Council has committed to a full and substantive review of the Ohura Water Supply in the 2005/06 financial year.

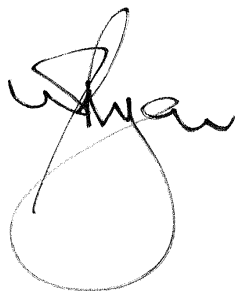
It must be recognised that Council operates in a wider environment that reflects the buoyant New Zealand economy. That very positive position creates issues of its own by placing pressure on the availability of critical skill and services, and as a consequence results in price pressures. Council needs to compete in a services marketplace where providers are 'spoilt for choice' with work.

Council has been obliged to grow the size of its business to deliver on government policy, as have all other councils, with the result that

local government skills and experience are in high demand across all disciplines.

As government and other demands have continued to evolve the Council's infrastructure has also been stretched. Council will undertake the redevelopment of the Waimarino Administration Centre, Library and Visitor Information Centre (VIC), and last year completed the upgrade to the Taumarunui VIC to maintain the ability to deliver services to an acceptable standard.

Council's Taumarunui Administration buildings have reached the end of their useful economic life. Council explored an opportunity to purchase an existing property in Taumarunui to accommodate all of the services currently being delivered from the Huia and Manu aute Street buildings. However, this opportunity could not be developed. For that reason Council has refocused on the original plan to redevelop the Huia Street site.

A handwritten signature in black ink, appearing to read 'Chris Ryan', written over a large, faint circular stamp or watermark.

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CHIEF EXECUTIVE

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Contents

Overview

What is an Annual Plan?	13
Structure of the Annual Plan	13
Key Council Documents and Policies	13
Glossary of Terms	15

Part Two

Council Activities

LEADERSHIP	21
Representation and Policy	22
ENVIRONMENTAL SUSTAINABILITY	28
Solid Waste	29
Stormwater	35
Sewerage	42
ECONOMIC DEVELOPMENT	49
COMMUNITY DEVELOPMENT	57
Land Transport	59
Water Supply	69
Regulation Services	76
Recreation and Community Facilities	86

Part One

Community Support	96
Investment Activities	103
Capital Expenditure Programme For 2005/06	109

Part Three

Financial Information

Corporate Support Costs	115
Funding Impact Statement	120
Prospective Financial Information	135
Statement of Prospective Financial Performance	137
Statement of Accounting Policies	138
Statement of Forecast Movements In Equity	142
Statement of Forecast Cashflows	142
Statement of Forecast Financial Position	143
Forecast Statement of Public Debt	144
Borrowing Needs Programme	144
Significant Financial Related Changes	145
Other Disclosures	145
Balanced Budget Treatment	145



Part One

Overview

This section describes what an Annual Plan is and how this plan links to other Council documents.

What is an Annual Plan?

In 2002 the Government introduced new legislation (Local Government Act 2002 (LGA)), which has changed the way Council planning is undertaken. Ruapehu District Council is now required to produce a Long Term Council Community Plan (LTCCP) every three years, and an Annual Plan for the years in between.

The purpose of the Annual Plan is to provide the annual budget for the coming year and to discuss any changes to Council's budgets and programmes from what was reported in Council's LTCCP, which is called Future Ruapehu Long Term Plan 2004-2014 (LTP). If Council, for some reason, changes a programme, and this is considered to have a significant impact on ratepayers, then the reason for the change is explained. We have called this a financial variance.

Council will continue to prepare an Annual Report at the end of each financial year. The Annual Report outlines what was achieved, what was not achieved and the reasons why.

Structure of the Annual Plan

Part One of this Annual Plan (AP) provides an introduction to the Plan and the role that it plays in the overall planning process of Council.

Part Two of the AP provides an overview of Council's groups of activities, including:

- The rationale for providing these activities,
- The Community Outcomes (COs) targeted by groups of activities,
- The Strategic Goals targeted by each Council activity,
- An explanation of any significant variation from the LTP,
- Revised Cost of Service Statements for 2005/06, and
- Lists the Capital Works Programme for 2005/06.

Part Three presents the estimated overall financial performance and position of the Council. Part Three also details the rate impact for ratepayers for the 2005/06 financial year.

Key Council Documents and Policies

Council maintains several documents and plans that provide input into the overall planning process of Council. An overview of these plans is provided below.

Strategic Plan

The Ruapehu Strategic Plan 2001 describes the Community visions, Strategic Goals and COs developed through the Future Ruapehu 2010 community consultation undertaken in 1997/98. The LTP was developed based on the COs identified in the Strategic Plan.

From 2006, Council will consult and prepare a community outcomes document every six years, and prepare a LTP every three years documenting Council's response to the COs. Together these documents will replace the existing Strategic Plan.

Asset Management Plans

Council's Asset Management Plans (AMPs) outline the strategic direction that its asset based services will take and detail associated work programmes for these assets. AMPs are reviewed and updated on a three yearly basis with the next review scheduled for the 2005/06 year.

Solid Waste Management Plan

The Solid Waste Management Plan (SWAMP) is a tactical document required under Part 31 of the Local Government Act 1974, and guides the future of Council's solid waste service until 2006, when it will be reviewed. The SWAMP was adopted following extensive consultation in 2002/03 and is available from the public counters of Council offices. SWAMP outlines the COs expected from this service including zero waste, waste separation, environmental protection, appropriate levels of

service, cost minimisation and reduction of cross subsidisation. These principles are built into the configurations of transfer stations and collection services and in recycling incentives to reduce the amount of refuse deposited in the District's Landfill.

Revenue and Financing Policy

This policy outlines the reasons for, and methods by which, Council funds each of its activities.

Rates Remissions Policies

These policies outline variations from the funding methods outlined in the Funding Impact Statement and the reasons for each variation. These policies include the Maori Rate Remission Policy and Remissions for Community Organisations.

Significance Policy

This policy guides Council when making significant decisions and identifies thresholds that trigger the consultation process.

Public Private Partnerships Policy

This policy outlines the circumstances in which Council will consider entering into partnership with a private sector partner. This policy formalises conditions around these arrangements and the associated consultation processes.

Appointment of Directors to Council Controlled Organisations Policy

This policy addresses the criteria and procedures for appointment and remuneration of Directors of Council Controlled Organisations.

Development Contributions Policy

This policy outlines Council's approach to financial and development contributions.

Treasury Management Policy

This policy is comprised of Council's:

- Liability Management Policy, and
- Investment Policy.

The purpose of the Treasury Management Policy is to ensure prudence and transparency in all investment and borrowing activities undertaken by Council.

Liability Management Policy

This policy discloses the methods by which Council will manage its borrowing, issuing of securities, debt management and interest rate exposure.

Investment Policy

This policy discloses Council's financial management principles and risk mitigation strategies associated with its investments. The primary purpose for Council's investment holdings is for strategic and cash flow/contingency reasons. Any acquisition of new assets must be for strategic reasons and meet goals and objectives outlined in the LTP.

The above policies can be found in the LTP, which can be requested from any Council office.

Glossary of Terms

Activity	The goods or services that Council provides to the Community. Council has 11 activities that have been grouped together according to COs.
Assets	Assets are things that Council owns, such as roads, parks, buildings and cash holdings.
Capital Expenditure	Capital expenditure is the term used to describe expenditure on assets (land, infrastructure, plant and equipment) that will provide benefit to the Community for a period greater than 12 months.
Corporate Support	Corporate support is the term used to describe the inputs that are used by all of Council's activities.
Collaboration	When two or more people, groups, or organisations work together to create or achieve the same outcome.
Community Outcomes (COs)	The Community's view of what is important for its current and future social, economic, environmental and cultural well-being.
Community Well-beings	One of the main purposes of councils, as stated in the LGA, is to promote the social, economic, environmental, and cultural well-being of communities, in the present and for the future. These four aspects are known as the "four community well-beings".
Current Assets	Assets that can be readily converted to cash, or will be used up during the year. These include cash, stock, debtors, and operational investments.
Current Liabilities	Creditors and other liabilities due for payment within the financial year.
Development Expenditure	Development expenditure is a form of capital expenditure that refers to an investment in an asset to improve its value. The investment in the asset results in the asset's condition being better than when it was first purchased, or built by Council. This does not include renewing old assets to their original state; these are classed as renewal works.
Designated Investments	Investments representing Special Funds and Reserve Accounts.
Infrastructural Assets	Fixed utility systems that provide a continuing service to the Community and are not generally regarded as tradable. Council's infrastructural assets consist of roads, waste disposal systems, sewerage, stormwater systems and landfill assets.
Levels of Service	Council has levels of service that it has agreed to provide to the Community. Examples include the number of times reserves are mowed per year, or response times to customer concerns. Operational levels of service are stated in the activity sections of the LTP.

Local Government Act 2002 (LGA)	The key legislation that defines the regulations and responsibilities for local authorities including the Ruapehu District Council.
Long Term Council Community Plan (LTCCP)	A plan covering a period of ten years, developed by the Council and describing what the Council will do to contribute to the achievement of COs. It shows what the Council will do, why it does these things, how much they will cost and how success will be judged. Council's current LTCCP is labelled "Future Ruapehu Long Term Plan 2004-14"(LTP).
Operations Expenditure	Operations expenditure is the expenditure required to meet the costs of normal day-to-day services provided by Council. This includes expenditure resulting from inputs on such items as contract costs, materials, electricity, and plant hire.
Operational Assets	Assets used to deliver Council's Activities such as land, buildings, and infrastructural assets including sewerage, water and road systems.
Operating Revenue	Money earned through Council activities in return for services provided, or by way of a grant or subsidy to ensure particular services or goods are provided. Examples include Land Transport New Zealand (LTNZ) subsidies, rental income and fees and charges.
Operating Surplus	An accounting term meaning the excess of income over expenditure. Income and expenditure in this context exclude "capital" items such as the receipt or repayment of loans, the cost of capital works and transfers to and from reserves. An operating surplus is inclusive of non-cash items such as income and expenditure owing but not paid (debtors and creditors) and depreciation.
Outputs	Goods and services the Council will produce or provide to achieve agreed outcomes.
Performance Measures	Targets set by Council to enable the Community to monitor Council's progress towards agreed outcomes each year. A table of performance measures is provided in each activity section.
Renewal Expenditure	Renewal expenditure is a form of capital expenditure that describes Council's ongoing programme of works, which is aimed at maintaining the District's assets in a good condition by 'renewing' them back to their original state.
Stakeholders	Stakeholders are those people/groups/organisations that have an interest in what happens in the District.
Strategic Goals	Council has set Strategic Goals for each of its activities. These goals are targeted at ensuring Council's work programmes are promoting the achievement of COs. The goals are long-term and in most cases will take many years to achieve.
Sustainable Development	Development that meets the needs of the present without compromising the ability of future generations to meet its own needs.

Targeted Uniform
Annual Charge
(TUAC)

The TUAC is a targeted rate based strictly on a uniform amount set for each rating unit, within a defined (targeted) area, eg, stormwater, solid waste kerbside collection etc.

Uniform Annual
Charge (UAC)

The UAC is a service charge that is levied on separately used rating units, eg solid waste disposal, sewerage, water supply etc.

Uniform Annual
General Charge
(UAGC)

The UAGC is a uniform annual general charge that is levied on all rating units in the district.



Part Two

Council Activities

This section explains variances to the LTP by Activity.

LEADERSHIP

Linkages to Council's LTP

The Council activities that provide for leadership are termed 'Representation and Policy'. The activities carried out by this group include governance (Mayor, Council and Community Boards), policy and planning and advocacy on issues that are important to achieving COs.

Activity	Community Outcomes	Rational for Delivery
Representation and Policy	CO 16 CO 17	<p>Council's leadership is guided by the role and principles of local government as stated in Sections 12-14 of the LGA. The following provisions guide Council:</p> <ul style="list-style-type: none"> • Council's activities are to be exercised for the benefit of the District, • Council must conduct its business in an open and transparent manner giving effect to COs, • Seek and consider the views of its communities and their well-being in decision making, • Provide opportunities for Maori to contribute in decision-making, • Collaborate with other organisations to meet COs, • Ensure prudent financial and asset stewardship in accordance with sound business practices, and • Provide for the present and future needs of the District by considering the social, economic, environmental and cultural well-being.

REPRESENTATION AND POLICY

Introduction

The Representation and Policy Activity provides for:

- Council's governance at District and local level,
- Conduct of elections,
- Council's advocacy on issues that impact on the Ruapehu District's COs, and
- Planning and policy development that provides a framework for the Community's strategic direction.

This Activity includes the preparation of policies guiding strategic direction and strategic financial decisions for presentation to the Community for feedback.

Community Outcomes Targeted

CO16 The Community has access to information, is aware of issues, has opportunities to provide feedback, and can influence outcomes.

CO17 Communities actively participate in the development of local facilities and services that affect them.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. Strategic Goals assist Council to promote the achievement of the Ruapehu Community's identified COs. The Representation and Policy Activity works towards the following Strategic Goals:

SG1 The Council organisation is effectively and efficiently achieving the mandated scope of Council activities.

SG2 To facilitate effective consultation processes, to seek and involve community input into decision-making and advocacy on key issues.

SG3 To provide effective planning support to Council's strategic and sustainable development planning.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Representation and Policy Activity.

How Council Will Keep Track Of Progress - Representation and Policy

Strategic Goals	Performance targets	Performance measures			Monitoring
		2004-06	2007-2010	2011-14	
SG1 The Council organisation is effectively and efficiently achieving the mandated scope of Council activities.	Residents are satisfied with the overall performance of the Ruapehu District Council. ¹	60% satisfaction	65% satisfaction	75% satisfaction	3-yearly resident satisfaction survey (beginning 2005).
	Projects reported in "Council's Action Plan" sections of the Long Term Plan ² are completed in each period.	85% completion ³	85% completion	85% completion	Reported in Council's Annual Report.
	Ratios identified in Council's Treasury Management Policy are achieved.	100% compliance with ratio	100% compliance with ratio	100% compliance with ratio	Reported in Council's Annual Report.
SG2 To facilitate effective consultation processes to seek and involve community input into decision-making and advocacy on key issues.	Submitters are satisfied that they have had enough information on the consultation issue.	75% average annual satisfaction ⁴	80% average annual satisfaction	90% average annual satisfaction	Reported in Council's Annual Report.
	Residents are satisfied that Council is positively addressing priority issues in the District.	Baseline set 60% satisfaction	70% satisfaction	80% satisfaction	3-yearly satisfaction survey (beginning 2005) to establish priorities. Reported in Council's Annual Report.
SG3 To provide effective planning support to Council's strategic and sustainable development planning.	All legislative processes and timeframes for Strategic and District Planning are complied with.	100% compliance	100% compliance	100% compliance	Reported in Council's Annual Report.
	Three yearly monitoring of COs and District Plan issues for reporting and actioning as determined by Council.	Baseline monitoring in 2004/05	Monitoring and reporting in 2008	Monitoring and reporting in 2011	State of District Report produced three yearly.

¹ Measured by combining service satisfaction ratings and averaging these over the number of measures.

² A copy of the LTP is available from all Council offices.

³ A target of 85% recognises that projects listed extend beyond fixed 12-month measurement periods. They can, for example, be affected by availability of contractors or by weather conditions.

⁴ Survey response slip to a sample of submitters with each submission process undertaken

Variations in LTP Work Programmes 2005/06

There are no variations from the LTP Works Programme for the 2005/06 financial year.

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
816	Mayor and Council	790	858
213	Community Boards	214	204
244	Community Communication	250	248
559	Strategic Planning	602	639
1,832	Total Operating Costs	1,856	1,949
(20)	Operating Revenue	0	0
(208)	Ward TUAC Rates	(209)	(199)
1,604	NET COST OF SERVICE	1,647	1,750
	Funded by		
1,561	Rate Funding	1,649	1,753
43	Transfers	(2)	(3)
1,604	TOTAL FUNDING	1,647	1,750

Variations from the LTP Cost of Service Statement

The net increase required to fund this Activity is due to a change in the way that elected members are remunerated and increased Corporate Support Costs (which are explained in Part Three, Financial Information). In 2002, the Local Government Act was amended to transfer the responsibility for elected members' remuneration from the Minister of Local Government to the Higher Salaries Commission (later renamed the Remuneration Authority). The Remuneration Authority (the Authority) has designed a new remuneration system where the total amount that is to be paid by each council to its elected members (remuneration pool) is determined by the Authority. The responsibility and method of distributing the remuneration pool is left to each respective council to design and implement. The remuneration pool for 2005/06 (set by the Authority for the Ruapehu District Council) is higher than provided for in the LTP.

Representation & Policy Funding

The following indicates Council's funding policy for the Representation and Policy Activity.

Overall Funding Of The Group Of Activities

Funding Tool	%	Part Activities Funding
UAGC	44%	The revenue and financing of the separate functions of the Representation and Policy Activity are provided in the following tables.
General Rate	44%	
Ward *TUAC*	12%	

Intergenerational Equity Issues

Representation and Policy is considered an annually funded activity.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Council and Community Boards Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
Council and Committees / Mayors Office			
District Benefit	100%	50%	UAGC
		50%	General Rate
Community Boards			
Community Benefit	100%	100%	TUAC, Targeted by Ward

- (a) Levels of Benefit
 - **District Benefit:** The benefit of the Mayor and the Council is largely the District benefit in that they are elected to provide governance for the entire District and input into the District's policies. Individuals and groups within the Community view the elected Council as an important instrument to consider community issues and to represent their views. It is Council's view that the 'Mayor and Council' includes a community benefit as well as the district benefit. Community Boards also have a minor element of district benefit in that they provide some input to District issues and assist with the overall governance function.
 - **Community Benefit:** The primary role of the Community Boards is to identify, discuss, and report to Council those issues that are relevant to the particular community. Council decided that the function and role of Community Boards is separate to that of Council and the Mayors Office, and for the purpose of funding, separates the two function parts.

- (b) Funding
- **District Allocation:** A combination of UAGC and the general rate was resolved the most efficient, effective and transparent method for funding this allocation.
 - **Community Allocation:** A Ward TUAC was resolved the most efficient, effective and transparent method for funding this allocation, as each community would be able to ascertain the exact cost that the Community Board allocated to its Ward.

Policy and Planning Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	100%	50%	UAGC
		50%	General Rate

- (a) Levels of Benefit
- **District Benefit:** Policy and Planning benefits the District in general. The Strategic Plan, District Plan, Long Term Financial Strategy, Revenue and Financing Policy and other Council plans and policies are developed on a District-wide basis.
- (b) Funding Mechanisms
- **District Allocation:** Council resolved that the most efficient, effective and transparent method for funding this allocation was a combination of UAGC and general rate.

ENVIRONMENTAL SUSTAINABILITY

Linkages to Council's Future Ruapehu Long Term Plan

The Council activities that promote Environmental Sustainability are Solid Waste, Stormwater, and Sewerage Services. The Environmental Sustainability group of activities aims to minimise the impact that communities, activities and lifestyles have on the natural environment. While Horizons Regional Council is the lead agency for many of the broad issues that impact on our environment; Ruapehu District Council must also work to ensure that the negative environmental effects of the activities from the Ruapehu community are minimised.

Activity	Community Outcomes	Rational for Delivery
Solid Waste	CO8 CO18 CO32 CO39 CO40	Council has statutory duties with regard to sanitation under the Health Act 1956. Council has set a "Towards Zero Waste" goal and will work with the private sector and community to achieve it. Council is required by the LGA to assess sanitary services and future demand for solid waste (Sections 125-127). The Horizons Regional Council Policy Statement (1998) contains specific responsibilities for solid waste management.
Stormwater	CO31 CO32	The Future Ruapehu consultation in 1997/98 highlighted community priorities including safety, environmental sustainability and a clean and tidy community image. The stormwater service aims to minimise problems of flooding in urban areas. Under the LGA, Council is required to assess wastewater services and its future demand.
Sewerage	CO39 CO40	The Future Ruapehu consultation in 1997/98 highlighted that meeting environmental standards is an essential requirement of the Community. Council is required under the LGA to assess wastewater services, and future demand for sewerage treatment and disposal.

SOLID WASTE

Introduction

The Solid Waste Activity manages the refuse collection, disposal and recycling services for the Ruapehu District. The solid waste network involves a series of recycling and transfer stations throughout the District. Residual waste is deposited at the District Landfill in Taumarunui.

People generate un-recyclable waste each day and the current trend of increasing amounts of packaging and waste material results in an ongoing challenge for waste management. If waste is not managed in an appropriate manner it may result in serious public health and environmental concerns.

Community Outcomes Targeted

- CO8 Ruapehu District natural environment, infrastructure and service sector sustain tourism development, increasing tourist numbers while minimising associated negative impacts.
- CO16 The Community has access to information, is aware of issues, has opportunities to provide input and can influence outcomes.
- CO18 The Community maintains and enhances the sense of health and safety that they currently enjoy.
- CO39 The amount of waste produced is reduced.
- CO40 The discharge of waste is conducted in a way that has the least negative impacts on the environment, and any tradeoffs that are made are recognised and accepted by the Community.

Strategic Goals

Council agreed Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of agreed COs. The Solid Waste Activity works towards the following Strategic Goals:

- SG1 Towards zero waste is achieved by 2015.
- SG2 People are informed about and are participating in waste minimisation.
- SG3 Waste is managed in an efficient and environmentally safe manner that supports waste minimisation.
- SG4 The cost of solid waste services is returned to the users of those services.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Solid Waste Activity.

How Council Will Keep Track Of Progress - Solid Waste

Strategic Goal	Performance Target	Performance Measure			Monitoring
		2004 - 06	2007 - 10	2011 - 14	
SG1 Towards Zero Waste is achieved by 2015.	All Zero Waste targets identified in SWAMP are achieved.	Reduction of waste deposited in the landfill to 3500m ³ in 2006	Reduction of waste deposited in the landfill to 1500m ³ in 2010	Reduction of waste deposited in the landfill to 1000m ³ by 2012	These targets will be reported on in Council's Annual Report from 2004 onwards.
SG2 People are informed about and participate in waste minimisation.	Minimal recyclable material is entering the landfill.	Audit of waste stream to assess amount of recyclable material entering the landfill	Audit of waste stream and improvement by 5% of amount of recyclable material entering the landfill	Audit of waste stream and further improvement by 5% of amount of recyclable material entering the landfill	Reported in Council's Annual Report following the audit year.
	All recyclable products that can be received at recycling stations are recycled.	Assessment to establish benchmark volume of recyclables received	10% increase (from benchmark) in volume of recyclables received by 2010	20% increase (from benchmark) in volume of recyclables received by 2014	
SG3 Waste is managed in an efficient and environmentally safe manner, and supports waste minimisation.	Ruapehu District communities are provided with the operational levels of service as stated in SWAMP.	75% achievement of the level of service as measured by annual internal audit	85% achievement of the level of service as measured by annual internal audit	95% achievement of the level of service as measured by annual internal audit	Reported in Council's Annual Report.
	No major adverse environmental effects created by District Landfills (open and closed).	Survey of consented landfills both open and closed to be completed by 2006 ⁵	To be advised	To be advised	Report will be available over the counter on request from 1 January 2007.
SG4 The cost of solid waste services is returned to the users of those services.	Cost recovery is returned to the generators of waste.	Review fees and charges for solid waste services in 2006	Review of free recycling policy by 2010	To be advised	Revised fees and charges will be made available in the LTP 2006-2016.
		Revenue and Financing Policy reviewed 3 yearly.			Revenue and Financing Policy will be included in the LTP 2006-2016.

⁵ Following this survey a response will be developed to mitigate the environmental effects that these landfills have on the environment.

Capital Works Programme 2005/06

The AP assumes that no capital works will be carried out in the 2005/06 year for the Solid Waste Activity. The LTP provided for \$14,000 to be spent in 2005/06. The following tables explain the variances from the LTP work programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works Programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Ohakune – Recycling Facility	11	0	This project will not be completed in the 2004/05 year, as the Community needs to be consulted before this project is able to continue. If the Community decides to install this facility, it is expected that this project will be completed in the 2006/07 year, after the upgrading of the Waimarino Service Centre.	0	0

Changes in LTP Work Programme Budgets 2005/06

Project Description	LTP 2005/06 \$000	Variance \$000	Reason for Variation	AP 2005/06 \$000
Pipiriki Transfer Station	13	(13)	This project has been put on hold until consultation with the Community has been completed. The consultation was not completed before 30 June 2005. The Pipiriki Transfer Station project will be considered as part of the SWAMP review in 2005/06.	0

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
	Solid Waste Collection		
201	Taumarunui	208	203
161	Waimarino	166	163
362	<i>Total Solid Waste Collection</i>	374	366
1,201	Solid Waste Management	1,184	1,180
1,563	Total Operating Costs	1,558	1,546
(482)	Operating Revenue	(482)	(466)
(985)	Solid Waste Rates	(945)	(931)
(1,467)	Total Revenue	(1,427)	(1,397)
96	NET COST OF SERVICE	131	149
	Other Funding Requirements:		
39	Capital Expenditure	14	0
126	Loan Repayments	75	76
261	TOTAL FUNDING REQUIREMENT	220	225
	Funded by		
164	Rate funding	160	155
34	Loans Raised	14	0
63	Depreciation Funds/ Other Transfers	46	70
261	TOTAL FUNDING	220	225

Variations from the LTP Cost of Service Statement

Operating Costs

Operating costs have decreased as a result of operating efficiencies being realised. The savings come from a variety of measures, including more efficient service delivery by reviewing the way transfer stations manage the flow of people and refuse, identifying opportunities where contracts can be combined to increase operating efficiency and streamlining the pickup and delivery of refuse and recyclables.

Operating Revenue

Operating revenue is expected to be lower than forecast in the LTP. Revenue targets set for transfer stations in Council's LTP have not been achieved by some of the partially manned stations, as there is limited ability to collect transfer station charges outside of manned hours. This issue will be consulted on in the SWAMP review 2005/06.

Solid Waste Funding

The following indicates Council's funding policy for the Solid Waste Activity.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District	20%	15%	UAGC
Users	80%	85%	Solid Waste Collection UAC
			Solid Waste Disposal UAC - Targeted by Rating Area
			Fees and charges

- (a) Levels of Benefit
- **District Benefit:** This represents the public benefit from solid waste management on health and the environment. Education, hazardous waste requirements and other functions of the activity affect all, and all benefit from these functions also.
 - **User Benefit:** Users of kerbside collection, users of controlled transfer stations, extraordinary users (including commercial operators) and offenders should meet the costs of the services that they make use of.
- (b) Funding
- **District Allocation:** Council resolved that the UAGC is the fairest method of ensuring that every ratepayer pays an equal amount for this portion of the solid waste management service.
 - **User Allocation:** A UAC Kerbside will part fund the service of kerbside collection with a portion paid for by users purchasing rubbish bags. A UAC for disposal will part fund the cost of maintaining controlled transfer stations with user charges for

these transfer stations making up the remaining funding required. Extraordinary user charges will be used and they will be based on the cost of disposal as outlined in Council's Fees and Charges Manual.

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

STORMWATER

Introduction

Stormwater is rain that runs over the ground on its way to a natural watercourse. When rain falls on buildings, carparks, driveways, roads and gardens, if it doesn't soak into the ground it follows its natural flow path downhill until it reaches a water course or is collected by a pipe system. Where there is development, runoff from properties and roads flow into stormwater systems. The greater the level of development in a catchment, the greater the level of impervious surfaces (eg roofs, driveways, paths etc), and therefore the greater the conversion of rainfall into runoff. If this runoff is not managed well, it will cause flooding. Generally stormwater is channelled on to roads or into open watercourses, then down streams and rivers to lakes and then the sea.

The stormwater system manages runoff by collecting and removing the runoff, eventually disposing of it into natural streams and rivers. The Stormwater Activity involves maintaining and extending the capacity of the existing system and advocating for the appropriate management of rivers and streams within the Ruapehu District.

Community Outcomes Targeted

- CO31 The natural water resources of the Ruapehu District provide for the diverse needs of the Community while being recognised as living ecosystems.
- CO32 The water quality of the rivers, streams, lakes, wetlands and groundwater is maintained and enhanced, particularly the waterways at the top of catchments.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Stormwater Activity works towards the following Strategic Goals:

- SG1 All townships are protected from damage to property or public health and safety, from the effects of stormwater.
- SG2 Stormwater is disposed of in an environmentally friendly manner.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Stormwater Activity.

How Council Will Keep Track Of Progress - Stormwater

Strategic Goals	Performance Targets	Performance measures			Monitoring
		2004-06	2007-2010	2011-14	
SG1 All townships are protected from damage to property or public health and safety, from the effects of stormwater.	Community identified levels of service are achieved.	Consultation on levels of service for stormwater is undertaken	70% achievement of level of service as measured by annual internal audit	80% achievement of level of service as measured by annual internal audit	Results of this consultation will be included in Council's LTP 2006-2016.
	All faults or requests are attended to within the operational levels of service commitment.	90% as assessed in contractor reports	95% as assessed in contractor reports	100% as assessed in contractor reports	Reported in Council's Annual Report starting from 2005.
SG2 Stormwater is disposed of in an environmentally friendly manner.	People are happy with the information they have on ways to improve the environmental quality of their stormwater.	75% customer satisfaction	80% customer satisfaction	85% Customer satisfaction	Annual water services customer satisfaction survey available from Council offices.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Stormwater Activity is expected to cost \$689,000 compared to the LTP forecast of \$347,000. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Stormwater Upgrades - Taumarunui	5	0	The budget set aside for stormwater upgrades in 2004/05 was effectively an allowance set aside for minor capital projects that would be required but were unable to be identified at the time the forecasts were developed. This contingency allowance has not been required in the 2004/05 financial year and will be carried forward into the 2005/06 financial year.	5	5
Flood Mitigation – Ohakune	16	5	This project has ongoing costs due to unidentified issues in 2004/05. The LTP provided expenditure on stormwater flood mitigation for Ohakune of \$16,000 in the 2005/06 year; total expenditure in 2005/06 will be \$27,000 including the carryover.	11	27
Flood Study - Raetihi	25	15	This project was not completed in 2004/05 due to resource constraints.	10	10
Flood Mitigation - Taumarunui	5	0	This project has ongoing costs due to issues unidentified in 2004/05. The LTP provided expenditure on stormwater flood mitigation for Taumarunui of \$5,000 in the 2005/06 year; total expenditure in 2005/06 will be \$10,000 including the carryover.	5	10

New Projects in 2005/06

Project Description	LTP 2005/06 \$000	Variance \$000	Reason for Variation	AP 2005/06 \$000
Piping Tuhua Domain Drain - Taumarunui	0	195	After the LTP was adopted in 2004 a substantial subsidence was identified at Manson Street, Taumarunui and has required Council to pipe stormwater drains to help reduce the amount of ground water under Manson Street, and thus reduce the risk of more subsidence. This was not budgeted for in the LTP and is expected to be recovered from the Earthquake Commission. The Earthquake Commission has been working with Council to further stabilise the situation.	195
Kaha Street Stormwater Drain Rangataua	0	100	Council resolved to pipe and close existing open drains on Kaha Street in Rangataua. The budget for this was \$110,000. This project is now forecast to cost \$210,000 as a result of the tight contracting market. Consequently the project has been split into two stages; Stage One was expected to be completed in 2004/05 and cost \$110,000. Stage Two is programmed for 2005/06 and is expected to cost \$100,000.	100

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
377	Stormwater Disposal	396	505
377	Total Operating Costs	396	505
0	Operating Revenue	0	(195)
(329)	Ward Targeted Rates	(351)	(448)
48	NET COST OF SERVICE	45	(138)
	Other Funding Requirements		
257	Capital Expenditure	347	689
21	Loan Repayments	29	25
(50)	Less Depreciation Not Funded	(50)	(50)
276	TOTAL FUNDING REQUIREMENT	371	526
	Funded by		
216	Loans Raised	149	251
60	Depreciation Funds/ Other Transfers	222	275
276	TOTAL FUNDING	371	526

Variations from the LTP Cost of Service Statement

Operating Costs

The cost of providing stormwater services to LTP levels has increased as a result of the new service contract, revaluation of assets, and an increase in Corporate Support Costs (detailed in Part Three, Financial Information).

Contract Costs

Council's contract with its water services (sewerage, stormwater and water supply) provider, United Water, ended in October 2004 after a contract term of two years. Council undertook a review of United Water's performance over the contract period to consider the issue of re-tendering for the contracts. The findings of the review showed that United Water had done a good job during its term as the service provider and there was no need to re-tender the contracts. The contracts have since been renegotiated for a four-year period.

The new contract prices are higher than the old contracts, however the base contract rates will be fixed for the term of the contract apart from a provision for cost fluctuations. The new contract price while being higher than the old contract, is still lower than the next lowest tender price two years ago when the contract first went to tender. This suggests that the old contracts may have been under-priced by United Water and the new contract prices reflect a more realistic assessment of cost.

Revaluation of Assets

Financial Reporting Standard 3 requires that Council's infrastructural assets be revalued at regular intervals. Council's infrastructural assets are comprised of the roading network, water, sewerage and stormwater infrastructure and Council's landfill assets. The last valuation of infrastructural assets was carried out as at 1 July 2004. This revaluation has caused a significant increase in the value of some of Council's infrastructural assets. The financial impact of this revaluation has been a net increase in depreciation of \$79,000 from the LTP.

Operating Revenue

During the 2004/05 year, an issue with subsidence was identified at Manson Street, Taumarunui which was not budgeted for in the LTP. Remedial work commenced during the 2004/05 financial year with Council putting in place stormwater drains to help mitigate the amount of ground water under Manson Street, thereby reducing the risk of further slips threatening homes on this street. Work on Manson Street (piping Tuhua Domain Drain) will continue in the 2005/06 year and is expected to cost \$195,000. It is expected that most of the costs associated with rectifying the subsidence at Manson Street will be recoverable from the Earthquake Commission.

Stormwater Funding

The following indicates Council's funding policy for the Stormwater Activity.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	100%	Targeted rate capital value by Rating Area
Community Benefit	10%		
Urban Benefit	65%		
Exacerbator	20%		

(a) Levels of benefit

- **National Benefit:** Stormwater has a small degree of national benefit by reducing the possibility of closure of national roading and rail networks due to surface flooding.
- **Community Benefit:** Stormwater has a small degree of community benefit. Stormwater collection and treatment provides a benefit in that it reduces the possibility of property damage, reduces the possibility of road flooding and reduces the possibility of ponding that can result in health problems.
- **Urban Community Benefit:** Stormwater collection and discharge has a high degree of urban community benefit. Stormwater provides community benefit in that it reduces the possibility of flooding problems, disruption of transport, property damage and endangering personal safety.
- **Exacerbator Benefit:** Council has identified issues of runoff from rural catchments as exacerbating stormwater issues in communities. This issue has developed over time with increased felling of indigenous bush.

(b) Funding

- **National Allocation:** Council resolved that there is no lawful funding method for this allocation and a targeted rate on

capital value would be the most efficient, effective and transparently lawful available method for funding this allocation.

- **Community Allocation:** Council resolved that the most effective and transparent method to fund this allocation is through a targeted rate on capital value, recognising this higher community benefit.
- **Urban Community and Exacerbator Allocation:** It was resolved that a targeted Ward rate on capital value was the fairest proxy of benefit, as urban properties benefited more from the service, while also recognising that urban stormwater issues are exacerbated by rural land use practices.

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

SEWERAGE

Introduction

The purpose of the Sewerage Activity is to collect and dispose of sewage in an effective and environmentally friendly manner. Effective and efficient sewage collection and disposal is essential to protect the environment, maintain public health and to facilitate further economic development. Previous consultation undertaken in preparation for the Ruapehu Strategic Plan indicated that meeting environmental standards is an essential requirement of the Community.

In order to ensure the effective disposal of sewage in an environmentally sustainable manner and to promote and protect public health, Council provides treatment plants at Taumarunui, National Park Village, Ohakune, Pipiriki, Raetihi, and Rangataua.

Community Outcomes Targeted

- CO39 The discharge of waste is conducted in a way that has the least negative impacts on the environment and any tradeoffs that are made are recognised and accepted by the Community.
- CO40 The Tangata Whenua of the Ruapehu District are consulted over the discharge of waste into waterways.

Strategic Goals

Council agreed Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of the Ruapehu communities' identified COs. The Sewerage Activity works towards the following Strategic Goals:

- SG1 The negative effects of the Sewerage Activity on the Ruapehu environment are avoided, remedied or mitigated.
- SG2 The sewerage assets are managed to ensure continuity of the service for each reticulation network.

SG3 All Council sewerage networks comply with legislative minimum standards and resource consents.

SG4 A reticulated sewerage network is provided to all communities if:

- They require such a system and are willing to meet the costs of that system, and
- There will be an improvement in public health and/or well-being.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Sewerage Activity.

How Council Will Keep Track Of Progress - Sewerage

Strategic Goals	Performance Targets	Performance Measures			Monitoring
		2004-06	2007-2010	2011-14	
SG1 The negative effects of the Sewerage Activity on the Ruapehu Environment are avoided remedied or mitigated.	No warnings from Regional Council as to the quality of the treated sewage effluent discharged into rivers and streams.	No more than 2 per year	No more than 1 per year	No more than 1 per year	Reported in Council's Annual Report.
SG2 The sewerage assets are managed to ensure continuity of the service for each reticulation network.	All faults or requests are attended to within the operational levels of service commitment.	90% as assessed in contractor's reports	95% as assessed in contractor's reports	100% as assessed in contractor's reports	Reported in Council's Annual Report.
SG3 All Council sewerage networks comply with legislative minimum standards and resource consents.	All treatment facilities are operating under current resource consents.	100%	100%	100%	Reported in Council's Annual Report.
	No warnings from Regional Council as to the quality of the treated sewage effluent discharged into rivers and streams.	No more than 2 per year	No more than 1 per year	No more than 1 per year	Reported in Council's Annual Report.
SG4 A reticulated sewerage network is provided to all communities if: <ul style="list-style-type: none"> • They require such a system and are willing to meet the costs of that system, or • There will be an improvement in public health and/or well-being. 	Community agreed levels of service are achieved.	Consultation on levels of service for sewerage is undertaken by June 2006	70% achievement of level of service as measured by annual internal audit	80% achievement of level of service as measured by annual internal audit	Results of this consultation will be included in Council's next LTP to be produced in 2006.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Sewerage Activity is expected to cost \$684,000 compared to the LTP forecast of \$888,000. The following tables explain the variances from the LTP Work Programme. The costs in the "Projects Carried Over From 2004/05 Capital Works Programme" table are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works Programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Ohakune Treatment Plant Upgrade	780	490	Resource Consent Hearings for this work were held on 29 and 30 March 2005. Council has appealed a number of conditions that were contained in the consents that were granted. Funding is required for expected legal fees and some further investigation/design costs.	200	200
Raetihi Treatment Plant	109	20	Resource Consent Hearings for this work were held on 29 and 30 March 2005. Council has appealed a number of conditions that were contained in the consents that were granted. Funding is required for expected legal fees and some further investigation/design costs.	50	50

Changes in LTP Work Programme Budgets 2005/06

Project Description	LTP 2005/06 \$000	Variance 2005/06 \$000	Reason for Variation	AP 2005/06 \$000
Ohakune Treatment Plant Upgrade	286	(286)	This project will not proceed as planned in the 2005/06 financial year as a result of delays in obtaining Resource Consent. Refer comment in "Projects Carried Over From 2004/05 Capital Works Programme" table.	0
Raetihi Treatment Plant	156	(156)	This project will not proceed as planned in the 2005/06 financial year as a result of delays in obtaining Resource Consent. Refer comment in "Projects Carried Over From 2004/05 Capital Works Programme" table.	0

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
680	Taumarunui	641	778
103	National Park	95	107
256	Ohakune	283	272
138	Raetihi	143	150
29	Pipiriki	30	31
44	Rangataua	50	57
37	Waiouru	38	40
1,287	Total Operating Costs	1,280	1,435
(6)	Operating Revenue	(22)	(18)
(1,273)	Sewerage Rates	(1,297)	(1,451)
8	NET COST OF SERVICE	(39)	(34)
	Other Funding Requirements		
608	Capital Expenditure	888	684
233	Loan Repayments	166	157
(5)	Less Depreciation Not Funded	(5)	(5)
844	TOTAL FUNDING REQUIREMENT	1,010	802
	Funded By		
49	Rate Funding	(20)	(21)
225	Loans Raised	518	367
570	Depreciation Funds / Other Transfers	512	456
844	TOTAL FUNDING	1,010	802

Variations from the LTP Cost of Service Statement

Operating Costs

The operating costs for providing sewerage services has increased as a result of the new service contracts, revaluation of assets and an increase in Corporate Support Costs, (detailed in Part Three, Financial Information).

Contract Costs

Council's contract with its water services (sewerage, stormwater and water supply) provider, United Water, ended in October 2004 after a contract term of two years. Council undertook a review of United Water's performance over the contract period to consider the issue of re-tendering for the contracts. The findings of the review showed that United Water had done a good job during its term as the service provider and there was no need to re-tender the contracts. The contracts have since been renegotiated for a four-year period.

The new contract prices are higher than the old contracts, however the base contract rates will be fixed for the term of the contract apart from a provision for cost fluctuations. The new contract price, while being higher than the old contract, is still lower than the next lowest tender price two years ago when the contract first went to tender. This suggests that the old contracts may have been under-priced by United Water and the new contract prices reflect a more realistic assessment of cost. The cost of providing sewerage services varies depending on the level of service required and the characteristics of each Ward's sewerage network. The biggest increase is in the Taumarunui Ward.

Revaluation of Assets

Financial Reporting Standard 3 requires that Council's infrastructural assets be revalued at regular intervals. Council's infrastructural assets comprise of the roading network, water, sewerage and stormwater systems and Council's landfill assets. The last valuation of infrastructural assets was carried out as at 1 July 2004. This revaluation has caused a significant increase in the value of some of Council's infrastructural assets. The financial impact of this revaluation has been a net increase in depreciation of \$38,000 from the LTP.

Sewerage Funding

The following indicates Council's funding policy for the Sewerage Activity.

Benefit Group	Assessed level of Benefit	Funding	
		%	Method
Community Benefit	20%	100%	UAC Differentiated by Scheme (Rate in dollar for National Park)
User Benefit (Public)	80%		

- (a) Levels of benefit
- **Community Benefit:** Sewage collection has a small community benefit. Sewage collection and treatment provides community benefit in that it reduces the possibility of health problems resulting from open sewer or inadequate septic tank facilities. This can also detract from the aesthetic nature of the Community and impact on receiving waterways.
 - **User Benefit:** (Public) users of the reticulated sewage system are the direct beneficiaries of the service. The user can be described as those properties that are connected to or can potentially be connected to a reticulation system or use a sewage treatment plant to treat septic tank and other waste.
- (b) Funding
- **User Benefit Allocation:** Revenue is received from connection fees. Council resolved that user fees and charges contribution (towards the cost of providing this Activity) of 4% is reasonable, and the balance by UAC Differentiated by Scheme to be the most efficient, effective and transparently lawful available method for funding this function. In the National Park Ward a rate in the dollar is used as opposed to a UAC for historical and community choice reasons. A

contribution from the general rate is made to Pipiriki debt repayment and will be repaid at a later date. In Rangataua, debt servicing is levied against ratepayers who have not made a lump sum contribution towards the development costs of the system.

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

ECONOMIC DEVELOPMENT

Linkages to Council's LTP

This group of Activities targets desired COs most closely associated with Economic Development.

Activity	Community Outcomes	Rationale for Delivery
Economic Development	CO1 CO2 CO3 CO4 CO5 CO6 CO7 CO8 CO10 CO11 CO12 CO13 CO14 CO15 CO25 CO30	<p>Council provides an economic development service focusing on industries of primary production, adding value to primary produce, value adding manufacturing and industry and the visitor industry. It provides this service in order to:</p> <ul style="list-style-type: none"> • Facilitate the establishment and expansion of economic activity in the District, and • To ensure that the District opportunities and resources are marketed effectively. <p>The establishment of a Council Activity that targets economic development was strongly supported by the Ruapehu Community during the LTP consultation. The number of desired COs indicated the importance of this activity to the Districts Residents. The Ruapehu Community signalled that it supported Council's involvement in activities for which there were no other providers of the same service.</p> <p>The Visitor Information Centres (VIC) in Taumarunui and Ohakune were established to distribute information on attractions, act as agencies for bookings, and support the tourism infrastructure of the Ruapehu District.</p>

ECONOMIC DEVELOPMENT

Introduction

Council, through the Economic Development Activity facilitates, co-ordinates, supports and advocates for sustainable economic development in the Ruapehu District. An Economic Development Committee provides oversight to this Activity.

Council's Regional Tourism Organisation (RTO)

In February 2005, Council agreed to review the role of its RTO functions to include the integration of consumer marketing activities previously undertaken by industry driven marketing groups. Council is currently investigating how this service might best be delivered and managed. There is expected to be no financial impact in the 2005/06 year from changes to Council's role as a RTO.

Regional Partnership Programme and Major Regional Initiative

Pending the outcome of the special consultative procedure, governance arrangements for the Regional Partnership Programme (RPP) are expected to be completed in 2005. The implementation of the Major Regional Initiative (MRI) is expected to commence in 2005 with the establishment of the Regional Tourism Project Board. Over the past three years Council has contributed a significant amount of time to progress the RPP (including the recent governance arrangements) and the development, approval and contracts for the MRI. While it is not expected to have a financial impact in the 2005/06 year, it is likely that Council will need to maintain a reasonably high level of involvement in the implementation of the MRI until such time that MRI staff are in place. Following the employment of staff, Council's involvement in the MRI will consist of representing Ruapehu's interests on a day-to-day basis. Continued participation in the RPP, including the development of the second major regional initiative, will also need to be considered.

Community Outcomes Targeted

- CO1 A diverse range of economic activities are supported and promoted to encourage economic stability and self-sufficiency within the District.
- CO2 Initiatives ensuring sustainable growth and development within key sectors of the local economy are supported and promoted.
- CO3 Industries that do not harm the natural environment are encouraged and supported.
- CO4 Safe, reliable, efficient road, air and rail transportation.
- CO5 Fast reliable communication networks including internet services.
- CO6 The economic strengths of the District are retained.
- CO7 New tourism, agriculture, forestry, horticulture, manufacturing and processing, service and retail opportunities are identified and promoted.
- CO8 Ruapehu District's natural environment, infrastructure and service sector sustain tourism development, increasing tourist numbers while minimising their associated negative impacts.
- CO10 Advantages of living, working and playing in the Ruapehu District are promoted locally, nationally, and internationally.
- CO11 Each main centre within the District provides quality service to residents and tourists and has an attractive main street and commercial area that the Community is proud of.
- CO12 Effective linkages are established between education/training providers and employers to ensure that the employment needs of the District's businesses are incorporated in courses/curriculum's.
- CO13 People currently employed receive up-skilling and on-going training.
- CO14 Employment opportunities are available to the residents of the District.

- CO15 Employment vacancies are filled so that local industries do not suffer labour shortages.
- CO25 A variety of employment and education opportunities are available to the young people of the District.
- CO30 Support is provided for the Tangata Whenua of the District in their efforts to define, preserve and maintain their traditional spiritual, cultural, social and economic links with their Ancestral Lands, waterways, places of habitation, Waahi Tapu and other Taonga found with the area defined as Tangata Whenua Nga Rahui Whenua (Conservation Estate).

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Economic Development Activity works towards the following Strategic Goals:

- SG1 To encourage the establishment and expansion of economic activity through building the capacity of businesses.
- SG2 To increase economic activity and growth in a manner that is environmentally sustainable.
- SG3 To facilitate training and education that meets the needs of the District's businesses and increases and retains the existing skill base of the District.
- SG4 To ensure the effective promotion of Ruapehu District as a quality holiday, work, and lifestyle destination.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Economic Development Activity.

How Council will keep track of progress - Economic Development

Strategic Goals	Performance Targets	Performance Measures			Monitoring
		2004-06	2007-2010	2011-14	
SG1 To encourage the establishment and expansion of economic activity through building the capacity of businesses.	Businesses are satisfied with the range and quality of business information and support from Council.	55% satisfaction	75% satisfaction	75% satisfaction	Annual on-line survey.
	Residents agree that Council is focussing on the priority areas for economic development.	55% satisfaction	65% satisfaction	75% satisfaction	Annual on-line survey.
	Visitors are satisfied with the services and customer service they receive from Ruapehu businesses.	55% satisfaction	65% satisfaction	75% satisfaction	Annual on-line survey.
SG2 To increase economic activity and growth, in a manner which is environmentally sustainable.	Economic activity in the Ruapehu District is expanding.	District baseline established	To be determined	NZ average for rural District GDP achieved	Annual Report.
SG3 To facilitate training and education that meets the needs of the District's businesses and increases and retains the existing skill base of the District.	Businesses are satisfied that training course content meets their business needs.	Training course material established	75% satisfaction	75% satisfaction	Annual on-line survey.
	Employment in Ruapehu District is increasing.	District baseline established	To be determined	NZ average for rural District employment achieved	Annual Report.
SG4 To ensure the effective promotion of Ruapehu District as a quality holiday, work, and lifestyle destination.	Businesses are satisfied that the Ruapehu District is effectively promoted through Council funded brochures and events, web site and Visitor Information Centres.	70%	80%	80%	Annual on-line survey.

Variations in LTP Work Programmes 2005/06

There are no variations from the LTP Work Programme for the 2005/06 financial year.

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
342	Visitor Information Centres	334	385
328	Economic Development	335	344
670	Total Operating Costs	669	729
(190)	Operating Revenue	(192)	(155)
480	NET COST OF SERVICE	477	574
480	TOTAL FUNDING REQUIREMENT	477	574
	Funded by		
480	Rate Funding	477	574
480	TOTAL FUNDING	477	574

Variations from the LTP Cost of Service Statement

Operating Costs

The cost of providing Council's Economic Development Activity has increased compared to the LTP forecast. The main causes for this increase are a change in service delivery and increased Corporate Support Costs (discussed further in Part Three, Financial Information). The LTP forecast included an assumption that the Waimarino Service Centre would be reconfigured to enable administration, library and the Visitor Information Centre (VIC) to be housed in one service centre. This has not been realised, with the final configuration consisting of two buildings and therefore, additional staff requirements.

Operating Revenue

The revenue targets set for the VIC in Ohakune were based on the assumption that the proposed configuration of the Waimarino Service Centre would be realised. This has not happened and the revenue and cost figures have been revised accordingly.

Economic Development Funding

The following indicates Council's funding policy for the Economic Development Activity. This includes the funding policy for the VICs.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	50%	100%	Rate in \$ on Capital Value
District Benefit	40%		
Commercial Benefit	10%		

(a) Levels of Benefit

- **National Benefit:** Economic Development is considered to have a large degree of national benefit with the production of primary produce benefiting the economy and Ruapehu's tourism benefiting the wider region's economy.
- **District Benefit:** The benefits of economic development can lead to improved business conditions, employment and enhance the District's identity and social standards.
- **Commercial Benefit:** Economic development is considered to have commercial benefit as commercial operators benefit directly from any new development and specific business support services offered.

(b) Funding

- **National Allocation:** Council resolved that a practicable funding method is not available for funding this allocation. Council therefore re-allocated this 50% to the District Benefit Group.
- **District Allocation:** Council resolved that the most efficient, effective and transparently lawful available method for funding this allocation is a rate in the dollar on Capital Value. Capital

Value better reflects benefit from this Activity than a land value proxy, given the nature and priorities of the Activity.

- **Commercial Allocation:** It is Council's view that there is slightly higher benefit derived from commercial businesses, and that this should be reflected in a 10% allocation targeted to commercial and industrial properties as a Land Value Rate. However in deliberations and in response to submitters, Council resolved that on the basis of equity all should contribute toward the economic development function by way of a Capital Value rate. Reasons for Council's use of Capital Value rating are further discussed in the Council's Revenue and Financing Policy (Part Four, LTP).

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Visitor Information Centre Funding

Benefit Group	Assessed level of Benefit	Funding	
		%	Method
National Benefit	5%	45%	General Rate
District Benefit	35%		
Community Benefit	10%		
Benefit Promoter	30%	55%	User fees and charges
Benefit Visitors	20%		

(a) Levels of Benefit

- **National Benefit:** VICs are considered to have a small degree of national benefit attributable to visitors from outside the district.
- **District Benefit:** VICs have a medium degree of district benefit. District benefit results from advertising and promoting district-wide facilities and activities and making information available to all residents. Areas are promoted in both the rural and urban areas of the District.
- **Community Benefit:** VICs are considered to have a small degree of community benefit. Facilities and activities specific to the Community are promoted and people within the Community have direct access to facilities.
- **Promoter Benefit:** Benefits derived from parties using the information centre to promote their products or services. They benefit from potential and actual sales and exposure.
- **Visitor Benefit:** Individuals visiting and using services receive obvious benefits.

(b) Funding

- **National Allocation:** It is Council's view that a lawful funding method is not available for funding this allocation. Council has therefore allocated 5% to the user benefit group, which is funded by user fees and charges.
- **District Allocation:** Council resolved that the most efficient, effective and transparent method for funding this allocation was the General Rate.
- **User Benefit Allocation:** This has been increased to include the national benefit.

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

COMMUNITY DEVELOPMENT

Linkages to Council's Future Ruapehu Long Term Plan

This group of Activities targets COs closely associated with Community Development. Council's long-term focus is to assist community members in the development and management of their own futures, while ensuring the health, safety and amenity needs of the Community are fulfilled. The Community Development group of Activities reflects Council's statutory obligations to provide physical infrastructure and regulation services together with its involvement in community based initiatives targeted towards the promotion of self-reliant communities.

Activity	Community Outcomes	Rational for Delivery
Land Transport	CO4 CO11 CO19	Council provides road and pedestrian infrastructure that allows for the safe, reliable, efficient and effective movement of vehicles and people. Roads are essential infrastructure for community and economic development and confirmed by Council's Future Ruapehu 2010 consultation as essential to the Ruapehu District's development. Council is not responsible for the provision or maintenance of state highways. Council provides a roads service that meets the requirements of legislation and guides the means by which the service is provided.
Water Supply	CO31	The Future Ruapehu Consultation in 1997 highlighted that water supply is one of the essential services of Council and should remain Council's responsibility. Under the LGA Council is required to assess the need and provision of water services including water supply. Council has responsibilities under the Horizons Regional Policy Statement in regards to quantity of water used.
Regulation Services	CO17 CO18 CO20	Council is required to provide regulation services under a number of laws, including the LGA, Resource Management Act 1991, Dog Control Act 1996, Heath Act 1956, and Civil Defence and Emergency Management Act 2002. The Regulation Services Activity also has links to providing for the sustainable community, community safety, and healthy environment that was signalled through the Future Ruapehu 2010 consultation. The Resource Management Service is required to implement the provision of the Ruapehu District Plan in order to achieve the target of sustainable resource management in the Ruapehu District.
Recreation and Community Facilities	CO21 CO22 CO23 CO24 CO27	Under the LGA Council is required to promote the cultural, social and environmental well-being of communities in the present and for the future. The provision of recreation and community facilities contributes to the promotion of these goals. The Reserves Act 1977 provides the mandate and guidelines for Council's management of reserves that it owns, most of which have been vested in Council by the Crown.

Activity	Community Outcomes	Rational for Delivery
	CO28 CO29 CO33	Outdoor activities in a District of rivers, mountains, scenic and active recreation reserves, and walkways are an integral part of the Community. Council intends to continue to ensure that access to these activities is maintained. In previous community consultation the Community has indicated that it wants more facilities and services that meet the needs of the youth of the District.
Investment Activities	CO16	Council provides a number of services that may not exist without Council assistance. For example the Taumarunui Aerodrome, land that is designated as industrial that may promote industrial business activity in Taumarunui, Ohakune and Raetihi. Council has become the owner of miscellaneous land and buildings such as several warehouses and residential housing previously used for staff accommodation.
Community Support	CO19	Council's initial involvement in the provision of older persons housing was to fill a gap in the 1970's and 1980's for housing not being provided for by central government or the private sector. Low interest loans from the government assisted with the cost of developing Council's older persons housing units. Council has no legal obligation to provide older persons or community housing but will continue to do so until this need is adequately met by another sector of the Community.

LAND TRANSPORT

Introduction

The Land Transport Activity involves the maintenance and development of roads, kerbs and channels, bridges, street lighting, footpaths and street furniture for all of the Ruapehu District, with the exception of the State Highways, which are managed by Transit New Zealand. Council maintains its roads under contract to a standard that provides safe and comfortable driving within the limitations of available funding.

The District's road network consists of over 455km of sealed roads, over 880km of unsealed roads and 334 bridges. The road network includes the provision of street lighting and street furniture. The Ruapehu District has over 63km of footpaths, mostly concrete and 1,625 streetlights, 87% of which are modern mercury vapour and high-pressure sodium lights.

Council manages the Land Transport Activity to provide a road and pedestrian network that allows for the safe, reliable, efficient and effective movement of people, goods and vehicles.

Community Outcomes Targeted

- CO4 Safe, reliable and efficient road, air and rail transportation.
- CO11 Each main centre within the District provides quality service to residents and tourists, and has an attractive main street and commercial area that the Community is proud of.
- CO19 Health and safety is enhanced by addressing the wider needs of the Community (including social aspects such as education and housing) and promoting greater community support.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Land Transport Activity works towards the following Strategic Goals:

- SG1 All District roads provide continuous all weather travel.

- SG2 The land transport network provides for the safety of its users.
- SG3 The District's land transport priorities are advanced with key stakeholders on a regular basis.
- SG4 The District's land transport network provides a level of service that meets the Community's expectations.

Strategic Projects

Council indicated in the LTP that it was investigating, and was likely to undertake, upgrades to several "tourist roads" in the District. Council believes that in addition to these roads being important in motivating economic development in the region, the safety of motorists, including tourists, using these roads needs to be planned for. Ohakune Mountain Road (OMR), Oio Road and Pipiriki/Wanganui River Road projects, which are considered to be "tourist roads", fall within the Annual Plan year.

In addition to the projects mentioned above, Council has been approached by Ohakune 2000 to align future Ohakune works with Project JAAZ. This project is also discussed in this section.

Ohakune Mountain Road (OMR)

During the 2004 year Council engaged an external consultant to complete a comprehensive study of the performance of the Ohakune Mountain Road (OMR Strategy). The OMR Strategy had been several years in the making and some of the issues had been addressed during the gestation of the report.

Council has considered a number of projects, recommended in the OMR Strategy, relating to vehicle safety and traffic on the OMR, which have been completed over recent years.

Council has allocated a limited amount of money for further projects as part of the current LTP however the users of the OMR, principally the ski field operators, have expressed a desire to accelerate its development. Discussions regarding the implications of accelerating development on the OMR are currently underway.

Oio Road

In July 2004, Beca Carter Hollings and Ferner Limited completed a

comprehensive plan for the development of Oio Road entitled “Oio Road Strategy Study” (Oio Strategy).

The report canvassed all the issues pertaining to the use of Oio Road as a lifeline for the Tourist Industry (serving Whanganui River based tourism) in addition to its traditional use as a main road for farming services. A number of recommendations were presented in the Oio Strategy for improving Oio Road, including a number of options on how to protect passing motorists from falling debris at a bluff, known as “Dobbs Bluff”.

The purpose of the Oio Strategy was to establish firm costings for a submission to regional and national Government bodies that the upgrade of the road should be considered for special purpose funding. The Oio Strategy was received by Council in October 2004 and considered by the National Park Community Board (Community Board) in December 2004.

The Community Board have recommended to Council that Dobbs Bluff be considered for inclusion in the 2005/06 Capital Works Programme. The Community Board believe that the safety aspects of this work means that it should proceed with more urgency than had originally been envisaged and that the work should not wait for full consideration of the total plan by regional and national Government.

In light of the Community Board’s recommendation, work has commenced on preparing a firm proposal for consideration by the Community. The proposal for Dobbs Bluff will not be completed in time for consideration in the AP; the proposal will instead be part of the next LTP 2006-2016.

Council is targeting the following timeline for development of the Dobbs Bluff proposal:

- Prepare and present Dobbs Bluff business case to Council for consideration by 30 September 2005.
- Community Board will consider Dobbs Bluff business case and provide feedback by 31 December 2005.
- Proposal to the Community will be prepared for consultation as part of the 2006 LTP process by 31 March 2006.

Ohakune 2000 – Project JAAZ

On 10 December 2004 Council received a deputation from Ohakune 2000, a community organisation committed to promoting and developing Ohakune, which outlined their plans for the redevelopment of the Ohakune Junction area (Project JAAZ). Council’s involvement in this project will consist of co-operating with various local initiatives and projects in the road reserve and aligning Council’s own redevelopment and maintenance works with Project JAAZ.

Work funded and carried out by Ohakune 2000, and overseen by Council, will include work associated with the walkway bridge over the Mangawhero River and the work associated with the Old Coach Road; both of which have already commenced.

Work that will be carried out entirely by Council includes the redevelopment of the road reserve between the railway line and Thames Street. A Project Liaison Group has been set up to progress the detail of this work. It is expected that the planning for this work will be completed in the 2005/06 year and that the redevelopment work will be spread over a number of years following completion of the plan.

Pipiriki/Wanganui River Road

The Pipiriki/Wanganui River Road project is discussed as a variance to the Land Transport Capital Works Programme for 2005/06.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council’s progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Land Transport Activity.

How Council Will Keep Track Of Progress - Land Transport

Strategic Goal	Performance targets	Performance measures			Monitoring
		2004-06	2006-2009	2009-14	
SG1 All District roads provide continuous all weather travel.	Operational levels of service achieved 100% of the time.	85% achievement	90% achievement	95% achievement	Reported in Council's Annual Report.
SG2 The land transport network provides for the safety of its users.	Travellers feel safe while travelling on District roads.	70%	75%	80%	3 Yearly Customer Satisfaction survey (Beginning 2005).
	A continuing reducing trend (year on year) in the number of casualties.	No more than 3	No more than 2	No more than 2	Reported in Council's Annual Report.
	Residents are satisfied with pedestrian facilities.	65%	75%	85%	3 Yearly Customer Satisfaction survey (Beginning 2005).
SG3 Ruapehu land transport priorities are advanced with key stakeholders on a regular basis.	Community priorities are achieved.	Assess community priorities	TBC ⁶	TBC	Reported in LTP 2006-2016.
	Land Transport Programme consulted upon by September each year.	100%	100%	100%	Reported in Council's Annual Report.

⁶ TBC – to be confirmed

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Land Transport Activity is expected to cost \$4.4 million compared to the LTP forecast of \$4.5 million. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Pipiriki Boat Ramp	16	2	Delays in securing a funding partner for this project means that the Pipiriki Boat Ramp continues to present a health and safety risk to the Community and other users. Use of this asset is expected to increase with the upgrading of the Pipiriki/Wanganui River Road, and Council believes that it is in the best interests of the Community that this project be completed in 2005/06 using loan funding without further delays.	14	80
Ohakune Mountain Road Capacity Improvements	82	3	This project was tendered in 2004/05 (but not let). The lowest tender for the project was \$165,000, well above the expected amount. It is anticipated that better prices will be obtained if the work is re-tendered for construction next summer. Any shortfall in the local share will need to be made up by Ruapehu Alpine Lifts Limited.	79	79

Changes in LTP Work Programme Budgets 2005/06

Project Description	LTP 2005/06 \$000	Variance \$000	Reason for Variation	AP 2005/06 \$000
Seal Extension – Okahukura Saddle	300	74	The budget for this project has been increased to \$1.9 million over five years with \$374,000 being spent each year. The LTP forecast for this project was for \$300,000 to be spent in the 2005/06 financial year.	374
Pipiriki/Wanganui River Road	900	(416)	The budget for this project has been revised to \$2.4 million over five years with \$484,000 being spent each year. The LTP forecast duration of the Pipiriki/Wanganui River Road project would be three years with \$900,000 being spent in 2005/06 financial year. The nature of the capital work involved in the Pipiriki/Wanganui River Road project is difficult and requires extra management to minimise its financial impact. The subsidy rate from LTNZ for the project has also changed from an assumed rate of 100% in the LTP to an indicated funding rate of 87% in the AP. Forecast subsidy has been adjusted accordingly (refer Net Cost of Service for Land Transport). However, before the subsidy rate is approved by LTNZ Council is required to submit detailed information on its inability to fund the works at the Council's normal construction rate of 73%.	484
Renewal Expenditure	2,251	61	This represents an increase in the construction price index of 3%.	2,312

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
6,442	Road Maintenance	6,465	7,092
1,240	Emergency Works	500	800
192	Special Purpose Roads	192	198
91	Kerb and Channel Maintenance	91	94
412	Footpath Maintenance	400	383
8,377	Total Operating Cost	7,648	8,567
(6,765)	LTNZ Subsidy	(6,054)	(6,930)
(3,603)	Rate Funding	(3,767)	(3,575)
(1,991)	NET COST OF SERVICE	(2,173)	(1,938)
	Other Funding Requirements		
4,410	Capital Expenditure	4,541	4,382
289	Loan Repayments	301	289
2,708	TOTAL FUNDING REQUIREMENT	2,669	2,733
	Funded by		
300	Loans Raised	300	483
2,408	Depreciation funds / Other Transfers	2,369	2,250
2,708	TOTAL FUNDING	2,669	2,733

Variations from the LTP Cost of Service Statement

Operating Costs

The cost of providing the Land Transport Activity is expected to be higher than forecast in the LTP. The main drivers for this increase have been asset revaluations, unplanned power pole charges, increase in expenditure on safety maintenance and increases in Corporate Support Costs (explained in Part Three).

Asset Revaluations

Financial Reporting Standard 3 require that Council's infrastructural assets be revalued at regular intervals. Council's infrastructural assets comprise of the roading network, water, sewerage and stormwater infrastructure and landfill assets. The last valuation of infrastructural assets was carried out as at 1 July 2004. This revaluation has caused a significant increase in the value of some of Council's infrastructural assets. The financial impact of this revaluation has been a net increase in depreciation of \$382,000 from the LTP.

Power Pole Charges

The Lines Company has a policy of charging all local authorities in the supply area for the mounting of streetlights on power poles, effectively a "rent" for the use of the power pole. The cost of mounting streetlights on power poles was not provided for in the LTP and must be included in the AP.

Safety Maintenance

Additional expenditure is also required on safety maintenance to ensure that the roads continue to meet LTP service levels. This class of activity also attracts an increased subsidy rate, which makes the expenditure beneficial.

Operating Revenue

Land Transport operating revenue is expected to be higher than forecast in the LTP by \$820,000. The \$820,000 variance is due to the forecast recovery of costs incurred in Council's successful arbitration with Pratt Contractors Limited. The security and bond lodged at the start of the arbitration is expected to be paid to Council to cover some of its legal costs. A business paper to LTNZ is being developed to seek funding for the remainder of the arbitration costs on the basis that these costs are legitimate project costs and should be funded accordingly.

LTNZ Subsidy

A reduction in subsidy revenue from LTNZ is expected in 2005/06; this reflects a reduction in the forecast subsidy rate and size of the Phipps/Wanganui River Road Project. The LTP forecast assumed a LTNZ subsidy rate of 100% for this project, which has not been realised. The indicated subsidy rate for this project is 87% and forecast subsidy revenue has been adjusted accordingly in the AP.

Land Transport Funding

The following indicates Council's funding policy for the Land Transport Activity. This includes the funding policy for Accelerated & Enhanced Development and Mainstreet projects.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	63%	63%	Subsidies
District Benefit	37%	37%	Rate in \$ on capital value

Land Transport Management denotes the regular works undertaken to maintain and develop the road network to the level of service identified by Council's roading standards, according to Council's Asset Management Planning works programmes.

(a) Levels of Benefit

- **National Benefit:** The road network is considered to have a high degree of both District and national benefit and is considered to be part of the national roading network. District benefit is derived from the provision of roads for public access and transport to those people and organisations within the District (this is the segment of users not accommodated by the LTNZ subsidy). There are also option values to members of the Community in that the road system provides access to other properties when required.
- **District Benefit:** This group represents those users of the national roading network who contribute to funding the LTNZ subsidy via road user charges and fuel excise etc. This group is identified directly as a benefit group at a national scale. The existing funding split is based on the cost/benefit criteria set by LTNZ and therefore used as the benefit allocation by the Ruapehu District Council.

(b) Funding

- **District Allocation:** Council resolved that this Activity should be funded on a District-wide basis, as this was the most efficient, effective and transparently lawful available method. Funding as a District network brings significant administration efficiencies and better reflects Council's strategic approach to roading development District-wide. Council believes that a capital value based rate better reflects the physical usage of the District's roads and is a better proxy of road funding than a land-based rate. Reasons for Council's use of capital value rating is further discussed in the Council's Revenue and Financing Policy (Part Four, LTP).

Other Funding Considerations

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Accelerated & Enhanced Street (A&E) Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	100%	Targeted Rate Capital Value by Rating Area
District Benefit	10%		
Community Benefit	60%		
User Benefit (business)	25%		

A&E Developments denote those works that enable a community to improve road, footpaths etc above the minimum levels of service standard identified by Council's roading strategy. 'Accelerated' refers to planned works brought forward that would be carried out in addition to planned works, and 'Enhanced' is new developments such as street furniture, plantings and cobbles above the maintenance standard level.

This funding method is a discretionary function of Council, pertaining to projects that communities of benefit would be consulted on prior to being actioned.

This funding method pertains only to the portion of the streetworks not attracting LTNZ subsidy. It is a method for funding the local share.

(a) Levels of benefit

- **National Benefit:** A&E developments are considered to have a small degree of national benefit attributable to visitors from outside the District who benefit from enhanced streetworks in a particular township.
- **District Benefit:** A&E developments are considered to have a small degree of district benefit attributable to people from the District that use or benefit from enhanced streetworks in a particular township.

- **Community Benefit:** A&E development projects are considered to have a high degree of community benefit. The A&E upgrades provide benefit to the people who shop in the Community and use and enjoy the upgraded streetworks, which also build community pride.
- **User Benefit (Businesses):** A&E development projects in commercial zones provide a degree of benefit to businesses. The user benefit group are the commercial people who have an interest in the provision of this service at their shop fronts, the footpaths provide access for customers and encourage visitors to stop and shop in these zones.

(b) Funding

- **National Allocation:** National benefit will be funded by subsidy.
- **District Allocation:** Individual A&E development programmes have some degree of district benefit, pertaining to overall development but it was resolved by Council that a Targeted Rate Capital Value by Ward is the most efficient, effective and transparently lawful available method for funding this allocation. The Ward represents the primary area of benefit from enhancements.
- **Community Allocation:** Council resolved that as the majority of benefit was to the Community, a Targeted Rate Capital Value by rating area is the most efficient, effective and transparently lawful available method for funding this allocation. A capital value method was felt to be the best proxy to reflect the Council's view that benefit is mainly derived in the urban areas.
- **User Benefit Allocation:** The higher benefit accrued by businesses is reflected in the capital value method.

Mainstreet Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	75%	TUAC North/South
District Benefit	10%		
Community Benefit	60%	25%	Targeted (LV) Commercial Rate on commercial properties North (Taumarunui and National Park townships) /South (Ohakune and Raetihi)
User Benefit (Businesses)	25%		

Mainstreet projects are to be 'grandparented'. As Council has strategically reviewed its road funding, it was considered that Mainstreet projects were better represented by the Accelerated and Enhanced funding method, which attributes costs to specific Wards that derive the majority of benefit. However, Council retains the Mainstreet policy to continue funding of existing projects funded under Mainstreet and fulfil existing commitments to communities.

(a) Levels of Benefit

- **National Benefit:** Mainstreet is considered to have a small degree of national benefit attributable to visitors from outside the district who use the Mainstreet facilities.
- **District Benefit:** Mainstreet is considered to have a small degree of district benefit attributable to people from the District that use or benefit from Mainstreet facilities.
- **Community Benefit:** Mainstreet projects are considered to have a high degree of Community benefit. The Mainstreet upgrades provide benefit to the people who shop in the Community and use the Mainstreet facilities.

- **User Benefit (Businesses):** Mainstreet projects and facilities in commercial zones provide a degree of benefit to businesses. The user benefit group are the commercial people who have an interest in the provision of this service at the front of their businesses, the footpaths provide access for customers and encourage visitors to stop and shop in these zones. National and District benefits were also considered here and were indirectly identified as part of the user group (commercial users).

(b) Funding

- **National Allocation:** National benefit will be largely funded by subsidy.
- **District Allocation:** Council resolved that a network approach would be taken for this function. That is, individual Mainstreet programmes are treated as part of an integrated Northern/Southern programme and that a North/South TUAC was the most efficient, effective and transparently lawful available method for funding this allocation.
- **Community Allocation:** Council resolved that individual Mainstreet programmes should be treated as part of an integrated Northern/Southern urban development programme and that a North/South TUAC is the most efficient, effective and transparently lawful available method for funding this allocation.
- **User Benefit Allocation:** Council resolved that a commercial rate on land value to those zoned or having land use as commercial would be the most efficient, effective and transparently lawful available method for funding this allocation. The southern commercial rate includes Ohakune and Raetihi only, and the northern commercial rate includes only National Park and Taumarunui.

WATER SUPPLY

Introduction

The purpose of the Water Supply Activity is to supply safe water to the communities in the Ruapehu District. Water supply is essential to run households, maintain public health and sustain economic development. Council is committed to providing a water supply service that meets the diverse needs of the Ruapehu Community.

Community Outcomes Targeted

CO31 The natural water resources of the Ruapehu District provide for the diverse needs of the Community while being recognised as living ecosystems.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of COs. The Water Supply Activity works towards the following Strategic Goals:

- SG1 The water supply assets provide water of a quality that meets the diverse needs of the Ruapehu Community.
- SG2 The water supply assets ensure appropriate continuity of water supply for each reticulation network.
- SG3 All Ruapehu District Council water supplies comply with legislative minimum standards.
- SG4 To provide a reticulated water supply to all communities that require such a supply and who are willing to meet the cost of such a system.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Water Supply Activity.

How Council Will Keep Track Of Progress - Water Supply

Strategic Goal	Performance Target	Performance Measure			Monitoring
		2004-06	2006-09	2009-14	
SG1 The water supply assets provide water of a quality that meets the diverse needs of the Ruapehu Community.	Community identified levels of service are achieved.	Consultation on levels of service for water supply is undertaken	Internal audit on level of service provision 75%	Internal audit on level of service provision 80%	Results of the consultation will be included in the LTP 2006-2016. Results of the internal audit will be included in Council's Annual Report.
	Community feel that they have access to adequate information about their water supply network.	60%	70%	80%	Annual Water Services Customer Satisfaction Survey.
	100% satisfaction with water quality.	80%	85%	90%	Annual Water Services Customer Satisfaction Survey.
SG2 The water supply assets ensure appropriate continuity of water supply for each reticulation network.	At least 72 hours notice given of any planned shutdowns.	90%	95%	100%	Results will be reported on by the Contractor and reported in Council's Annual Report.
	All faults or requests are attended to within the operational levels of service commitment.	80%	100%	100%	Results will be reported on by the Contractor and reported in Council's Annual Report.
SG3 All Ruapehu District Council water supplies comply with legislative minimum standards.	All water supply systems comply with Ministry of Health Guidelines for Drinking Water.	25%	60%	100%	Reported in Council's Annual Report.
	Water quality information is made available on request.	100%	100%	100%	Water quality information is available from Council on request.
SG4 To provide a reticulated water supply to all communities that require such a supply and who are willing to meet the cost of such a system.	Services are provided to all communities who want them and are willing to pay for them.	Consultation on Levels of Service to be undertaken	Internal audit on level of service provision 75%	Internal audit on level of service provision 80%	Results of the consultation will be included in the LTP 2006-2016. Results of the internal audit will be included in Council's Annual Report.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Water Supply Activity is expected to cost \$0.8 million compared to the LTP forecast of \$1.0 million. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Ohura - Sludge Pond/Reservoir Control	12	6	This project is on hold while an assessment of the future of the Ohura water supply can be made, in light of the Department of Corrections announcement to close Ohura Prison.	6	6
Owhango – Water Meters	75	40	The first phase of the project has been to develop a picture of water usage to enable the meter installation implementation plan to be developed and delivered. The meters are expected to be in place by December 2005.	35	35
Raetihi – Fish Passage at intake	12	1	This project is waiting on resource consent. It is expected that this project will be completed in 2005/06.	11	11
Raetihi - Water Investigation	80	53	The Raetihi water investigation project forms the first phase of the project to build a new water treatment plant in Raetihi. This project seeks to identify the best location for the water treatment plant based on water quality and source. This project is waiting on resource consent before continuing on to the next stage. It is expected that this project will be completed in the 2005/06 year.	27	27

Changes in LTP Work Programme Budgets 2005/06

Project Description	LTP 2005/06 \$000	Variance \$000	Reason for Variation	AP 2005/06 \$000
Raetihi Water Treatment Plant	402	(302)	Resource Consent Hearings for this work were held on 29 and 30 March 2005. The consent granted requires certain works and investigations to be carried out by 30 June 2006.	100

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
100	Ohura	104	129
1,012	Taumarunui	1,042	1,123
100	National Park	101	124
20	Piriaka	19	16
92	Owhango	90	115
402	Ohakune	414	494
181	Raetihi	209	216
28	Waiouru	28	30
1,935	Total Operating Costs	2,007	2,247
(256)	Operating Revenue	(261)	(285)
(1,726)	Ward Targeted Rate	(1,823)	(1,976)
(47)	NET COST OF SERVICE	(77)	(14)
	Other Funding Requirements		
1,186	Capital Expenditure	1,037	839
397	Loan Repayments	390	386
(44)	Less Depreciation not Funded	(42)	(64)
1,492	TOTAL FUNDING REQUIREMENTS	1,308	1,147
	Funded By		
19	Rate Funding	(29)	(29)
1,014	Loan Raised	991	752
459	Depreciation Funds/ Other Transfers	346	424
1,492	TOTAL FUNDING	1,308	1,147

Variations from the LTP Cost of Service Statement

Operating Costs

The variance in operating costs from the LTP is due to a new service contract, revaluation of water assets and an increase in Corporate Support Costs.

Contract Costs

Council's contract with its water services (sewerage, stormwater and water supply) provider, United Water, ended in October 2004 after a contract term of two years. Council undertook a review of United Water's performance over the contract period to consider the issue of re-tendering for the contracts. The findings of the review showed that United Water had done a good job during its term as the service provider and there was no need to re-tender the contracts. The contracts have since been renegotiated for a four-year period.

The new contract prices are higher than the old contracts, however the base contract rates will be fixed for the term of the contract apart from a provision for cost fluctuations. The new contract price, while being higher than the old contract, is still lower than the next lowest tender price two years ago when the contract first went to tender. This suggests that the old contracts may have been under-priced by United Water and the new contract prices reflect a more realistic assessment of cost. The biggest increase in contract costs have been in the larger townships of Taumarunui and Ohakune.

Revaluation of Assets

Financial Reporting Standard 3 requires that Council's infrastructural assets be revalued at regular intervals. Council's infrastructural assets comprise of the roading network, water, sewerage and stormwater infrastructure and Council's landfill assets. The last valuation of infrastructural assets was carried out as at 1 July 2004. This revaluation has caused a significant increase in the value of some of Council's infrastructural assets. The financial impact of this revaluation has been a net increase in depreciation of \$34,000 from the LTP.

Operating Revenue

As a consequence of the increase in operating costs, the unit charge for the water billing customers have also been revised to reflect the increased cost of providing water supply services.

The AP assumes closure of Ohura Prison half way through the 2005/06 financial year and therefore no water billing revenue will be received from Ohura Prison beyond January 2006. Council resolved to carry some of the additional costs in the short term to allow time for a strategic review of the future of the Ohura Water Supply in 2005/06. The future of the Ohura Water Supply will be consulted on during 2005/06 and the results incorporated into the development of the next LTP in 2006.

Water Supply Funding

The following indicates Council's funding policy for the Water Supply Activity.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
Community Benefit	5%	-	UAC Differentiated by Scheme on ordinary users
User Benefit (Public and Businesses)	95%	60% – 90%	
		0% – 40%	Metered Charge (extra-ordinary users)

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational in nature.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

- (a) Levels of Benefit
 - **Community Benefit:** Water treatment and reticulation has a small Community benefit. Water treatment and reticulation provides Community benefit in that it reduces the possibility of health problems resulting from contamination of water and inadequate supply.
 - **User Benefit:** Users or potential users of the water treatment and reticulation system are the direct beneficiaries of this service.
- (b) Funding
 - **Community Allocation:** Council resolved that whilst tenure was an identifiable benefit to communities from potable water supplies, this benefit was recognised in use of the UAC on properties connected or adjacent.
 - **User Benefit Allocation:** Council resolved that a UAC on those properties connected or able to be connected is the most efficient, effective transparently lawful available method for funding this function. A scale of charges is introduced in the Funding Impact Statement (Part Three) in recognition of the variable water use between schemes, and between extraordinary and ordinary users within schemes. Fixing the amount payable by extraordinary users in the past had forced inequity between water use and charging. The variable scales will enable water charging to be more closely linked to water consumption.

REGULATION SERVICES

Introduction

The Regulation Services Activity works towards the goal of seeking to effectively and efficiently provide a safe and sustainable environment through the administration and enforcement of Central Government Legislation.

Regulation Services is made up of six sub-activities:

- Inspection Services
- Building Services
- Emergency Management
- Animal Control
- Environmental Health
- Resource Management

Community Outcomes Targeted

- CO39 Industries that do not harm the natural environment are encouraged and supported.
- CO18 The Community maintains the sense of health and safety they currently enjoy.

Strategic Goals

Strategic Goals for each activity of Council were agreed to with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Regulation Services Activity works towards the following Strategic Goals:

- SG1 Provide for a sustainable environment for resident and visitors.
- SG2 Provide for a safe environment for residents and visitors.
- SG3 Provide for a healthy environment for residents and visitors.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Regulation Services Activity.

How Council Will Keep Track Of Progress – Regulation Services

Strategic Goals	Performance Targets	Performance Measures			Monitoring
		2004-06	2006-2009	2009-14	
SG1 Provide for a sustainable environment for residents and visitors.	Target operational levels of service are achieved.	75% compliance	85% compliance	90% compliance	Reported bi-annually in Council's Annual Report commencing 2006.
	Ongoing monitoring and enforcement to ensure that resource consent conditions are met, and potential issues for District Plan review are highlighted.	State of the District monitoring report established in 2005	100% of priority issues monitored	100% of priority issues monitored	State of District Report released three-yearly.
		100% consent breaches actioned within 5 working days	100% consent breaches actioned within 5 working days	100% consent breaches actioned within 5 working days	Reported in Council's Annual Report.
		Ensure that the public is informed about the District Plan and other issues related to maintaining a sustainable environment.	Development of public awareness programmes by 2005	To be determined	To be determined
SG2 Provide for a safe environment for residents and visitors.	Council monitors and enforces building standards and the control of dogs according to operating service standards.	90% compliance	90% compliance	90% compliance	Reported in Council's Annual Report.
	Ensure that the public is informed about issues around building safety, civil defence, and dog and stock control.	Development of public awareness programmes by June 2005	To be determined	To be determined	Reported in Council's Annual Report.
SG3 Provide for a healthy environment for residents and visitors.	Council monitors and enforces food and liquor outlets, and noise, standards in accordance with the appropriate legislation.	100% of breaches actioned within five working days	100% of breaches actioned within five working days	100% of breaches actioned within five working days	Reported in Council's Annual Report.
	Ensure that the public is informed about issues around public health standards and requirements.	Development of public awareness programmes by June 2005	To be determined	To be determined	Reported in Council's Annual Report.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Regulation Services Activity is expected to cost \$112,000 compared to the LTP forecast of \$53,000. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Changes in LTP Work Programme Budgets 2005/06

Project Description	LTP 2005/06 \$000	Variance 2005/06 \$000	Reason for Variation	AP 2005/06 \$000
Dog Pound	50	50	Council is still investigating options on the location for the dog pound. Resource consent will then be sought and the construction stage will commence in 2005/06. The carry forward of the 2004/05 budget for the dog pound of \$50,000 means that total expenditure in 2005/06 will be \$100,000 compared to LTP forecast of \$50,000.	100

New projects in 2005/06

Project Description	LTP 2005/06 \$000	Variance	Reason for Variation	AP 2005/06 \$000
Rural Fire Equipment	0	6	Rural Fire Equipment was omitted from the budget in the 2004/05 year, and will be reinstated in 2005/06 year.	6

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
196	Inspection Services	196	212
159	Animal Control	169	184
290	Building Services	297	489
65	Environmental Health	66	67
219	Resource Management	222	230
214	Emergency Management and Rural Fire	166	169
1,143	Total Operating Costs	1,116	1,351
(590)	Operating Revenue	(663)	(749)
553	NET COST OF SERVICE	453	602
	Other Funding Requirements		
0	Capital Expenditure	53	111
553	TOTAL FUNDING REQUIREMENT	506	713
	Funded By		
521	Rate Funding	421	482
0	Loans Raised	52	105
32	Depreciation Funds / Other Transfers	33	126
553	TOTAL FUNDING	506	713

Variations from the LTP Cost of Service Statement

Operating Costs

The majority of the increase in expenditure in the Regulation Services Activity resides in Building Services. The Building Act was reviewed during 2004, as a result of the recent weather tightness or “leaky home” issues that surfaced during 2003/04. The revised Building Act came into force in November 2004 and introduced a range of measures for new buildings and further checks and balances on the building industry. The new framework for the regulation of building work includes a requirement for all Building Consent Authorities (including Council) to be registered to issue consents. In order to be registered an entity must be accredited to ensure that it is meeting quality standards for its procedures, processes and people. In order for Council to continue to provide building inspection services, Council staff must undergo training and obtain accreditation by November 2007. This will require one additional Full Time Equivalent in Regulation Services to allow Building Control Officers to focus on building compliance. In addition, a Project Management resource will also be required to develop and guide the organisation through the accreditation process.

Printing costs relating to the production of the Dog Control Policy and Bylaw and increases in Corporate Support Costs (discussed further in Part Three, Financial Information), make up the remainder of the variance in operating costs.

Operating Revenue

The Revenue and Financing Policy (developed as part of the LTP process in 2004) requires Building Services to be 65% funded from user fees and charges and 35% from rates. The increase in compliance costs associated with providing Building Services will mean that user fees and charges will increase in accordance with the Revenue and Financing Policy.

Regulation Services Funding

The following indicates Council's funding policy for the Regulation Services Activity. This includes the activities of Resource Management, Building Services, Animal Control, Environmental Health, Inspection Services and Emergency Management.

Funding Tool	%	Funding of part-activities
UAGC	29%	The revenue and financing of the separate functions of Regulation Services are provided in The Funding Impact Statement (Part Three).
User fees and charges	60%	
General rate	2%	
Targeted rate	9%	

The above represents the overall funding of this Activity. Any deficit in the amount of user fees recovered will be made up from the General Rate.

Intergenerational Equity Issues

Regulation Services is considered an annually funded activity.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.

- Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Resource Management Activity Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	40%	UAGC
District Benefit	35%		
Applicant Benefit	50%	60%	User fees and charges
Offenders	10%		

- Levels of Benefit
 - **National Benefit:** The national public receive benefit through sustainable management of nationally and regionally significant natural and physical resources. It is noted that there is a reciprocal effect in that Ruapehu residents/ratepayers receive benefit from the sustainable management of other districts.
 - **District Benefit:** The District benefit is received from general advice given to the public and education. There is also an element of public monitoring and research that cannot be attributed to a specific beneficiary. Some legal and policy issues associated with resource management also have a public benefit in that Council is acting on behalf of the general public to encourage the sustainable management of resources in the district.
 - **Applicant Benefit:** Individuals and groups applying for a resource consent, requiring monitoring, and District Plan advice are Direct beneficiaries of this service. Applications are for their own benefit.
 - **Offenders:** These are the costs incurred in responding to the actions of offenders. This includes costs associated with non-

compliance with consent conditions and can result in expensive legal action and/or hearings.

b) Funding

- **National Allocation:** Council resolved that it was not efficient or effective to separately fund this part of this function and have reallocated this portion to the District Allocation.
- **District Allocation:** Council resolved that the most efficient, effective and transparent method for funding this allocation was UAGC.
- **Applicant Allocation:** Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding this allocation. This function is managed on a cost recovery basis for applicants and may result in higher user fees and charges funding.
- **Offender Allocation:** Council resolved that it was not efficient or effective to separately fund this part of this function due to the costs of collection, prosecution and administration. Council considers education and monitoring to be the most effective method to promote good resource management practices. It was decided to reallocate this portion to the Applicant Allocation with prosecution being the final option.

Building Services Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	15%	35%	UAGC
Applicant Benefit	65%	65%	User fees and charges
Offenders	20%		

(a) Levels of Benefit

- **District Benefit:** The District benefit is received from general advice given to the public, education, and public safety. This Activity is mandatory for Council and has the District benefit by ensuring minimum building standards are met and that buildings are safe for use.
- **Applicant Benefit:** Individuals and groups applying for a building consent, requiring building inspection, compliance certificates and advice, are the direct beneficiaries of this service.
- **Offenders:** These are the costs incurred in responding to the actions of offenders. This includes costs associated with non-compliance with consents and Warrants of Fitness.

(b) Funding

- **District Allocation:** Council resolved that the most efficient, effective and transparent method for funding this allocation was UAGC.
- **Applicant Allocation:** Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding this allocation. This function is managed on a cost recovery basis for applicants and may result in higher user fees and charges funding.
- **Offender Allocation:** Council resolved that it was not efficient or effective to separately fund this part of this function due to the costs of collection, prosecution and administration. Council considers education and monitoring to be the most effective method to promote good building practices. It was decided during the LTP process in 2004 to reallocate this portion to the District Allocation with prosecution being the final option.

Animal Control Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	10%	10%	General Rate
Applicant Benefit	70%	90%	User fees and charges
Offender	20%		

- (a) Levels of Benefit
- **District Benefit:** The District benefit is received from general advice given to the public, education, visits to schools and public safety.
 - **Applicant Benefit:** Individuals applying for and maintaining dog registration and receiving education are direct beneficiaries of this service.
 - **Offenders:** These are the costs incurred in responding to the actions of offenders. This includes costs associated with investigating complaints, impounding of dogs and stock and prosecution of offenders.
- (b) Funding
- **District Allocation:** Council resolved that the general rate was the most efficient, effective and transparently lawful available method for funding this allocation.
 - **Applicant Allocation:** Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding this allocation. This function is managed on a cost recovery basis for applicants and may result in higher user fees and charges.
 - **Offender Allocation:** Council considers education and monitoring to be the most effective method to promote good animal management and control and that Council will fine or

prosecute to fund enforcement as a last resort. The 20% offender portion was reallocated to the Applicants.

Environmental Health Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	30%	35%	UAGC
Applicant Benefit	65%	65%	User fees and charges
Offender Benefit	5%		

- (a) Levels of Benefit
- **District Benefit:** Environmental Health delivers District benefits by ensuring minimum health standards, such as premises are licensed, healthy and hygienic for the public to use, and providing general advice and education. The investigation and notification of incidents of communicable diseases also provides benefit to the entire District.
 - **Applicant Benefit:** Individuals and organisations applying for a licence to operate under specific health requirements within the District and requiring advice are direct beneficiaries of this service.
 - **Offenders:** These are the costs incurred in responding to the actions of offenders. This includes costs associated with investigating complaints, non-compliance with licenses and health standards and prosecution of offenders.
- (b) Funding
- **District Allocation:** Council resolved that the most efficient, effective and transparent method for funding this allocation was UAGC.
 - **Applicant Allocation:** Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding this allocation. This

function is managed on a cost recovery basis for applicants and may result in higher user fees and charges funding.

Offender Allocation: Council resolved that it was not efficient or effective to separately fund this part of this function due to the costs of collection, prosecution and administration. Council considers education and monitoring to be the most effective method to promote good environmental health practices. It was decided during the LTP process in 2004 to reallocate this portion to the District Allocation with prosecution being the final option.

Inspection Services Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	50%	UAGC
District Benefit	10%		
Applicant Benefit	70%	50%	User fees and charges
Offenders	15%		

(a) Levels of Benefit

National Benefit: National benefit is derived from the provision of a service that ensures the safety of national visitors to the District. It was also noted that there is a reciprocal effect in that Ruapehu residents/ratepayers receive benefit when visiting other districts.

District Benefit: This Activity has the District benefit of ensuring Dangerous Goods Regulations, Liquor Licenses and General Bylaws are complied with for public safety and well-being. General advice and education is also provided for public safety.

Applicant Benefit: Individuals and organisations applying for a licence to operate under specific regulations nationally and

within the District and requiring advice about the regulations are direct beneficiaries of this service.

Offenders: These are the costs incurred in responding to the actions of offenders. This includes costs associated with investigating complaints, non-compliance with licenses and regulations and prosecution of offenders.

(b) Funding

National Allocation: Council resolved that it was not efficient or effective to separately fund this part of this function and have reallocated this portion to the District Allocation.

District Allocation: Council resolved that the most efficient, effective and transparent method for funding this allocation was UAGC.

Applicant Allocation: Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding 50% of this allocation. The remainder (20%) has been reallocated to the District allocation.

Offender Allocation: Council resolved that it was not efficient or effective to separately fund this part of this function due to the costs of collection, prosecution and administration. Council considers education and monitoring to be the most effective method to promote health and safety in the district. It was resolved by Council to reallocate this portion to the District Allocation with prosecution being the final option.

Emergency Management Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	10%	100%	Rate in \$ on Capital Value
District Benefit	65%		
User Benefit (victims)	20%		
Offender Benefit	5%		

(a) Levels of Benefit

National Benefit: Civil Defence is resolved to be largely public in nature. The benefit of Civil Defence services provides safety and general well being to the national public through the monitoring of Mount Ruapehu and assisting visitors to the District in times of disaster. It is noted that there is a reciprocal effect when Ruapehu residents/ratepayers visit other districts. Approximately 47% of the Ruapehu District is Crown owned (National Parks and Reserves), the majority of which is in forest and therefore makes the National benefit significant. Due to the location and geographic nature of the Ruapehu District the national road and rail systems may be jeopardised.

District Benefit: Civil Defence is considered to have a high district benefit. The benefit of the function is for the safety and well being of the people within the District as a whole. The Community is well aware and supportive of this function, particularly due to the potential for volcanic eruptions, flooding and earthquakes. The Rural Fire Service has a medium degree of public benefit in that it provides security to the population that the District has emergency preparedness plans in place for rural fire.

User Benefit (Victims): Civil Defence benefits users like skiers, trampers, canoeists, etc who use the District's facilities

and may need to be rescued. With regard to Rural Fire Services, the benefits of this function are associated with the protection of personal property and life. This benefit accrues to rural property owners both public and private rural property owners can be identified because Rural Fire is offered to all properties excluding those in urban areas, and they gain benefit through the use of Council's resources and training.

Offender: The offender for Rural Fire is the fire starter.

(b) Funding

National Allocation: There is no secure funding tool or guarantee of securing funds for this function at a national level. The National Civil Defence Office provides funding within set criteria that is focused largely on emergency recovery rather than emergency preparation. Council resolved that there is no lawful funding method available for this allocation and that a targeted rate District-wide would be the most efficient, effective and transparently lawful available method for funding this allocation.

District Allocation: Council resolved that a District-wide rate is the most efficient, effective and transparently lawful available method for funding this allocation.

User Benefit Allocation: Council resolved that there is no lawful funding method available for this allocation and that a rate in the dollar would be the most efficient, effective and transparently lawful available method for funding this allocation.

Offender Allocation: Council resolved that it is not effective or efficient to separately fund this part of this function and that the District-wide targeted rate would be the most efficient, effective and transparently lawful method for funding this allocation.

RECREATION AND COMMUNITY FACILITIES

Introduction

Recreation is an important aspect of everyday life. Council provides recreation and community facilities with the aim of ensuring that a basic range of recreational activities are available to meet the present and future needs of the Community.

This Activity also ensures that the Community has essential community facilities such as public toilets and cemeteries. These facilities are necessary to ensure that public health and safety is maintained.

This Activity is made up of six sub-activities:

- Parks and Reserves
- Community Halls
- Public Toilets
- Swimming Pools
- Libraries
- Cemeteries

Community Outcomes Targeted

- CO21 Access to existing recreational facilities and services is maintained and enhanced.
- CO22 More recreational leisure and sports facilities are developed in consultation with the youth of the District.
- CO23 Community facilities, services, and activities are fairly distributed throughout the District.
- CO24 Youth are involved in the development, coordination and monitoring of programmes/activities, services and facilities to meet their needs.
- CO27 Sufficient public open space to meet the diverse needs of the Community is retained.
- CO28 Public access to open space is protected while maintaining ecological, aesthetic, recreational, spiritual, conservation and landscape values.

- CO29 All of the organisations and individuals that have a stake in the District's open spaces work together aiming to reach common goals.
- CO33 Public access to those waterways that are significant for recreation activities is maintained.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Recreation and Community Facilities Activity works towards the following Strategic Goals:

- SG1 Facilities are safe, healthy and appropriate.
- SG2 A range of public facilities is available that meet the communities' needs and expectations.
- SG3 Council and community work together to provide and promote recreation and leisure facilities.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Recreation and Community Facilities Activity.

How Council Will Keep Track Of Progress – Recreation And Community Facilities

Strategic Goals	Performance Targets	Performance measures			Monitoring
		2004-06	2006-2009	2009-14	
SG1 Facilities are safe, healthy, and appropriate.	Playgrounds and walking bridges conform to current NZ Safety Standards.	90% compliance	95% compliance	100% compliance	Reported in Annual Report following annual independent audit of playgrounds and walking bridges.
	Water quality in District pools is safe and meets NZ Swimming Pool Standards.	Less than 1% of non-compliance	Less than 0.5% of non-compliance	100% compliance	Reported in Annual Report following internal audit of monthly contract reports for prior swimming season.
	No reported drowning related incidents.	No more than 2 reported drowning related incidents	No more than 1 reported drowning related incident	No more than 1 reported drowning related incident	
	Customer agreed service levels are provided.	Consultation on agreed levels of service undertaken	75% compliance in internal audit	85% compliance in internal audit	Results of consultation will be available in LTP 2006-2016. Results of internal audit will be available in Council's Annual Report.
SG2 A range of public facilities is available that meets community needs.	85% of residents are satisfied with public facilities.	70% of residents are satisfied with public facilities	80% of residents are satisfied with public facilities	85% of residents are satisfied with public facilities	Reported in Annual Report following public survey to be carried out in 2006, 2009, 2012.
SG3 Council and Community work together to provide and promote recreation and leisure facilities.	85% of residents feel that Council is communicating and working with the community in the provision and delivery of recreation facilities.	60% of residents feel that the Council is working with the community to provide and promote recreation and leisure facilities	70% of residents feel that the Council is working with the community to provide and promote recreation and leisure facilities	80% of residents feel that the Council is working with the community to provide and promote recreation and leisure facilities	Reported in Annual Report following public survey to be carried out in 2006, 2009, 2012.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Recreation and Community Facilities Activity is expected to cost \$80,000 compared to the LTP forecast of \$42,000. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects carried over from 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Hand Dryers Clyde Street Toilets	3	0	The installation of hand dryers in the Clyde Street toilets was not be completed in the 2004/05 year. Additional funding of \$3,000 is required for the installation of a power supply to the toilets before this project can commence. This project is expected to be completed in 2005/06.	3	6

New Projects in 2005/06

Project Description	LTP 2005/06 \$000	Variance 2004/05 \$000	Reason for Variation	AP 2005/06 \$000
Mangawhero Swing Bridge	0	30	An audit of footbridges has revealed that the Mangawhero Terrace swing bridge in Ohakune has serious structural faults. Closure or removal of the swing bridge is not considered an option, as it is the direct link between two halves of the Mangawhero River Walkway. Replacement of components is required to maintain the integrity of the bridge, for public safety.	30

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
	Parks and Reserves Costs:		
34	Ohura	34	40
290	Taumarunui	320	325
63	National Park	69	67
303	Waimarino	310	323
44	Waiouru	41	45
734	Total Parks and Reserves	774	800
209	Public Toilets	208	235
188	District Swimming Pools	217	217
244	District Libraries	249	251
101	District Cemeteries	98	99
122	Community Halls	119	113
1,598	Total Operating Costs	1,665	1,715
(103)	Operating Revenue	(137)	(108)
(485)	Targeted Rates	(514)	(527)
1,010	NET COST OF SERVICE	1,014	1,080
	Other Funding Requirements		
171	Capital Expenditure	42	80
8	Loan Repayments	9	10
(71)	Less Depreciation Not Funded	(71)	(63)
1,118	TOTAL FUNDING REQUIREMENT	994	1,107
	Funded by		
974	Rate Funding	957	1,017
27	Loans Raised	0	0
117	Depreciation funds / Other Transfers	37	90
1,118	TOTAL FUNDING	994	1,107

Variations from the LTP Cost of Service Statement

Operating Costs

The main variance in operating costs from the LTP in the Recreation and Community Facilities Activity is in Parks and Reserves, Public Toilets and the Corporate Support Costs (as detailed in Part Three, Financial Information).

Parks and Reserves

The majority of the variance in Parks and Reserves is due to unplanned costs of meeting new requirements under the Electricity (Hazards from Trees) Regulations December 2003. Under the Electricity Regulations, the owner of trees that pose a risk to the continuity of the delivery of electricity by lines companies must pay for the ongoing maintenance and responsibility of keeping the trees or vegetation growing on its land away from the power lines.

Public Toilets

The variance in Public Toilets is due to additional maintenance requirements for the public toilets in Taumarunui, Ohakune and Waiouru. Female sanitary units, which are supplied and serviced by New Zealand Towel Service, have now been installed in Waiouru and all units are now serviced on a weekly rotation. These units are considered absolutely essential to provide the public with a sanitary towel disposal facility where none existed. It is anticipated that the new public toilets at the Ohakune Railway Station will require daily cleaning through much higher use than in the past. The cost of consumables (toilet paper and liquid soap) is also expected to increase as consumption rises through higher user numbers, particularly in Waiouru.

Operating Revenue

The operating revenue for the Recreation and Community Facilities Activity is expected to be lower than forecast in the LTP. A shortfall in revenue from District Cemeteries is the main reason for the decrease in operating revenue for this Activity. Council's Revenue and Financing Policy requires District Cemeteries to be 70% funded from user fees and charges and 30% funded from rates. Fees for District Cemeteries have not increased for a number of years. The implication has been that the gap between operating expenses and operating revenue for the District Cemetery Service has been steadily increasing over the past few years.

The funding targets for Recreation and Community Facilities will be reviewed as part of the next LTP process in 2006.

Recreation and Community Services Funding

The following indicates Council's funding policy for the Recreation and Community Services Activity. This includes the funding policies for the activities of Parks and Reserves, Swimming Pools, Halls, Libraries, Public Toilets and Cemeteries.

Funding Tool	%	Funding of Part-Activities
UAGC	61%	The revenue and financing of the separate functions of recreation services follow.
UAC	33%	
User fees and charges	6%	

Deficits in user fees and charges received will be recovered through the general rate.

Intergenerational Equity Issues

Capital works that are an improvement or addition to the asset are considered intergenerational.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.

- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Parks and Reserves Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	55%	UAGC
District Benefit	15%		
Community Benefit	40%	42%	UAC (North/South)
User Benefit (Public, Clubs, Lessees)	40%	3%	User fees and charges

- (a) Levels of Benefit
 - **National Benefit:** People and organisations from outside the District have the ability to come and use parks and reserve facilities. In these situations it is difficult to identify or exclude these people. It is noted that there is a reciprocal effect in that Ruapehu District residents/ratepayers receive benefit when visiting other districts.
 - **District Benefit:** Parks and reserves are considered to have a small degree of District benefit. People and organisations from within the District have the ability to come and use parks and reserves facilities. In these situations it is difficult to identify or exclude these people.
 - **Community Benefit:** Parks and reserves are considered to have a medium degree of Community benefit. People and organisations from within the Community have the ability to come and use parks and reserves facilities. It is considered that most of the facility users are people within the Community rather than those external to the Community. There are also existence and option values attributed to parks and reserves. People enjoy the knowledge that if they desire to use open

space for either passive or active sport, they have the opportunity to do so. A large part of the expense for this function is the mowing of grass verges that has no cost recovery. Community benefit also includes the encouragement of health and fitness, enhancement of community amenities and contributes to community pride. In these situations it is difficult to identify or exclude these people.

- **User Benefit:** As already mentioned, the public represent the largest beneficiary group. Clubs and lessees also derive benefit from reserves.
- (b) Funding
- **National Allocation:** A lawful funding method is not available for this allocation. Council resolved that the UAGC was the most efficient, effective and transparently lawful available method for funding this allocation.
 - **District Allocation:** It is noted that some people in rural areas use the parks and reserves in the urban areas, and some people use parks and reserves outside of their own community from time to time. Council considered that the UAGC was the most efficient, effective and transparent, lawfully available method for funding this allocation.
 - **Community Allocation:** Council resolved that the UAC on a North/South split was the most efficient, effective and transparently lawful available method for funding this allocation. The North/South split was considered most appropriate due to the geographic distribution of facilities.
 - **User Benefit Allocation:** A small contribution from identified user groups is to be sought to offset costs in recognition of the benefit received. Council supports recreation groups through its remission policy.

Pools Funding

Benefit Group	Assessed level of Benefit	Funding	
		%	Method
District Benefit	5%	25%	UAGC
Community Benefit	40%	75%	UAC Targeted by Rating Area with Council swimming pool
User Benefit (Pool Users)	55%		

- (a) Levels of Benefit
- **District Benefit:** Swimming pools have a small degree of district benefit. District benefit is based on option values - people in the District can come and use swimming pool facilities for leisure, swimming, training and water safety. There was seen to be a national benefit in that learning to swim reduces drowning, but it was felt that this benefit was not measurable.
 - **Community Benefit:** Swimming pools have a medium degree of community benefit. Community benefit is based on option values - people in the Community can come and use swimming pool facilities for leisure, swimming, training and water safety. It is Council's view that people who live within the Community will benefit more than those who have to travel a longer distance to use the facility.
 - **User Benefit: (Pool Users)** The direct beneficiaries of swimming pools include individuals, clubs, children and schools. These groups are identifiable and excludable.
- (b) Funding
- **District Allocation:** Council resolved that UAGC was the most efficient, effective and transparently lawful available method for funding the allocation.

- **Community Allocation:** Council resolved that a Rating Area based UAC, in those areas containing swimming pools to be the most effective, efficient and transparently lawful available method for funding the allocation. Although there are beneficiaries outside those areas containing swimming pools it was resolved that this proportion is in the District allocation and that the 75% reflects the higher area benefit.

Halls Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	5%	45%	UAGC
Community Benefit	30%	45%	UAC North/South
User Benefit (Hall users)	65%	10%	User fees and charges

- (a) Levels of Benefit
- **District Benefit:** District Halls have a small District benefit. District benefit is derived from halls continuing to provide points of meeting and functions, particularly where other options are not readily available, or do not have sufficient capacity.
 - **Community Benefit:** District halls have a medium degree of community benefit. Community benefit is derived from the accessibility of halls for functions. It is Council’s view that those people who live within the Community will benefit more than those who have to travel a longer distance to use the facility. In many cases the halls are Memorial Halls with a community focus for the memory of soldiers who lived within the communities and died at war. In many cases the hall is the focal point of the Community.

- **User Benefit:** (Hall Users) The direct beneficiaries of community halls include sport groups, church groups, education groups, recreation groups and people hiring halls for activities such as private functions. These groups are identifiable and excludable.
- (b) Funding
- **District Allocation:** Council resolved that the UAGC was the most efficient, effective and transparently lawful available method for funding this allocation.
 - **Community Allocation:** It was resolved that a North/South UAC rate was the fairest funding mechanism for the Community benefit as it was difficult to split the halls up between the Wards, particularly as hall catchments crossed ward boundaries. To allocate the exact users of the halls on a per community basis is highly problematic.
 - **User Benefit Allocation:** A high proportion of user fees and charges are retained by various Hall Committees to maintain their halls into the future. Benefits therefore are allocated to both the UAGC North/South portions of the funding mix.

Libraries Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National Benefit	5%	85%	UAGC
District Benefit	5%		
Community Benefit	15%		
User Benefit (Library Users)	75%	15%	User fees and charges

- a) Levels of Benefit
- **National Benefit:** District libraries have a small national benefit and visitors to the District use them. They also add benefit to the nation as a whole through improving access to knowledge and stimulating preservation of local knowledge.
 - **District and Community Benefit:** District libraries have a small degree of community benefit. As with the District benefit, community benefit relates to enhancing the knowledge, skills and enjoyment of people in the specific Community. Benefits also include the promotion of knowledge building, social interaction and the provision of services to people with special needs (e.g. the visually impaired and people with disabilities). It is Council's view that those people who live within the Community will benefit more than those who have to travel a longer distance to use the facility.
 - **User Benefit (Library Users):** The direct beneficiaries of libraries are borrowers, information seekers and users of services provided by the library. These groups are identifiable and excludable.
- (b) Funding
- **National Allocation:** Council resolved that a lawful funding method is not available for this allocation.
 - **District and Community Allocation:** Council resolved that the UAGC was the most efficient, effective and transparently lawful available method for funding this allocation.
 - **User Benefit Allocation:** Council resolved that user fees and charges was the most efficient, effective and transparently lawful available method for funding this allocation.

Public Toilets Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
National User	50%	-	User fees and charges
District User	20%		
Community User	20%		
District Benefit	10%	100%	UAGC

- (a) Levels of Benefit
- **District Benefit:** Under the existing system public toilets are considered to have a small degree of district benefit. People from within the District have the ability to come and use public toilets. In these situations it is difficult to identify or exclude these people. There are also public health benefits associated with the provision of public toilets.
 - **User Benefit (National, District and Community Toilet Users):** The direct beneficiaries of public toilets are the users of the facilities. The User benefit includes a large portion of visitors to, and people passing through, the Ruapehu District, together with a smaller portion of people from within the District.
- (b) Funding
- **District Allocation:** Council resolved that the UAGC was the most efficient, effective transparently lawful available method for funding this allocation.
 - **User Benefit Allocation:** It was resolved that the cost of implementing the system would far outweigh the benefits. Overall, the District's public toilets do not have the volume of users to justify the system. However, Council decided to retain 'user fees and charges' as a placeholder to signal its intent to attempt to recover some funding by way of Transit subsidy in the future.

Cemeteries Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	5%	30%	UAGC
Community Benefit	10%		
User Benefit	85%	70%	User fees and charges

(a) Levels of Benefit

- **District Benefit:** Cemeteries have a small District benefit. The District benefit results from the promotion of public health and sanitary disposal of the deceased. Cemeteries are spiritual in nature and have intrinsic and heritage values associated with them.
- **Community Benefit:** Cemeteries have a small degree of community benefit. The Community benefit results from the promotion of public health and sanitary disposal of the deceased. As with the District benefit, cemeteries are spiritual in nature and have intrinsic and heritage values associated with them. It is Council's view that those people who live within the Community will utilise the cemetery more than those outside the Community.
- **User Benefit:** The direct beneficiaries of cemeteries are the families and friends of the deceased. Also included in this User Group are those people who reside outside of the District but have chosen to return to be interned. These groups are identifiable and excludable.

(b) Funding

- **District Allocation:** Council resolved that the UAGC was the most efficient, effective and transparently lawful available method to fund this function.

- **Community Allocation:** Council resolved that it was not efficient or sufficiently transparent to fund this allocation separately and considered that the UAGC was the most efficient, effective and transparently lawful available method to fund this function.
- **User Benefit Allocation:** Council resolved that the user fees and charges was the most efficient, effective and transparently lawful available method to fund this function.

COMMUNITY SUPPORT

Introduction

The Community Support Activity includes the provision of community support and older persons housing. Council provides older persons accommodation in Waimarino and Taumarunui. Council has 45 units in Taumarunui, 8 in Ohakune, and 16 in Raetihi. There are also 12 community-housing units in Taumarunui.

The units in Raetihi have been leased to Waimarino Rest Home Trust. The Trust is a non-profit charitable organisation with a strong commitment to improve and extend the facilities available to the elderly in Raetihi and the wider Waimarino region. The portfolio includes one house reserved for medical personnel in Raetihi.

The Community support sub-activity facilitates grant funding, directed to groups targeted at providing programmes, that meet COs identified by the Community. Grant funding is provided to Sport Wanganui to develop sport and recreation in the Community and target activities to groups identified as being in need – the elderly, youth and people of lower socio-economic backgrounds.

Support for these groups is assessed annually on presentation of their annual reports and demonstration that they meet the requirements of Council's grant policy. Council also administers Creative New Zealand on behalf of the Ruapehu Community for organisations and projects that have widespread community benefit. The Ruapehu Community Arts Council, who considers grants up to \$1,000, throughout the year, support Council in this programme.

The Community Support Activity also includes Agency Services for LTNZ, New Zealand Post and Registrar General of Births, Deaths and Marriages in the Waimarino area.

Community Outcomes Targeted

CO19 Health and safety is enhanced by addressing the wider needs of the Community (including social aspects, such as education and housing) and promoting greater community support.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Community Support Activity works towards the following Strategic Goals:

- SG1 Council provision of older persons housing meets community needs not satisfied by Central government or the private sector.
- SG2 The older persons housing and community housing activity is self-funding.
- SG3 To support identified community organisations and projects that meet agreed Strategic Goals toward improvement of community health safety and well-being.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Community Support Activity.

How Council Will Keep Track Of Progress – Community Support

Strategic Goals	Performance targets	Performance Measures			Monitoring
		2004-06	2006-2009	2009-14	
SG1 Council provision of Older Persons Housing meets community needs not satisfied by Central Government or the private sector.	All older persons in the Ruapehu District have access to affordable accommodation that meets community expectations of size and facilities.	65% resident satisfaction	80% resident satisfaction	90% resident satisfaction	Monitored through three-yearly resident satisfaction surveys. Results available on request from Council.
	Council's Older Persons Housing service satisfies the needs of the users of that service.	65% tenant satisfaction	80% tenant satisfaction	90%tenant satisfaction	Monitored through three-yearly tenant satisfaction surveys. Results available on request from Council.
SG2 The Older Persons Housing and Community Housing activity is self-funding.	Housing stock has a 90% occupancy rate.	75%	80%	85%	Monitored through the Annual Report.
	Older Persons Housing is 100% self-funding.	50%	60%	70%	Reported in Annual Report.
SG3 To support identified community organisations and projects that meet agreed strategic goals toward improvement of community health, safety, and well-being.	The community is satisfied with Council's support of community organisations and projects.	65%	70%	75%	Monitored through three-yearly resident satisfaction surveys. Results available on request from Council.

Capital Works Programme 2005/06

The Capital Works Programme for 2005/06 for the Community Support Activity is expected to cost \$208,000 compared to the LTP forecast of \$195,000. The following tables explain the variances from the LTP Work Programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects carried over from 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Older Person's Housing – Bathroom Upgrade	20	9	The Rochfort Flats bathroom upgrade has been carried over to 2005/06. The upgrade that includes removal of the existing bath, preferred by the current long-term tenant, will be carried out once the unit becomes vacant.	11	11

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
233	Older Persons Housing	232	225
	Agencies / Community Support		
107	Agencies Waimarino	109	111
159	Community Support	125	164
499	Total Operating Costs	466	500
(219)	Operating Revenue	(280)	(219)
(56)	Targeted Rates	(21)	(60)
224	NET COST OF SERVICE	165	221
	Other Funding Requirements		
11	Capital Expenditure	195	208
32	Loan Repayments	32	31
(30)	Less Depreciation not Funded	(30)	(30)
237	TOTAL FUNDING REQUIREMENTS	362	430
	Funded By		
181	Rate Funding	123	174
56	Depreciation Funds / Other Transfers	239	256
237	TOTAL FUNDING	362	430

Variations from the LTP Cost of Service Statement

Operating Costs

In 2004/05 Council decided to consolidate grant funding into the Community Support Activity budget. The grants pool would be distributed by way of the Ruapehu Community Grant Fund. The amount allocated in the LTP for the 2005/06 and further years was not updated to reflect the centralised method of administering grants therefore, the change from the LTP amount represents the ongoing implementation of this grant fund at the 2004/2005 funding level through the Community Support Activity.

The remaining variances in operating costs are due to the increase in Corporate Support Costs which are explained in Part Three, Financial Information.

Operating Revenue

At the time the LTP forecast was developed, Council was involved in the Safer Communities Program. Council is no longer involved in this program and revenue that was received from this program has been removed from the AP forecast.

Community Support Funding

The following indicates Council's funding policy for the Community Support Activity. This includes the activities of Older Persons Housing, Agency Services and Community Initiatives.

Funding Tool	%	Funding of Part-Activities
User charges	67%	The revenue and financing of the separate functions follow.
UAGC	23%	
TUAC	4%	
Subsidies	6%	

Intergenerational Equity Issues

New developments and renewals to Older Persons Housing can be considered to be a capacity improvement or addition to the asset and intergenerational in nature. Community initiatives and assistance is considered as an annually funded function.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

Older Persons Housing

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
Community Benefit	5%	100% for tenanted units	User fees and charges (General rate for vacant units)
User Benefit (Pensioners)	95%		

- (a) Levels of Benefit
 - **Community Benefit:** Older Persons Housing has a small degree of community benefit. The Community benefit is due to its ability to care and assist with housing for the elderly and disabled.
 - **User Benefit (Pensioners):** Older Persons Housing has a high degree of private benefit. The direct beneficiaries of Older Persons Housing are the occupants, and the family and friends of the occupants.
- (b) Funding
 - **User Benefit Allocation:** Council resolved that user fees and charges is the most efficient, effective and transparently lawful available method for funding this allocation. Council has decided that tenanted units need to be self-funding. However, tenanted units cannot be expected to pay for vacant housing. This represents the need for District subsidy of the vacant component, by way of the general rate.

Agency Services and Community Initiatives Funding

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
Agency Services			
Community Benefit	20%	50%	UAC Targeted by Rating Area
User Benefit (Businesses)	50%	50%	User fees and charges
User Benefit (Service Users)	30%		
Community Initiatives			
District Benefit	5%	20%	Subsidies
User Benefit (Grant Recipient)	95%	80%	UAGC

(a) Levels of Benefit

- The benefits of the Community Initiatives and Assistance function can be identified in two parts: Agency Services, and Community Grants. Agency functions are provided at Raetihi for other organisations such as NZ Post and LTNZ, where the benefits are split between the Community, the organisation whose service the Council is supplying and the user of the service.

Agency Services

- Community Benefit:** Agency services are considered to have a medium community benefit. There is a community benefit in providing Agency services as this provides the option of using this service rather than having to travel out of town for this service.

- User Benefit 1 (Businesses):** The benefit of providing Agency services on behalf of another organisation has an element of benefit for the organisation. This User Group is the Agency whose service Council is providing.
- User Benefit 2 (Service Users):** Agency services have an element of benefit for the people who use the service.

Community Initiatives

- District Benefit:** Community initiatives are considered to have a small District benefit. The provision of grants to organisations provides social services for the whole District.
- User Benefit:** For the purposes of Community Initiatives (Grants and Schemes) users are those organisations that receive the grant.

(b) Funding

Agency Services

- Community Allocation:** Council resolved that where possible user fees and charges would be used and a TUAC (Wards with Agencies) was the most efficient, effective and transparently lawful available method for funding the remainder of this Activity.
- User Benefit:** Council resolved that user fees and charges would be the most efficient, effective and transparently lawful available method for funding this function and where possible the user fees and charges will be increased. In the situation where Agency Services provided to the Waimarino Ward cannot be funded to the user target, the Waimarino Rating Area will meet the shortfall by a UAC.

Community Initiatives

- District Allocation:** Council resolved that a subsidy of 20% (more to be achieved if possible), and the balance to be funded by UAGC, would be the most efficient, effective and transparently lawful available method for funding this function.

INVESTMENT ACTIVITIES

Introduction

Council has a number of properties that it manages, some for the benefit of the Community (such as the Taumarunui Airport and Ohakune Railway Station) others for income generation (such as the Joint Forestry Venture with Wanganui and South Taranaki District Councils). Other properties owned by Council that are surplus, uneconomic or of no strategic or operational use to Council, are for sale (such as abandoned land). Some of the more significant assets include:

- Taumarunui Airport (34 ha of land),
- Joint Forestry Venture. Council holds a 3.93% stake,
- Joint plantation with Kakahi Water Board,
- Small block forestation throughout the District,
- Metal Pits at Pukehou, Waimiha, Raetihi and Horopito,
- Commercial yard and warehouse building 1-7 Huia Street Taumarunui,
- Warehouse, Ayr Street Ohakune,
- Industrial land blocks, Old Station Road, Ohakune, Bell Road Taumarunui and Railway Road, Raetihi
- Rental Housing Units, 4 in Taumarunui and 1 in Raetihi.

Community Outcomes Targeted

CO16 The Community has access to information, is aware of issues, has opportunities to provide feedback, and can influence outcomes.

Strategic Goals

Council agreed to Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of

identified COs. The Investment Activity works towards the following Strategic Goals:

- SG1 Council investments held under the activity are of economic benefit to the Community.
- SG2 Re-forestation with native species of any harvested land blocks with run off to rivers shall be of high priority.

Council has developed a set of performance targets, measures and reporting systems that will enable the Community to track Council's progress towards its Strategic Goals. The following table describes how Council will achieve the Strategic Goals for the Investment Activity.

How Council Will Keep Track Of Progress – Investment Activities

Strategic Goal	Performance Targets	Performance measures			Monitoring
		2004-06	2006-2009	2009-14	
SG1 Council investments held under this activity are of economic benefit or benefit to the Community.	Disposal of surplus property by negotiation, auction or tender programmed fully implemented by 30 June 2006.	Implementation of two yearly disposal programme	TBA	TBA	Internal audit of disposal programme and report in Annual Report.
SG2 All harvested land blocks with run-off to rivers are replanted with native species.	Land Management Plans developed and adopted prior to harvesting of all land that has run off to rivers.	100%	100%	100%	Internal audit of Resource Consents issued for harvesting or re-forestation and report in Annual Report.

Capital Expenditure 2005/06

The capital works programme for 2005/06 for the Investment Activity is expected to cost \$51,000. There was no capital expenditure planned for the 2005/06 year in the LTP. The following tables explain the variances from the LTP work programme. The costs in the variance tables are project costs only and exclude corporate support charges. A detailed listing of the 2005/06 Capital Works Programme is located on page 109.

Variations in 2005/06 Capital Works programme

Projects Carried Over From 2004/05 Capital Works Programme

Project Description	LTP 2004/05 \$000	Expected Outcome 2004/05 \$000	Reason for Variation	Carried Forward 2005/06 \$000	AP 2005/06 \$000
Taumarunui Airport	8	3	The carry over of the Taumarunui Aerodrome Subdivision is required because of a lack of progress in obtaining a legal opinion. The legal opinion will enable Council to enter into meaningful negotiation in respect of the as yet unsatisfied compensation claimants, which involves an offer back of land in respect of part of the land taken for the aerodrome.	5	5
Reserves and Misc. Unoccupied Land	50	7	This project will comprise of a number of smaller projects implemented over time as areas of reserve are identified as suited to weed clearing and/or re-vegetation in consultation with the Community.	43	43

Cost of Service Statement

Budget 2004/05 \$000	Activity Budget	LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Cost		
76	Community Housing	89	78
27	Rental Housing	24	24
17	Airport	15	15
26	Forestry	23	20
172	Miscellaneous Unoccupied Properties	56	157
318	Total Operating Costs	207	294
(159)	Operating Revenue	(161)	(132)
159	NET COST OF SERVICE	46	162
	Other Funding Requirements		
52	Capital Expenditure	0	50
26	Loan Repayments	28	25
237	TOTAL FUNDING REQUIREMENT	74	237
	Funded By		
170	Rate Funding	65	80
50	Loans Raised	0	45
17	Depreciation Funds / Other Transfers	9	112
237	TOTAL FUNDING	74	237

Variations from the LTP Cost of Service Statement

Operating Cost

The main reason for the increase in operating expenditure is because the funding provided for Pukehou Quarry for the construction of a stop bank in the 2004/05 financial year has been carried forward into the 2005/06 year. The delay is due to approval not being received from the landowners on whose land the stop bank was to be constructed. Corporate Support Costs make up the remainder of the increase in operating costs and is explained further in Part Three, Financial Information.

Operating Revenue

In September 2004, Council resolved to dispose of surplus investment properties. The process to sell a number of surplus properties has begun with the marketing of the Owhango flats. Operating revenue and costs for 2005/06 have been reduced to reflect the sale of the Owhango Flats.

Investment Activities Funding

The following indicates Council's funding policy for the Investment Activity.

Benefit Group	Assessed Level of Benefit	Funding	
		%	Method
District Benefit	10%	20%	UAGC
User Benefit	90%	80%	User fees and charges

Intergenerational Equity Issues

Investment Activities total expenditure and income needs to be specified over the proposed investment period as part of intergenerational funding decisions.

Costs and Benefits

The merit of identifying and accounting for this Activity separately from other Activities enables:

- (a) More transparent disclosure and accountability of projects and funding to the Ruapehu Community.
- (b) Greater opportunity for the Ruapehu Community to have input on decisions, proposals, issues and other matters through consultation.
- (c) Identification of how the Activity contributes to the achievement of COs and service delivery goals through detailed understanding and planning.
- (d) Improved monitoring of the Activity in terms of how well Council is achieving its COs annually.
- (e) Identification of costs required to support the Activity in terms of time involved in planning, monitoring, accounting, reporting and administration.

- (a) Levels of Benefit
 - **District Benefit:** Investment activities provide a dual purpose for both returning an income for Council, and also providing services that may not exist without Council assistance. This is particularly evident with the Airport.
 - **User Benefit:** It is considered that the Investment Activities function is 80% user benefit in that it should be predominantly self-funding. Forestry investments will ultimately be intergenerational in time, as the investment will produce income in approximately 10 years. It is also noted that this function includes parcels of unusable and uneconomic land that have passed to Council ownership over a period of time, (this includes abandoned land).
- (b) Funding
 - **User Benefit Allocation:** Council's Revenue and Financing Policy (Part Four, LTP) sets the funding target from user fees for Investment Activities at 80%.
 - **District Benefit Allocation:** The District benefit allocation from rate funding has been set at 20%. The UAGC is the preferred method, with the balance (if required) from rate in the dollar (capital value) for funding of costs accounted with uneconomic properties.

CAPITAL EXPENDITURE PROGRAMME FOR 2005/06

ACTIVITY	PROJECT	CAPITAL EXPENDITURE \$000
Stormwater		
Taumarunui	Stormwater Upgrades	5
	Flood Mitigation	10
	Replace Ward Street Drain	27
	Miro Street Culvert	140
	Piping Tuhua Domain Drain	205
		387
National Park	Flood Mitigation	13
	Piping Carroll Street Watercourse	92
		105
Ohakune	Flood Mitigation	27
	Goldfinch Street Drain	7
		34
Rangataua	Kaha Street Drain	105
	Nei Street Drain	42
		147
Raetihi	Flood Mitigation	6
	Flood Study	10
		16
Total Stormwater		689
Sewerage		
Taumarunui	Replace Sunshine Pump	17
	Assessment of Huia Street Catchment	54
	Auto Sparging/UV Disinfection	79
		150

ACTIVITY	PROJECT	CAPITAL EXPENDITURE \$000
National Park	Improve Wetlands/Resource Consent	17
		17
Ohakune	Pipeline Renewals	137
	Reticulation Upgrade	91
	Treatment Plant Upgrade	207
		435
Pipiriki	Renewal of Sand Filter	12
		12
Rangataua	Renewal of Resource Consent	5
	Infiltration Assessment	12
		17
Raetihi	Treatment Plant Upgrade	53
Total Sewerage		684
Land Transport		
Subsidised Roading	Renewals	2,647
	Development	624
	Seal Extension – Okahukura Saddle	374
	Pipiriki/Wanganui River Road	484
	Ohakune Mountain Road – Capacity improvements	79
		4,208
Pedestrian	Taumarunui Renewal and Development	14
	National Park Renewal and Development	3
	Owhango Renewal and Development	2
	Waimarino Renewal and Development	20
	Waiouru Renewal and Development	2
		41

Kerb and Channel	Taumarunui Renewal and Development	20
	National Park Renewal and Development	5
	Waimarino Renewal and Development	19
	Waiouru Renewal and Development	2
		46
Other Projects	Bus Shelters	4
	Pipiriki Boat Ramp	83
		87
Total Land Transport		4,382
<i>Water Supply</i>		
Taumarunui	Ward Street Renewal	175
	Hikaia/Morero Pipeline Renewal	98
	Refurbish Matapuna Water Reservoir Roof	19
		292
Ohura	Sludge Pond/Reservoir Control	6
		6
Owhango	Water Meters	37
		37
Ohakune	Replace UV Filters	42
	Improve Distribution System	185
	Access Bridge to Intake	53
		280
Raetihi	Fish Passage Intake	12
	Water Investigations	82
	Refurbish Service Reservoir	29
	Treatment Plant Upgrade	101
		224
Total Water Supply		839

Regulation Services	Dog Pound	105
	Rural Fire Equipment	6
Total Regulation Services		111
Recreation and Community Facilities	Mangawhero Swing Bridge	32
	Hand Driers Clyde Street Toilets	6
	District Libraries	42
Total Recreation and Community Facilities		80
Community Support	Taumarunui Pensioner Housing – Bathroom Upgrade	11
	Taumarunui Pensioner Housing - Refurbishment	197
Total Community Support		208
Investment Activity	Taumarunui Airport	5
	Reserves and Miscellaneous Unoccupied Properties	46
Total Investment Activity		51



Part Three

Financial Information

CORPORATE SUPPORT COSTS

Introduction

Corporate Support Costs is the term used to describe the inputs that are used by Council to produce agreed outputs. Inputs include finance, human resources and information technology services.

The LGA instructs Council to:

- Ensure prudent stewardship and efficient and effective use of its resources in the District (section 14 (1) (g)).
- Consider the capacity of the Council to meet statutory responsibilities now and in future decisions (section 77 (1) (b) (iii)), including those around resourcing.

The cost of providing these corporate support services is allocated to each of Council's 11 significant activities.

Strategic Goals

Council agreed Strategic Goals for each activity of Council with the Community during the development of the LTP. These Strategic Goals assist Council in working to promote the achievement of identified COs. The Corporate Support Activity works towards the following Strategic Goal:

SG1 To efficiently and effectively resource the achievement of Council's Strategic Goals to target COs.

Cost of Support Statement

Budget 2004/05 \$000	Activity Budget	LTP 2004/06 \$000	AP 2005/06 \$000
	Operating Costs		
3,252	Staffing	3,252	3,662
81	Recruitment and Training	81	105
100	Support Cost	100	115
775	Support Services	763	812
255	Direct Cost	255	339
418	Equipment Depreciation	435	409
34	Interest	154	130
4,915	Total Operating Costs	5,040	5,572
0	Operating Revenue	0	0
(4,915)	Internal Recoveries	(5,040)	(5,572)
0	Net Cost of Service	0	0
	Other Funding Requirements		
1,331	Capital Expenditure	2,711	3,831
0	Loan Repayments	37	1
1,331	TOTAL FUNDING REQUIRED	2,748	3,832
	Funded by		
913	Loans Raised	2,309	3,423
418	Depreciation Funds / Other Transfers	439	409
1,331	TOTAL FUNDING	2,748	3,832

The Cost of Support Statement discloses the cost of operations that are built into each of the 11 significant activities of Council. The support budget (above) does not represent additional costs to those in previous sections.

Please note:

1. Support Costs refer to phone charges, vehicle costs and vacation workers.
2. Support Services refer to information system maintenance and licence charges, insurances, advertising, stationery and document management, postage, and subscriptions.

Capital Expenditure Programme

Budget 2004/05 \$000	Capital Expenditure	LTP 2005/06 \$000	AP 2005/06 \$000
970	Buildings	2,405	3,525
103	Computer Software	113	113
178	Computer Hardware	113	113
30	Office Equipment	30	30
50	Vehicles	50	50
1,331	Total	2,711	3,831

Variations from the LTP Cost of Support Statement

The two main drivers for increased Corporate Support Costs are compliance requirements and changing operating environments.

Compliance Costs

The majority of the increases in compliance costs are due to additional requirements under new legislation; particularly the Building Act 2004, LGA and Local Government Rating Act 2002 (LGRA).

Building Act 2004

The Building Act was revised following the weather tightness or “leaky home” problems that surfaced in 2003. The Building Act 2004 set stricter guidelines on both the Building Industry and entities that administer it such as building consent authorities. The Building Act 2004 requires all organisations that provide building inspection services to become accredited to provide this service. In order for Council to continue to provide building inspection services, Council staff must undergo training and obtain accreditation by November 2007. This will require one additional Full Time Equivalent in Regulation Services to allow Building Control Officers to focus on building compliance. In addition, a Project Management resource will also be required to develop and guide the organisation through the accreditation process.

LGA and LGRA

The LGRA and LGA have increased the workloads for local government. The existing structure for the Financial Services Team has insufficient capacity to meet the organisation’s needs; additional human resources are required to manage the extra workloads.

Section 94 of the LGA requires Council to have its LTP audited. The cost of this audit was not provided for in the LTP and is expected to cost \$44,000.

In addition to the compliance costs brought about by changes in legislation, Council must also meet its contractual obligations to staff. Adjustment to staff costs across the organisation have been required to cater for contractual commitments in key positions.

Operating Environment

The operating environment under which the LTP was developed has changed. The two main changes in operating environment relate to service delivery and market conditions.

Service Delivery

The reconfiguration and upgrade of the Raetihi Administration Building, Ohakune Offices and Taumarunui Visitor Centre to rationalise and improve service delivery has also meant an increase in operating costs. The increase in operating costs relate to changes in staff numbers, relocation costs incurred during construction of the Ohakune Offices and additional cleaning and rental costs related to the new visitor centre.

Council has also entered into a shared service arrangement that is expected to improve Council's after-hours customer service. The revised service contract will give customers a higher level of service, more flexibility and a better response from Council.

Market Conditions

Key changes in the market such as tightened contract and employment markets and increased activity in the property market have impacted on interest expense, recruitment and training costs and direct costs.

Interest Expense

Expected debt for the 2005/06 financial year is \$22.1 million, which is 1.5 million less than shown in the LTP. The main cause of this is that the capital works programmes in 2004/05 have not progressed as planned due to delays in securing appropriate resource consents, delays in administration building renewal project, staff resource constraints and a tight contracting market that has resulted in tendered costs exceeding budgets. As a result, a number of projects scheduled to be completed in the 2004/05 year have been carried forward to the 2005/06 year. The lower than anticipated debt levels have resulted in interest expense in the AP being lower than in the LTP.

Recruitment and Training Costs

The need to improve on staff recruitment and retention outcomes has been identified and discussed with Council over the past three financial years. There are many factors that influence Council's ability to first recruit and then retain appropriately skilled, qualified and experienced staff. One important tool in retaining and attracting staff is to have an appropriate training and professional development programme. The re-establishment of a staff training and professional development programme that meets the needs of a unit of local government such as Ruapehu has been identified as a critical component of a successful human resources strategy/practice.

Property Market

The cost of valuing the properties in the Ruapehu District by Quotable Value New Zealand Limited (Quotable Value) is expected to increase from the forecast cost in the LTP. Council will be required to renew its contract for the provision of valuation services from Quotable Value in 2005/06. The new contract is expected to be higher than planned for in the LTP as a result of the increase in activity in the property market (new buildings and subdivisions etc) and resulting increase in the number of properties that will require a valuation for rating purposes.

FUNDING IMPACT STATEMENT

Introduction

Council is required under Clause 13 of Schedule 10 of the LGA to adopt a Funding Impact Statement in the AP. Rates are set and assessed under the LGRA, on all rateable rating units on the basis of values supplied by Quotable Value. A revaluation was carried out in September 2002 effective from 1 July 2003. The following outlines Council's goals in the setting of rates:

Goal	
<i>To annually raise sufficient funding by way of user charges and rates to fund Council activities as outlined in its Annual Plan, in a transparent and equitable manner.</i>	
Objectives	Targets and Measures
Provide the revenue and financing mechanisms to be used to cover the estimated expenses of the local authority for the year.	<ul style="list-style-type: none"> • Rating income is raised, with user charges, to meet and not exceed that required by Council's forecast work programme. • Council complies with the Balanced Budget requirement of Section 100 of the LGA. • Development of a Revenue and Financing Policy adopted with consultation, with each LTP. • Setting of rates is in accordance with Council's Revenue and Financing Policy, and Funding Impact Statement. • The setting of rates is in accordance with the provisions of the LGRA and LGA.
Ensure that all ratepayers pay their fair share toward the cost of Council services.	
Ensure that the incidence of rates is spread as fairly as possible over the different ratepayer groups.	
Ensure consistency in the charging of rates.	

Variations from LTP and Revenue and Financing Policy

The Revenue and Financing Policy provides for the funding of the Land Transport Activity by a targeted rate set on capital value.

Council introduced a differential to this rate following a review of its overall impact, particularly on Genesis Energy's hydro electricity generation assets. The differential, applying only to rating units used for hydroelectric generation with a CV in excess of \$50 million, will decrease the rate in the dollar on these properties by 50%. This means that for the balance of rateable rating units in the district the rate in the dollar will be 5.4% higher than it would have been if the rate had remained undifferentiated.

Council has determined that this is not a significant departure from the Revenue and Financing Policy to which Section 80 of the LGA would apply. However, in terms of that section, the Council notes:

- The differential is inconsistent with the Revenue and Financing Policy.
- The differential arose from extended consultation with Genesis Energy and analysis of levels of rating of hydro facilities in other districts, levels of rating on properties in the Ruapehu District, a consideration of all the matters identified in section 101(3)(a) of the LGA, including the benefits received from the Land Transport Activity, and the overall impact of that rate.
- It is intended that the Revenue and Financing Policy will be amended to include reference to the differential on this rate when a new LTP is adopted in 2006.

Rates Remissions and Postponements

Remissions

Council has a remissions policy developed under the LGA (Section 102 (5)(a)) and LGRA (Section 85); these can be viewed in Part Four of the LTP, available from Council offices. The objective of the remissions policy is to target each of the four well beings (social, cultural, environmental and economic). Remissions categories include non-contiguous properties, sport and community organisations, new subdivisions, Maori land and Council administration properties. The value of these remissions is as follows (GST inclusive):

Category of Rate	Value of Remission \$000 (Incl. GST)
General Rate / UAGC remissions	200
Targeted Rate remissions	104
Service Charge remissions:	
• Water charges	66
• Sewerage charges	37
• Solid Waste	80
Total	487

Postponements

Council does not have a postponement policy under Section 87 of the LGRA.

1.0 Statement of Estimated Revenue

The table below provides a summary of the estimated revenue (GST exclusive) from Council's revenue and financing mechanisms used to fund its activities for the 2005/06 financial year. Underlying assumptions are contained in the Prospectus Information Section. The funding mechanisms below were adopted by Council in accordance with Council's Revenue and Financing Policy, (Part Four of the LTP) resolved on 25 June 2003.

2004/05 \$000s	Revenue Mechanism	LTP 2005/06 \$ 000	AP 2005/06 \$000
869	Net General Rate	877	1,002
2,327	Net UAGC	2,007	2,192
220	Rate Penalties	200	200
Targeted Rates			
759	Ward Rates	769	894
3,564	District Rates	3,766	3,605
1,726	Water Supply	1,823	1,976
985	Solid Waste Management	945	931
1,273	Sewerage	1,297	1,451
758	Other Targeted Rates	754	754
12,481	Total Rates Revenue	12,438	13,005
6,765	Subsidies	6,054	6,110
Other Income			
2,024	Fees and charges	2,197	3,147
10	Dividends	10	10
142	Petrol Tax	142	150
51	Treasury	39	36
100	Interest	100	150
21,573	Total Operating Revenue	20,980	22,608
Other Funding Sources			
1,703	Loans	3,530	4,419
23,276	Total Revenue	24,510	27,027

The level of rates that are levied each year is dependant on the cost of providing Council services and the funding requirements set out in the Revenue and Financing Policy. Explanations for variances in Council expenditure for 2005/06 are found in Part Two of the AP, and in the Corporate Support Costs of Part Three of the AP. The following tables provide summaries of the Revenue and Financing Policy for all of Council's significant activities and specifies how each rate is used to fund Council's outputs.

Activity	Benefit Group	Assessed Level of Benefit	% Funding	Funding Method
Council and Committees / Mayors Office	District Benefit	100%	50%	General rate
			50%	UAGC
Community Boards	Community Benefit	100%	100%	TUAC targeted by ward
Policy and Planning	District Benefit	100%	50%	General rate
			50%	UAGC
Economic Development	National Benefit	50%	100%	Rate in dollar on capital value
	District Benefit	40%		
	Commercial Benefit	10%		
Visitor Information Centres	National Benefit	5%	45%	General rate
	District Benefit	35%		
	Community	10%		
	User Benefit Two (Promoters)	30%	55%	User fees and charges
User Benefit Three (Visitors)	20%			
Resource Management	National Benefit	5%	40%	UAGC
	District Benefit	35%	60%	User fees and charges (balance funded by the general rate)
	Applicant Benefit	50%		
Building Services	Offenders	10%	35%	UAGC
	District Benefit	15%		
	Applicant Benefit	65%	65%	User fees and charges
	Offenders	20%		

Activity	Benefit Group	Assessed Level of Benefit	% Funding	Funding Method
Animal Control	District Benefit	10%	10%	General rate
	Applicant Benefit Offenders	70% 20%	90%	User fees and charges
Environmental Health	District Benefit	30%	35%	UAGC
	Applicant Benefit/Offenders	65% 5%	65%	User fees and charges
Inspection Services	National Benefit	5%	50%	UAGC
	District Benefit	10%		
	Applicant Benefit Offenders	70% 15%	50%	User fees and charges
Emergency Management	National Benefit	10%	100%	Rate in dollar on capital value
	District Benefit	65%		
	Applicant Benefit	20%		
	Offenders	5%		
Land Transport	National Benefit	63%	63%	Subsidies
	User Benefit	37%	37%	Rate in dollar on capital value
Accelerated and Enhanced Street Development	National Benefit	5%	100%	Targeted rate capital value by rating area
	District Benefit	10%		
	Community User Benefit (businesses)	60% 25%		
Mainstreet	National Benefit	5%	75%	TUAC (North/South)
	District Benefit	10%	25%	Targeted rate (LV) commercial North (Taumarunui and National Park Village/ South (Ohakune and Raetihi)
	Community User Benefit (businesses)	60% 25%		
Sewerage	Community	20%	100%	TUAC Differentiated by Scheme. Rate in dollar National Park
	User Benefit (Public)	80%		

Activity	Benefit Group	Assessed Level of Benefit	% Funding	Funding Method
Stormwater	National Benefit	5%	100%	Targeted rate on capital value by rating area
	Ward / Community	10%		
	Urban Community	65%		
	Exacerbator	20%		
Water Supply	Community User Benefit (Public/Business)	5%	60%-90%	Ordinary users (UAC) differentiated by scheme
		95%	0%-40%	Extraordinary user (Metered Charge)
Solid Waste	District	20%	15%	UAGC
	Users	80%	85%	TUAC kerbside collection TUAC rating area (transfer stations) User fees and charges by volume
Parks and Reserves	National Benefit	5%	55%	UAGC
	District Benefit	15%		
	Community Benefit	40%	42%	UAC (North/South)
	User Benefit (Public, Clubs, Lessees)	40%	3%	User fees and charges
District Swimming Pools	District Benefit	5%	25%	UAGC
	Community Benefit User Benefit (Pool Users)	40% 55%	75%	UAC (Targeted by rating area)
Community Halls	District Benefit	5%	45%	UAGC
	Community Benefit	30%	45%	TUAC North/South
	User Benefit (Hall Users)	65%	10%	User fees and charges
Libraries	National Benefit	5%	85%	UAGC
	District Benefit	5%		
	Community	15%		
	User Benefit (Library Users)	75%	15%	User fees and charges

Activity	Benefit Group	Assessed Level of Benefit	% Funding	Funding Method
Public Toilets	National User	50%	100%	UAGC
	District User	20%		
	Community User	20%		
	District Benefit	10%		
Cemeteries	District Benefit	5%	30%	UAGC
	Community User Benefit	85%		
	User Benefit		70%	User fees and charges
Older Persons Housing	Community Benefit	5%	100% (for tenanted units)	User fees and charges
	User Benefit (Older Persons)	95%		
Agency Services	Community Benefit	20%	50%	TUAC targeted by rating area
	User Benefit (Businesses)	50%	50%	User fees and charges
	User Benefit (Service Users)	30%		
Community Initiatives	District Benefit	5%	20%	Subsidies
	User Benefit (Grant Recipient)	95%	80%	UAGC
Investment Activities	District Benefit	10%	20%	UAGC
	User Benefit	90%	80%	User fees and charges

2.0 General Rate

2.1 General Rate District (LV)

Description and Use

The General Rate District Land Value (LV) is assessed as a rate in the dollar based on land values across the District, as outlined in the Statement of Estimated Revenue (Section 1.0). The General Rate is not set differentially. The rationale for use of the General Rate Land Value is contained in the Revenue and Financing Policy, which can be viewed in Part Four of the LTP (available from Council).

Requirement in 2005/06 (incl. GST)

	Rate in Dollar	Total Revenue Requirement (\$000)
General Rate District (LV)	0.1368c	1,129

3.0 Uniform Annual General Charge

Description and Use

Council sets a Uniform Annual General Charge (UAGC) on all separately used or inhabited portions of rating units under Section 15(1)(b); LGRA, across the District, as outlined in the Statement of Estimated Revenue (Section 1.0). The rationale for use of the UAGC is contained in the Revenue and Financing Policy, which can be viewed in Part Four of the LTP (available from Council).

Basis of UAGC Set

Liability for the UAGC is attracted to each separately used or inhabited portion of a rating unit. Uniform charges will be applied according to the following principles:

- (a) Where a rating unit contains both a commercial operation and residential accommodation, two separately used parts of a rating unit are identified and will attract two sets of uniform charges.

- (b) A farming unit with one dwelling will be treated as one rating unit, with each additional dwelling counting as an additional used part of the rating unit. Each additional dwelling will attract uniform charges.
- (c) Where a single rating unit contains a number of shops or offices, each separately used or inhabited office or shop will be counted as one unit. Each office or shop will attract uniform charges.
- (d) Where a single rating unit contains a number of separately used or inhabited residential parts (block of flats), each separate unit will be counted as one rating unit. Each unit or flat will attract uniform charges.
- (e) A motel/hotel complex will not be treated on the basis of the number of rooms, but on the basis of a motel/hotel being a commercial operation. The motel/hotel complex will attract one set of uniform charges. However, should a residential occupancy be contained within the complex that would constitute an additional use. Each residential occupancy in the motel/hotel complex will attract uniform charges.

Requirement in 2005/06 (incl. GST)

Uniform Annual General Charge	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
UAGC	311	2,662

4.0 Targeted Rates

Description and Use

The Targeted Rate is a rate set on rateable assessments differentiated by some factor, such as geographic location, as outlined in the Statement of Estimated Revenue (Section 2.0). The titles of 'Targeted Rate' and 'TUAC' (Targeted Uniform Annual Charge) are used by this Council, where TUAC is a targeted rate based strictly on a uniform amount set on a rating unit.

4.1 Differentiations Used (Schedule 2; LGRA)

The following outline methods of differentiating targeted rates based on categories of land as outlined in Schedule 2 (LGRA). These represent the matters used to define categories of rateable land that the targeted rates set in 4.2 of this section apply to.

(a) Targeted Rate Differentiated on Land Use and Area

Council uses land use (Schedule 2(1); LGRA) and land area (Schedule 2(4); LGRA) to differentiate in the following ways:

Land Use and Area: Owhango Water Supply:

Owhango Dry Stock	Farms located within Owhango and with no dairy facilities
Owhango Dairy Farms Large Small	Farms located in Owhango with milking facilities: Large: Over 85ha Small: Under 85ha
Owhango Lifestyle Blocks	Farm units (not Dairy) less than 25 ha

Land Use and Area: Mainstreet Targeted Rate Categories:

Northern Mainstreet	All Commercial or Industrially zoned or used rating units (according to Council's Rating Information Database) situated within the Taumarunui (including Manunui) and National Park Townships
Southern Mainstreet	All Commercial or Industrially zoned or used rating units (according to Council's Rating Information Database) situated within the Ohakune and Raetihi Townships

Land Use - Sanitary Services Rate Categories:

Sanitary Services	Ruapehu District Council water supplies, sewerage schemes and stormwater systems provided for the purposes of community health and sustainability.
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Land Use – Land Transport Rate Categories

Hydroelectric properties	All rating units used in relation to hydroelectric power generation with a CV in excess of \$50 million
Other	All other rating units in the Ruapehu district.

(b) Targeted Rates Differentiated on Location

Council uses location (Schedule 2(6); LGRA) to assess every rating unit for the Rating Area Services rate, Combined Rating Areas Services rate, Rating Area Services Rate (CV) Mainstreet Rate, National Park Community Board Rate, and part Solid Waste Rate.

The following categories apply:

- (i) Rating Areas: Areas based on pre-October 2004 Electoral areas

Ohura Rating Area	All rating units situated within the pre-October 2004 Ohura Ward representation boundary, as indicated on RDC Plan 040504.
Taumarunui Rating Area	All rating units situated within the pre-October 2004 Taumarunui Ward boundary, as indicated on RDC Plan 040504.
National Park Rating Area	All rating units situated within the pre-October 2004 National Park Ward representation boundary, as indicated on RDC Plan 040504.
Waimarino Rating Area	All rating units situated within the pre-October 2004 Waimarino Ward boundaries as indicated on RDC Plan 040504.

Waiouru Rating Area	All rating units situated within the pre-October 2004 Waiouru Ward boundaries as indicated on RDC Plan 040504.
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(i) Wards: Areas based on October 2004 Electoral areas

National Park Ward Area	All rating units situated within the post-October 2004 National Park Ward representation boundary, as indicated on S.O. Plan 335332.
Waimarino/ Waiouru Ward and 'Southern Services Area'	All rating units situated within the post-October 2004 Waimarino/Waiouru Ward boundaries representation boundary, as indicated on S.O. Plan 335333.
Northern Services Area	All rating units situated within the post-October 2004 Ohura, Taumarunui, and National Park Wards, and indicated on S.O. Plans 36055, 36056, 335332.

(c) Targeted Rates Differentiated on Service Provision

Council uses provision or availability to the land of a service (Schedule 2(5); LGRA) to assess service charges for Water Supply, Sewerage, and Solid Waste:

Water	<u>Capable of connection</u> : The rating unit is within 100m of water main and practicably serviceable in the opinion of Council.
Sewerage	<u>Capable of connection</u> : The rating unit is within 30m of sewer reticulation and practicably serviceable in the opinion of Council.
Solid Waste Collection	<u>Capable of Collection</u> : The rating unit is in townships, from which Council is prepared to collect as identified in the Solid Waste Management Plan, and is one that Council is able and prepared to collect from.

4.2 Targeted Rate Values

(a) District Rate (CV)

Description and Use

The District Rate Capital Value (CV) is assessed as a rate in the dollar based on capital values across the District, as outlined in the Statement of Estimated Revenue (Section 1.0) for Emergency Management and Economic Development. The rate is not set differentially. Rationale for use of the rate is contained in the Revenue and Financing Policy (Part Four, LTP).

Requirement in 2005/06 (incl. GST)

District CV	Rate in Dollar	Total Revenue Requirement (\$000)
District Rate (CV)	0.0293c	497

(b) District Land Transport Rate (CV)

Description and Use

The District Land Transport Rate Capital Value (CV) is assessed as a rate in the dollar based on capital value across the District, as outlined in the Statement of Estimated Revenue (Section 1.0).

The rate is set differentially. The rationale for use of the rate is contained in the Revenue and Financing Policy (Part Four of the LTP) and the rationale for the differential is set out on page 120 of this Funding Impact Statement.

Requirement in 2005/06 (incl. GST)

District Land Transport CV	Differential	Rate in Dollar	Total Revenue Requirement (\$000)
Other	Base rate	0.2190	3,368
Hydro electric properties	50% of Base rate	0.1095	188

(c) Area Services (TUAC)Description and Use

Council has a policy of setting targeted uniform rates (TUAC) for each Rating Area based on an annual charge per separately used or inhabited portion of a rating unit (Schedule 3(7); LGRA). This charge part-funds Council swimming pools, Taumarunui Ward Committee and Agency Services, according to the Revenue and Financing Policy (Part Four, LTP).

Requirement in 2005/06 (incl. GST)

Area Services (TUAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Taumarunui Rating Area	38	127
Waimarino Rating Area	72	219

(d) Community Board (TUAC)Description and Use

Council has a policy of setting targeted uniform rates (TUAC) for each Ward Area based on an annual charge per separately used or inhabited portion of a rating unit (Schedule 3(7); LGRA). This charge is set for Community Boards (CB), according to the Revenue and Financing Policy (Part Four, LTP).

Requirement in 2005/06 (incl. GST)

Community Board TUAC	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Taumarunui	<i>Funded under TMN Area Services (TUAC)</i>	
National Park CB Area	69	73
Waimarino/Waiouru CB Area	30	93

(e) Northern/Southern Area Services (TUAC)Description and Use

Council has a policy of setting targeted uniform rates (TUAC) to part-fund the activities of Mainstreet, Parks and Reserves and Halls based on an annual charge per separately used or inhabited portion of a rating unit (Schedule 3(7); LGRA). Categories are based on location and the availability of Council services.

Requirement in 2005/06 (incl. GST)

Northern/Southern Area Services (TUAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Northern Area Services	67	358
Southern Area Services	138	445

(f) Area Services (CV)Description and Use

Council has a policy of setting targeted rates on every rating unit, by rating area, to fund the activities of Stormwater and Accelerated and Enhanced Development. The rate will be set based on capital value (Schedule 3(2); LGRA).

Requirement in 2005/06 (incl. GST)

Area Services (CV)	Rate in Dollar	Total Revenue Requirement (\$000)
Ohura Rating Area	0.0048c	18
Taumarunui Rating Area	0.0598c	217
National Park Rating Area	0.0224c	56
Waimarino Rating Area	0.0414c	234
Waiouru Rating Area	0.0046c	7

(g) Mainstreet Northern/Southern (LV)Description and Use

Council has a policy of setting targeted rates on all commercial or industrial zoned or used rating units (according to Council's Rating Information Database) to part-fund urban upgrades in the District's centres. The rate will be set on land value (Schedule 3(3); LGRA).

Requirement in 2005/06 (incl. GST)

Mainstreet Northern/Southern LV	Rate in Dollar	Total Revenue Requirement (\$000)
Northern Mainstreet	0.7755c	37
Southern Mainstreet	1.1599c	73

Note: Mainstreet is a 'grand parented' funding mechanism. Council resolved that Mainstreet type projects in future were better funded by the Ward Services Capital Value method that attributes costs to specific Wards that derive the majority of benefit. However, Council retains the Mainstreet funding method to continue funding of existing projects only.

(h) Solid Waste Disposal (UAC)Description and Use

Council has a policy of applying a targeted uniform rate (UAC) on every separately used or inhabited portion of a rating unit, by Ward (Schedule 3(7); LGRA), to fund solid waste management, excluding kerbside collection (refer to 4.3(b)). Solid waste management therefore contributes to activities including recycling and transfer stations, the District Landfill, and education initiatives.

Requirement in 2005/06 (incl. GST)

Solid Waste Disposal (UAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Ohura Rating Area	163	173
Taumarunui Rating Area	51	173
National Park Rating Area	213	202

Solid Waste Disposal (UAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Waimarino Rating Area	124	377
Waiouru Rating Area	45	8

(i) Sanitary Services (UAC)Description and Use

Council has a policy of applying a uniform annual charge equivalent to a UAGC on every community water, sewerage scheme and stormwater system, (Schedule 3(7); LGRA). Council has taken this approach because:

- Council in the past raised rate funding from ratepayers to pay rates to itself under the Revenue and Financing Policy method, and;
- The rates on Council sanitary services fund functions such as roading and economic development (under Council's Revenue and Financing Policy), meaning that Council rates its own water supplies and uses the money to fund other Council services.
- The system sets up a "money-go-round" where the users of sanitary services have been most affected.
- Continuing to pay a UAGC equivalent targeted rate is in recognition of administrative costs attracted to the management of these activities.

Requirement in 2005/06 (incl. GST)

Sanitary Services (UAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Sanitary Services		
• Council Water Supplies	311	3
• Council Sewerage Schemes	311	3
• Council Stormwater networks	311	2

4.3 Service Charges

Council applies targeted uniform charges (UAC) that apply to Water Supply, Sewerage, and Solid Waste Collection. Council also describes the funding of these services as being 'service charges' as they have a more direct link between usage and availability of the service, and charging, compared to all other types of rate.

(a) Water Supply (UAC)

Description and Use

Council has a policy of setting targeted rates for water supply according to the differential factors outlined in 4.1, and on the basis of the following limits and conditions around the supply of water (Schedule 3(8)):

User Categories:

Ordinary:	Ordinary users connected or able to be connected to the relevant water reticulation scheme.
Extra-Ordinary:	Extraordinary users who are connected or able to be connected to the relevant water reticulation scheme and are not metered. Users are deemed extraordinary by land use, by Council's Water Bylaw or by agreement with Council and charged accordingly.
Metered:	Sub-set of extraordinary users. Extraordinary users who are metered will be charged the relevant minimum annual charge in conjunction with their usage charges for water consumed.

Requirement in 2005/06 (incl. GST)

Water Supply (UAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Ordinary Users:		
• Ohura supply	605	122
• Taumarunui supply	482	1,173
• Piriaka supply	329	17
• Owhango Town supply	322	46
• National Park supply	479	131
• Raetihi supply	426	258
• Ohakune supply	366	470
• Waiouru supply	168	12
Extraordinary Users:		
• Owhango supply		
Lifestyle blocks <25ha	405	15
Dry stock farms	942	21
Small dairy farms <85ha	1,096	4
Large dairy farms >85ha	1,250	4
• National Park supply	810	15
• Raetihi supply	468	4
Metered Users		
Ohura supply	\$1.81 per m ³ (min charge \$168 per quarter)	13
Taumarunui supply	\$1.38 per m ³ (min charge \$134 per quarter)	176
Ohakune supply:	\$1.56 per m ³ (min charge \$102 per quarter)	36
• 0-500m	\$1.17	16
• 501-1500m	\$0.81	12
• >1501		
Waiouru supply	\$1.43 per m ³ (min charge \$47 per quarter)	23

Metered Water Payment Arrangements

- (a) Discount for Prompt Payment
- A discount of 10% shall be allowed for water charges paid by the discount date as stated on the water by meter account (under section 55; LGRA).
- (b) Water Billing Cycle
- The charge made for water supplied by way of meter shall be levied separately, from the other rates and charges made by Council.
 - The due date for the charges shall be the last payment date printed on the account for water supplied.
 - This account will be forwarded no later than the second week at the end of each quarter.

(b) Solid Waste Collection (UAC)Description and Use

The Solid Waste Collection Rate is levied on every rating unit to which Council provides the service, to fund the cost of kerbside collection services. Council operates kerbside collection in Taumarunui (extending to Piriaka), Ohakune, Raetihi and Rangataua townships.

Metered Water Payment Arrangements

Solid Waste Collection (UAC)	Charge \$/Rating Unit	Total Revenue Requirement (\$000)
Taumarunui	38	96
Waimarino	57	101

(c) Sewerage (UAC)Description and Use

Council has a policy of setting targeted rates to provide for the collection and disposal of sewage, in the form of annual charges based on location and number of pans. The annual charge is levied on every separately used or inhabited portion of a rating unit that is

connected or capable of being connected to a Council sewerage reticulation network.

User Categories:

Category 1	<ul style="list-style-type: none"> • 1-2 pans (water closets or urinals) • Each separately rateable property used exclusively or principally as the residence of not more than one household (defined in terms of their residential valuation land use code), is deemed to have not more than one pan for charging purposes.
Category 2	<ul style="list-style-type: none"> • 3+ pans (water closets or urinals) • Commercial land uses (as defined by land use category) with more than one pan
Category 3	Primary and Secondary Schools

Other Financial Treatments:

Rangataua Scheme: Council has a policy of setting an annual charge per separately used or inhabited portion of a rating unit, based on the above categories, to fund a loan raised to fund capital costs of the Rangataua scheme. This charge will be levied on every rating unit in Rangataua that has not made a lump sum contribution to the scheme.

National Park Scheme: National Park Village is rated as a rate per dollar of land value for Category 1.

Requirement in 2005/06 (incl. GST)

Sewerage (UAC)	Charge \$/Rating Unit	Total Requirement (\$000)
Category 1-		
• Taumarunui	348	728
• National Park	3.3437c	159
• Ohakune	190	219
• Raetihi	284	152

Sewerage (UAC)	Charge \$/Rating Unit	Total Requirement (\$000)
Category 1-		
• Pipiriki	633	15
• Rangataua	323	50
• Rangataua (debt)	167	14
• Waiouru	371	29
Category 2-		
• Taumarunui	209	155
• National Park	172	28
• Ohakune	114	55
• Raetihi	170	16
• Pipiriki	380	3
• Rangataua	194	1
• Rangataua (debt)	108	0.3
• Waiouru	222	17
Category 3		
• Taumarunui	103	17
• National Park	85	0.5
• Ohakune	56	3
• Raetihi	84	3
• Pipiriki	187	1

5.0 Rates Payments

Due Date	
1st Instalment	20 September 2005
2nd Instalment	20 January 2006
3rd Instalment	22 May 2006

Water supply metered charges are subject to a separate payment and discount regime. The discounts outlined below do not apply to water supply metered charges.

5.1 Discounts for Payment in Full

- A discount of 3% on all current year's rates will be granted for prompt payment if the rates are paid in full by 9 September 2005, for the year ending 30 June 2006, on condition that no rates remain unpaid from previous years.

5.2 Penalties

- An additional charge of 10% will be added to rates levied in the 2005/06 financial year and which remain unpaid after the above due dates.
- A further additional charge of 10% will be added to all rates and penalties charged in previous years and still outstanding after 11 July 2005 and 10 January 2006.
- Council delegates authority to the Team Leader Treasury Services to apply penalties on unpaid rates. Remission of penalties will be considered according to Council's "Remission of Penalties" Policy contained in Part Four of the LTP.

6.0 Departure from LTP Funding Impact Statement

- Differential on the Land Transport Rate – for reasons set out earlier in this Funding Impact Statement (page 120 of the AP).

PROSPECTIVE FINANCIAL INFORMATION

This information is prepared following the provisions of FRS29.

The purpose of this AP is to focus on the coming financial year and to report any variations from the forecast work plans and budgets set out in the LTP for the 2005/06 financial year. The LGA (Schedule 12 (1) and Schedule 13) states that an Annual Plan must include forecast financial statements and a Funding Impact Statement for the year to which the Annual Plan relates.

The approach taken to budget development has been that of preparing 'forecasts' on a best estimate basis. In this case, a forecast refers to financial information based on assumptions as to future events Council expects to occur and on the basis of Council's expected response to these events. Council has not taken an approach where hypothetical ("what-if") projections are used.

The figures presented are budgeted. However the opening balance of the 2005/06 year is based on the estimated actual result, for the 2004/05 financial year, with this estimation having been made in February 2005.

The major limitation of the forecasting approach, as with any approach, is that events may change over time that undermines the accuracy of assumptions made. These changes over time could be material. Another limitation is that 'actual' performance of the Council may differ from that budgeted, which has a flow-on effect through financial information.

The review of assumptions underlying the financial information was undertaken in preparation of the AP, between December 2004 and March 2005. However, the assumptions themselves have been

adopted by Council resolution as part of the AP document following deliberations in on 24 June 2005.

Copies of Council's adopted Annual Plan 2005-2006 may be requested free of charge from any Ruapehu District Office from early July 2005, or viewed on Council's website; www.ruapehudc.govt.nz.

The following assumptions are made:

- (a) Forecasts are based on future events Council reasonably expects to occur and the responses Council reasonably expects to take. These can be tracked through the issues section of each activity of Council outlined in Part Two of the AP, and in the Corporate Support Costs of Part Three; AP.
- (b) The underlying assumptions of expenditure and revenue forecasts for all activities were completed in the period between December 2004 and March 2005.
- (c) Budgeted, not 'actual', figures have been used.
- (d) All figures are in 2005 New Zealand dollars.
- (e) No allowance has been made for inflation.
- (f) Forecasts do not assume significant growth in terms of rateable assessments or number of service connections over the planning period.
- (g) Interest return on short-term investments is based on 5.5% per annum.
- (h) Public debt will have an assumed average interest rate of between 7.0 and 7.5% per annum.
- (i) Best estimate assumptions around asset condition, lifecycle and demand management are found in Council's Asset Management Plans. This planning information is considered by Council to be reasonable and supportable, and is consistent with these AP forecasts.
- (j) No major changes are forecast in the nature of Ruapehu District Council's mode of service delivery or any substantial

asset disposals, outside of discussions in each activity section of Part Two; AP.

- (k) No changes are forecast to current arrangements for funding and service delivery outside of discussions in each activity section of Part Two; AP.
- (l) The AP assumes that Ohura Prison will close halfway through the 2005/06 financial year, this will impact on Ohura Water Supply. The future of Ohura Water Supply will be consulted on during the 2005/06 year. The impact of any changes to service delivery will be modelled in the LTP 2006-2016.
- (m) The forecast financial information has been prepared in accordance with Council's current accounting policies as outlined in this section of the AP. The Council is aware that it may have to alter some of its accounting policies in the future as a result of the Accounting Standards Review Board's decision to adopt International Financial Standards as the basis for New Zealand financial reporting standards, for periods commencing 1 January 2007. However the forecast financial information presented in the AP does not take into account the potential impact on the Council of this change as this impact is not yet known.

STATEMENT OF PROSPECTIVE FINANCIAL PERFORMANCE

The Statement of Financial Performance is the recognition and measurement of income and expenses of Council within a defined period. From this it can be determined whether there will be a surplus or deficit in the year ahead.

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Expenditure:		
1,832	Representation and Policy	1,856	1,949
670	Economic Development	669	729
1,143	Regulation Services	1,116	1,351
8,377	Land Transport	7,648	8,567
1,287	Sewerage	1,280	1,435
377	Stormwater	396	505
1,935	Water Supply	2,007	2,247
1,563	Solid Waste	1,558	1,546
1,598	Recreation and Community Facilities	1,665	1,715
499	Community Support	466	500
318	Investment Activities	207	294
19,599	Total Expenditure	18,868	20,838
	Operating Revenue:		
(12,479)	Rates Income	(12,437)	(13,005)
(8,790)	User Fees and Charges	(8,252)	(9,257)
(100)	Interest on Investments	(100)	(150)
(10)	Dividends	(10)	(10)
(142)	Petrol Tax	(142)	(150)
(51)	Internal Treasury Income	(39)	(36)
(21,572)	Total Revenue	(20,980)	(22,608)
(1,973)	(Surplus)/Deficit	(2,112)	(1,770)

STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

Ruapehu District Council is a local authority established under the LGA. The Ruapehu District Council group consists of RDC and its subsidiary RDC Holdings Ltd (100% owned). The financial statements and group financial statements have been prepared in accordance with the requirements of Section 283 of the LGA and generally accepted accounting practices recognised as appropriate and relevant for the reporting of financial information in the public sector. As Council's subsidiary is not trading, separate disclosure of parent and subsidiary is not necessary.

Measurement Base

The measurement base adopted is that of historical cost modified for the revaluation of certain investments, land and buildings and infrastructural assets. Accrual accounting is used to measure the costs of services provided and to recognise revenue. Reliance is placed upon the fact that the Council is a "going concern".

Accounting Policies

(a) Revenue Recognition

Subsidy revenue is recognised when expenditure has been incurred and the claim for subsidy processed. Rates are recognised on the due date for each instalment. Other revenues are recognised when the service is provided. Dividends are recognised on an accrual basis net of imputation credits.

(b) Accounts Receivable

Accounts receivable are stated at expected realisable value after providing for doubtful debts and un-collectable debts.

(c) Inventory

Inventory is stated at the lower of cost (determined on a weighted average basis) and net realisable value.

(d) Investments

Shares are valued at the lower of cost and net realisable value. All other investments are valued at cost. The Council holds a 3.93% investment in the Joint Wanganui District Council's Forestry Committee. This investment is recorded at net asset backing.

(e) Investment Properties

Properties that fall within the accounting definition of investment properties are revalued annually at market value by an independent registered valuer. The result of the revaluation is credited or debited to the Statement of Financial Performance. There is no depreciation on investment properties.

(f) Fixed and Other Non-current Assets

(i) Fixed assets consist of:

- **Operational Assets-** These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.
- **Restricted Assets-** Restricted assets are parks and reserves owned by the Council that provide a benefit or service to the Community and cannot be disposed of because of legal or other restrictions.
- **Infrastructural Assets-** Infrastructural 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, sewer reticulation includes reticulation piping and sewer pump stations.

(ii) Valuation:

All assets are valued at historical cost, except the following:

- **Operational Land and Buildings** are valued at net current value by Quotable Value in accordance with FRS 3 on a three yearly basis. (Last valued - 30 June 2003).

- **Restricted Land and Buildings** are valued at net current value by Quotable Value in accordance with FRS 3 on a three yearly basis. (Last valued - 30 June 2003).
- **Infrastructural Assets** have all been valued at depreciated replacement cost. All infrastructural assets have been valued at depreciated replacement value by DTZ New Zealand Ltd as at 1 July 2004. The land under roads has been brought to account by determining the total land area and multiplying this by an average District land value determined by the most recent Government valuation.
- **Library Collections** were valued at depreciated replacement cost as at 30 June 1997 by Ruapehu District Council staff. Council has elected not to revalue its Library collection.

All valuations, apart from the Library collections, are carried out in accordance with FRS 3 by independent qualified valuers and are carried out on a three-yearly cycle. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Financial Performance.

(iii) Additions:

Additions between valuations are recorded at cost. Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

(g) Depreciation

Depreciation is provided on all fixed assets other than land, road formation and items under construction at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their remaining useful lives. The annual rates applied are:

Fixed Assets	Rate	Depreciation Method
Buildings	1% - 2%	Straight Line
Computer equipment	40%	Diminishing Value
Computer software (core financials)	12.5%	Straight Line
Office equipment, furniture and fittings	20%	Diminishing Value
Library Books	8%	Straight Line
Motor vehicles and other equipment	10% - 30%	Straight Line

(h) Infrastructural Assets

Infrastructural assets are depreciated on a straight-line basis. The useful lives are as follows:

Roads	- Top surface (seal)	20 years
	- Pavements base course	100 years
	- Formation	NA (not depreciated)
	- Culverts	60-100 years
	- Footpaths	80-100 years
	- Kerbs	80-100 years
	- Signs	10-15 years
	- Streetlights	10-15 years
	- Bridges	70-100 years
	Water Reticulation	- Pipes
- Valves, Hydrants		25-50 years
- Pump stations		10-60 years
- Tanks		25-100 years
Sewerage Reticulation	- Pipes	50-80 ¹ years

Roads	- Top surface (seal)	20 years
	- Manholes	50 years
	- Treatment Plant	10-100 years
Stormwater Systems	- Pipes	50-60 ¹ years
	- Manholes, cesspits	50 years
Stopbanks		NA (not depreciated)

1 - Life depends on material type of pipe

(i) GST

All amounts in the financial statements are stated exclusive of GST except Accounts Receivable, Contract Retentions, and Accounts Payable that are stated inclusive of GST.

(j) 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 AP 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.

(k) Financial Instruments

Council is party to financial instruments as part of its normal operations. These financial instruments include bank accounts, investments, debtors, creditors and loans. All financial instruments are recognised in the Statement of Financial Position and all revenues and expenses in relation to financial instruments are recognised in the Statement of Financial Performance. With the exception of loans, which are recorded at cost, and those items covered by a separate accounting policy, all financial instruments are shown at their fair value.

(l) Employee Entitlements

Provision is made in respect of the Council's liability for annual leave, long service leave, and retirement gratuities. Annual leave has been calculated on an actual entitlement basis at current

rates of pay while the other provisions have been calculated on an actuarial basis at current rates of pay.

(m) Leases

Leases of fixed assets, where substantially all the risks and benefits incidental to the ownership of the asset are transferred to the Council, are classified as finance leases. The leased assets and corresponding liabilities are disclosed. The leased assets are depreciated over the period the entity is expected to benefit from their use. Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased item, are charged as expenses in the periods in which they are incurred.

(n) Equity

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

- Ratepayers Equity,
- Restricted reserves (Special Funds),
- Council created reserves (Special Funds),
- Asset revaluation reserve,

(o) Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council. Restricted reserves are those reserves subject to specific conditions accepted as binding by the Council and which the Council may not revise without reference to the Courts or third parties. Transfers from these reserves may be made only for certain specified purposes or when certain specified conditions are met. Council created reserves are reserves established by Council decision. The Council may alter them without reference to any third parties or the Courts. Transfers to and from these reserves are at the discretion of the Council.

(p) Statement of Cashflows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which the Council invests as part of its day to day cash management. This Statement of Cashflows is divided into the following three parts:

- (i) 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. Agency transactions (the collection of Council rates) are recognised as receipts and payments in the Statement of Cashflows given that they flow through the Council's main bank account.
- (ii) Investing activities are those activities relating to the acquisition and disposal of non-current assets.
- (iii) Financing activities comprise the change in equity and debt capital structure of the Council and group.

(q) Cost of Service Statement

The Cost of Service Statements, as provided in Part Two of the AP, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

- (i) Cost Allocation-
Ruapehu District Council has derived the net cost of service for each significant activity of the Council, using the cost allocation system outlined below.
- (ii) Cost Allocation Policy-
Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information.
- (iii) Criteria for Direct and Indirect Costs-
"Direct Costs" are those costs directly attributable to a significant activity. "Indirect Costs" are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

(iv) Cost Drivers for Allocation of Indirect Costs-

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

Changes in Accounting Policies

There have been no changes in accounting policies since the date of the last audited financial statements. All policies have been applied on a basis consistent with prior years.

STATEMENT OF FORECAST MOVEMENTS IN EQUITY

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
(210,029)	Equity at beginning of year	(211,962)	(240,402)
(1,973)	Net (surplus)/Deficit for the year	(2,112)	(1,770)
40	Adjustment FRS 15	(107)	(109)
(1,933)	Total recognised revenue and expenses for the year	(2,219)	(1,879)
(211,962)	Equity as at end of period	(214,181)	(242,281)

STATEMENT OF FORECAST CASHFLOWS

The Statement of Prospective Cashflows reflects the movement of cash in and out resulting from transactions with external parties.

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
	Operating Activities:		
6,147	Net Cashflow from Operating Activities	6,295	6,453
	Investing Activities:		
(7,850)	Net Cashflow from Investing Activities	(9,825)	(10,871)
	Financing Activities:		
1,703	Net Cashflow from Financing Activities	3,530	4,418
0	Net Cash Inflow (Outflow):	0	0
1,244	Opening Cash Balance	1,244	1,244
1,244	Closing Cash Balance	1,244	1,244

STATEMENT OF FORECAST FINANCIAL POSITION

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
	EQUITY:		
(186,346)	Ratepayers Equity	(188,542)	(186,864)
(423)	Special Funds	(446)	(422)
(25,193)	Asset Revaluation Reserves	(25,193)	(54,995)
(211,962)	Total Equity	(214,181)	(242,281)
	ASSETS:		
1,244	Cash and Bank Deposits	1,244	1,244
53	Inventory	53	58
1,635	Accounts Receivable & Prepayments	1,635	1,635
1	Current Investments	0	0
2,933	Total Current Assets	2,932	2,937
	Non Current Assets:		
796	Term Investments	797	797
2,074	Investment Properties	2,074	2,475
11,970	Fixed Assets	14,254	14,723
217,869	Infrastructural Assets	221,225	246,898
232,709	Total Non Current Assets	238,350	264,893
235,642	Total Assets	241,282	267,830
	LIABILITIES:		
(1,417)	Accounts Payable & Accruals	(1,415)	(1,407)
(280)	Income in Advance	(280)	(280)
(331)	Bonds, Deposits & Trust Funds	(331)	(331)
(706)	Accruals & Provisions	(706)	(706)
(3,300)	Public Debt Current Portion	0	(2,700)
(6,034)	Total Current Liabilities	(2,732)	(5,424)
	Non Current Liabilities:		
(16,811)	Public Debt Term Portion	(23,641)	(19,442)
(835)	Accruals and Provisions	(728)	(683)
(17,646)	Total Non Current Liabilities	(24,369)	(20,125)
(23,680)	Total Liabilities	(27,101)	(25,549)
211,962	NET ASSETS	214,181	242,281

The following variances in Council's net position have been identified in the following areas:

- The increases in assets have occurred mainly as a result of revaluation of infrastructural assets and investment properties.
- The reduction in fixed assets is a result of some projects not progressing
- The decrease in the total liabilities has occurred mainly as a result of Capital Projects not progressing as planned the consequent effect is a lower level of public debt.

FORECAST STATEMENT OF PUBLIC DEBT

The Forecast Statement of Public Debt indicates the net movements in public debt as a result of refinancing existing debt and new debt to fund capital programmes.

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
	LOAN SUMMARY		
	External Loan Balance:		
18,408	Opening Loan Balance	20,111	17,723
1,703	Net Loans Required	3,530	4,419
20,111	Closing Loan Balance	23,641	22,142

BORROWING NEEDS PROGRAMME

The Borrowing Programme for 2005/06 is outlined in the Statement of Public Debt. The programme for 2005/06 comprises of new loans totalling \$4.4 million. The form that borrowing will take and the way in which it will be issued to the market will depend on market conditions.

Funding the payment of interest and principal is treated in the same manner as the funding of any other costs associated with an activity of Council, i.e. debt servicing related to sewage disposal systems will be met by the same funding mechanisms as other costs associated with sewage disposal. In addition to these financial needs, Council may take the opportunity to refinance existing debt issued under previous mechanisms if this can be achieved in a cost efficient manner.

SIGNIFICANT FINANCIAL RELATED CHANGES

Part Two and the Corporate Support Costs in Part Three of the AP provides explanations for significant deviations from the LTP from the 2005/06 year.

OTHER DISCLOSURES

LTP 2004/05 \$000		LTP 2005/06 \$000	AP 2005/06 \$000
Reserve Contributions:			
22	TBC Reserve Contribution	23	22
55	TBC Subdivision Contributions	58	55
48	OBC Reserve Contributions	51	48
5	Waimarino Reserves	5	5
35	Ohakune Parking Contributions	37	35
37	OBC Roothing Contributions	39	37
Special Funds:			
151	ECNZ Stratford Huntly Amenities	159	150
13	ECNZ Wanganui River Amenities	16	13
57	Mayoral Relief Fund	60	57
423	Total	448	422
Trust Funds:			
40	TBC Silver Band	42	40
6	WDC Ngauruhoe Lodge	6	6
46	Total	48	46

BALANCED BUDGET TREATMENT

Council aims to set each year's forecast revenue at a level sufficient to meet that year's operating expenses as outlined in Section 100(1); LGA. However Council considers there to be several reasons why it is financially prudent to set projected operating revenues at a level insufficient to cover operating cost (including depreciation). This will only be proposed after considering the following (Section 100(2); LGA):

- The affect such a practice would have on maintaining agreed levels of service with the Community,
- The affect on asset capacity and ongoing maintenance as outlined as required through Asset Management Plans,
- The affects on intergenerational equity, and
- The affects on Council's funding policies.

The following outline variations from Council's normal practice of fully funding in the year where costs lie.

Activity	Deficit / (Surplus)		Comment	Deficit / (Surplus)
	LTP 2004/05 \$000	LTP 2005/06 \$000		AP 2005/06 \$000
Regulation Services	32	33	The deficit in this Activity reflects the use of past surpluses.	120
Recreation and Community Facilities	117	37	This deficit reflects the non-funded depreciation on Community Halls. Community Halls are only being maintained. Future viability will be assessed.	63
Community Support	56	239	This deficit reflects the non-funded part of depreciation on older persons housing. The future configuration of this service is being assessed.	47
Investment Activities	17	9	The deficit in this Activity reflects the use of past surpluses.	82