Te Kaunihera-ā-Rohe Ruapehu
Ruapehu District Council

Annual Plan 2026/2027

Raetihi Water Treatment Plant

2026/27 is the final year Council will supply and rate for water services before the new Water Services Council Controlled Organisation established with Whanganui District Council assumes responsibility from 1 July 2027.

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Message from the Mayor

I am pleased to present Ruapehu District Council's 2026/27 Annual Plan - the last under our current ten-year 2024/34 Long-Term Plan before it is renewed for the 2027/37 period next year.

Delivering on our rates commitment
Council has adopted an average rates increase of 8.7% for 2026/27, delivering on our commitment to hold average increases to 9% for each of the first three years of the Long-Term Plan.

Achieving this outcome was challenging. Ongoing cost pressures - including new infrastructure, depreciation, KiwiSaver contributions, debt servicing, and electricity costs for new water treatment plants - combined with reduced Government funding meant the initial funding requirement pointed to a rates increase closer to 15%. Many of these pressures are largely outside Council's control.

To reach 8.7%, we made carefully targeted spending reductions where we could and identified internal savings. These included lower legal expenditure, pausing some planned improvement works and grant funding, and reducing pest control and consultant expenditure.

In each case, we are satisfied these savings can be safely managed without reducing levels of service or adding undue risk to assets or communities. Any deferred improvement works will still be completed at a later date with all other maintenance proceeding as budgeted.

Severe weather events in 2025/26 caused significant damage to local roads. The impact of this extra expenditure was offset with access to a higher Government emergency works co-funding rate of 95%.

Our Work Programme
Overall, changes to our work programme remain within the framework of the Long-Term Plan and are not significant. Although formal consultation was not required, we still sought community feedback through district-wide public meetings.

Our largest area of operational expenditure remains land transport at $28.8 million (43% of total operating expenditure), followed by three waters services at $13 million (20%). We are planning $13.8 million in capital works over the year.

Council's total projected revenue of $63.5 million breaks down as follows:

Source	Amount	Share
Targeted Rates	$19.1m	30%
General Rates	$18.2m	29%
Subsidies and Grants	$21.4m	34%
Fees and Charges	$4.0m	6%
Other	$0.7m	1%

Water Services
This Annual Plan is the last in which Council will supply and rate for water services directly. From 1 July 2027, a new Water Services Council Controlled Organisation (WS-CCO), established jointly with Whanganui District Council, will assume responsibility for delivering water services and setting water charges.

We understand many ratepayers are concerned about future water costs. Council is actively working to have affordability and equitable pricing commitments reflected in the WS-CCO's foundational documents.

The transition will also create financial challenges for Council - particularly around stranded overhead costs - and we are working with Whanganui to mitigate these impacts.

Impact of high fuel prices
Higher fuel prices driven by global pressures including the Middle East conflict, present ongoing uncertainty. Ruapehu District Council has business continuity plans in place to keep essential services running through any supply disruptions or cost spikes. If fuel supplies are constrained, some service levels may temporarily reduce until conditions ease - for example, deferring non-essential maintenance.

Looking ahead – new ten-year Long-Term Plan 2027/37
As we prepare next year's 2027/37 Long-Term Plan, several significant issues require careful consideration. These include the possibility of rates capping and local government reorganisation under the Government's Simplifying Local Government reforms.

In response, Council is proactively reviewing and costing all services to understand what a 2–4% rates range would require and is assessing the pros and cons of potential amalgamation options.

Optimism for Ruapehu despite challenges
Despite considerable uncertainty about the future shape of local government, Council remains focused on serving our communities, advocating for their needs, and ensuring the district's long-term resilience and sustainability.

We remain optimistic about Ruapehu's future, and we encourage all residents, ratepayers, and stakeholders to stay informed, get involved, and help shape the decisions that matter to our communities.

What is this Document?

This Annual Plan 2026/27 is the budget and work programme for 1 July 2026 to 30 June 2027, which is year three of the Long-Term Plan 2024-34 and is intended to be read in conjunction with that document.

Through this Annual Plan, we are making some adjustments to our work and funding approach. We have needed to find a balance that allows us to continue to deliver on our LTP priorities while fairly distributing costs between current and future ratepayers in an extraordinary financial environment.

Our Planning Cycle

Long-Term Plan

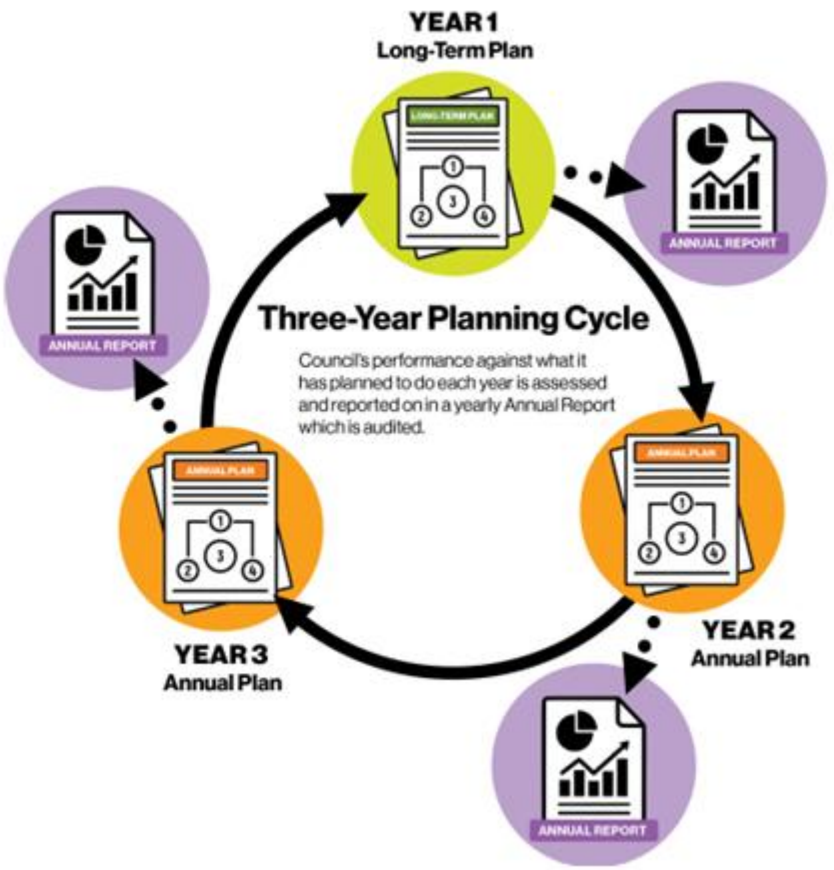
The Long-Term Plan is one of the Council's most important documents. It outlines what we plan to do over a ten-year period, why we plan to do it, how much it will cost, and how it will be funded. It explains how the Council intends to contribute to community wellbeing and how progress will be monitored. LTPs are required by law and are prepared every three years in consultation with the community. Our Long-Term Plan 2024-34 was adopted in June 2024.

Annual Plan

Annual Plans are required in the years between LTPs. An Annual Plan provides an opportunity to make any necessary refinements to what we had planned in the LTP for that year.

Annual Report

Annual Reports are produced at the end of each financial year (30 June). They report back on how we performed against what we set out in our LTP and Annual Plan 2026-27.



Our Priorities and Strategic Framework

The Council is here to work for and represent the interests of our communities and the Ruapehu District. We work to ensure the wellbeing/hauora of our communities and District, for today and into the future.

Ruapehu communities look to Council to support their overall wellbeing, beyond the provision of our 'traditional' core services. Despite the progress we have made over recent years we are also aware that not everybody is benefiting and that there are some pockets of high deprivation and associated social issues in our community.

The Council developed a strategic framework, including our values, purpose, vision, and the environmental outcomes we aim for. It guides our focus, service levels and performance indicators.

Guiding Pillars

The Strategic Framework is guided in its implementation by Council commitments to Te Tiriti o Waitangi and to assist with providing Strong Leadership, Advocacy and Financial Stewardship.

Te Tiriti o Waitangi

The intention of the Te Tiriti o Waitangi pillar/pou is to acknowledge the importance of Te Tiriti to our District. Council acknowledges these responsibilities are distinct from the Crown's Treaty obligations and lie within a Ruapehu District Council context. We recognise our unique responsibilities under Te Tiriti o Waitangi within the Ruapehu District, emphasising partnership, participation of Māori, and protection of Māori rights.

Strong Leadership, Advocacy and Financial Stewardship

The pillar of Strong Leadership, Advocacy and Financial Stewardship underlines our dedication to advocating for accessible, affordable services and managing our resources transparently and responsibly.

Our Values

Our values serve as foundational principles that guide decision-making, behavior, and culture providing a moral compass and a shared sense of purpose that underpins Council's identity and operations.

Kaitiakitanga	Environmental stewardship	Manaakitanga	Whanaungatanga	Rangatiratanga	Accountability
Guardianship		Care for others	Upholding relationships	Enabling others	

Our Purpose

We want communities to have a say in local decisions, take action together and aim to make communities better now and in the future by focusing on wellbeing, the economy, the environment, and culture.

Our Vision

We are proud of the place we call home.
Ruapehu District Council celebrates its diverse communities who are connected to their environment and each other.

Our Outcomes

We seek to create resilient infrastructure, thriving communities, prosperous businesses connected to their surroundings, a healthy environment, and a diverse, engaged workforce valuing people, teamwork, and continuous improvement.

COMMUNITY	COMMUNITY	COMMUNITY	COMMUNITY	ORGANISATION
Our infrastructure assets and services are resilient and fit for purpose.	Our communities are thriving and enabled to pursue their aspirations.	Our businesses are prosperous and connected to their community.	Our natural and built environment is healthy strong, and safe.	Diverse, positive, engaged workforce that values people, teamwork & continuous improvement.

Our community and organisation outcome goals

COMMUNITY	COMMUNITY	COMMUNITY	COMMUNITY	ORGANISATION
• All Council-owned assets consistently meet required compliance standards. • All Council-owned assets are resilient and future-proof.	• Each community is supported to develop and implement a local community plan. • Council encourages initiatives that promote social connection and self-determination. • Council's public spaces are safe and accessible for all. • Council's strategic partnerships contribute to the wellbeing of our district.	• The Ruapehu business community is growing and diversifying. • Stable employment opportunities across the district are increasing. • Council's regulatory activity supports safe, healthy business and community activity.	• Council meets its natural and built environment targets as set by central government. • Council is an influential local voice at a regional and national level on issues that affect our unique environment. • Council strategic objectives contribute to the environmental wellbeing of our district.	• We give effect to our values in all we do. • We deliver meaningful solutions. • We work with other organisations to get best results for our district. • We communicate effectively. • We work within relevant legislative and accounting requirements.

Our Roles

Council promotes wellbeing in our district by serving in these roles:

Partner	Advocate & Influencer	Service Provider	Connector	Funder	Regulator
		24/7			

Te Tiriti o Waitangi

Strong Leadership, Advocacy and Financial Stewardship

Why do we need to make changes from the Long-Term Plan?

Every three years, Council prepares a Long-Term Plan that sets out what we plan to do and how we will pay for it over the next ten years. Each year, the Annual Plan gives us a chance to make changes if things have changed unexpectedly or new opportunities come up.

Over the past year, Ruapehu has faced a lot of change. Both locally and internationally affecting our communities, businesses and Council services.

Conflict in the Middle East has disrupted the Strait of Hormuz, one of the world's main oil shipping routes. This has caused fuel prices to rise around the world because oil has become more difficult and expensive to transport. While Council has not made direct changes to the Annual Plan because of this, higher fuel costs are affecting transport, businesses and everyday living costs across the district.

At the same time, the cost of living continues to put pressure on households. The price of groceries, power, insurance, and housing has increased, leaving many families with less money to spend. More people are focusing on essential items only, which also affects local businesses and slows economic activity in the district.

Council is also affected by rising cost pressures. Electricity costs have increased, particularly for our new water treatment plants, which require significant power to operate. Infrastructure and maintenance costs have also risen due to higher material prices driven by inflation, while increased fuel costs have made it more expensive to operate machinery and transport materials across the district. These pressures also affect the "wear and tear" on Council assets, as the cost of replacing infrastructure is now significantly higher than in previous years. There has also been a mandatory lift to the minimum employer contributions to KiwiSaver by 0.5%, where even a small contribution can cause higher staffing and operating costs.

Ruapehu's economy has also faced ongoing challenges in recent years, including the closure of the WPI mills, the Chateau Tongariro Hotel, and continued disruption to the ski industry. In response, Council has been working to grow other parts of the local economy and reduce our reliance on winter snow tourism. One key focus is expanding our cycling and walking trail network, including the Timber Trail and Mountains to Sea – Ngā Ara Tūhono. With continued government support, this network could generate up to $60 million each year for the local economy and support more than 400 jobs.

Extreme weather over the past year has caused millions of dollars of damage to roads and infrastructure across the district. Alongside the physical damage, these events have disrupted travel, affected local businesses, increased stress on residents, and added extra costs for repairs and emergency response. Recovery and clean-up work continued well after the event itself, and is causing significant disruption to our roading portfolio with clean up work continuing into the 2026/27 Financial Year.

Essentially, costs are rising and Council needs to make savings where possible to keep delivering services and maintaining infrastructure. What was originally budgeted in the Long-Term Plan is no longer enough to cover the costs we are now facing, which is why changes have been made in this Annual Plan.

At the same time, Council understands the financial pressure many households are already under. With that in mind, Council has adopted an average rates increase of 8.7% for the 2026–27 year. The next page outlines the key changes included in this year's Annual Plan.

What have we changed this year?

Changes to our Annual Plan this year recognises that affordability is a key concern for the community and so, we are constraining levels of service in key areas to achieve an increase in rates revenue of 8.7%

Deferring planned maintenance
Council has taken the opportunity to defer some planned maintenance activities to reduce costs within the current year. Deferring planned maintenance is not a sustainable option as the works that have been programmed are necessary to ensure that the assets perform as expected, and in a cost-effective manner, however, Council is choosing to do so to provide short-term relief to ratepayers while we fully assess our budgets and levels of service for the 2027-37 Long-Term Plan.

In our roading area, we have opted out of our planned year-on-year lift of maintenance for our roads and footpaths outlined in the Long-Term Plan, saving our ratepayers approximately $0.4 million this year. Council had included a lift in maintenance in each of the three years of the Long-Term Plan to address a perceived deficit in our maintenance spend, bringing it to a level that would be sustainable for the roading network in the long-term/

We are also creating $100,000 savings by delaying maintenance in our cycleways. Maintenance costs are higher than was forecast in the Long-Term Plan and budgets will be constrained to Long-Term Plan levels (rather than actual costs) while they are reassessed for the 2027-37 Long-Term Plan.

In our waters area, we are saving our ratepayers around $0.33 million this year by delaying maintenance activities in our new Water Treatment Plants. This is a minor change from the Long-Term Plan, however, this is expected to shift these costs to Council's future Water Services Entity, which will be required to increase maintenance in later years, or find savings, to recover from the deferred work.

Carefully limiting increases to levels of service
Council approved $190,000 in September 2025 to address dangerous trees within the district that pose a serious risk of injury or death for members of the community. Council has previously included budget for this activity however none was budgeted in the current Long-Term Plan.

To address this gap, Council is including $50,000 in 2026/27 for managing dangerous trees. This is less than the $100,000 initially proposed by Council staff, with the budget put toward targeting the highest risk trees and appropriate budgets for long-term management being proposed for the 2027-37 Long-Term Plan.

Council approved $740,000 to finish work on upgrading rest homes previously managed by the Waimarino Rest Home Trust, bringing these units up to modern healthy homes standards so that they can be tenanted once again.

Council has also added $60,000 budget to manage the costs of six recycling bins in Raetihi. These bins were installed to manage recycling from tourists; however, it has proved to be a challenge to manage due to overfilling and unsuitable use, resulting in unbudgeted costs in previous years. Council considered removing these bins to lower rates, however, acknowledged the strong interest from the Raetihi community and included budget to manage these for the 2026/27 financial year.

Other changes
We have also made various organisational cost reductions within our budget this year, saving our ratepayers $0.44 million. This includes reducing our legal fees, delaying the funding of our Regional Spatial and Land Use Plan development, temporarily stopping community grants funding for Iwi Development activities, reducing pest control costs for Council's administration building, and spending less on our consultants across the organisation.

Council has substantially increased the amount of activity in Roading and reprofiled the costs to accommodate the emergency works generated by last year's extreme weather. This has primarily been done by lowering planned works by $2 million, and increasing emergency works from $2 million to $7 million. This saves ratepayers approximately $250,000, as emergency works receive a 95% subsidy from the New Zealand Transport Agency, up from the 75% for the standard work programme.

Lastly, Council has partially unwound a decision that it made in the 2025/26 Annual Plan, where funded depreciation in roading was lowered by $800,000, with 3 waters depreciation increased by the same amount to balance the rating increase across the District.

In this Annual Plan the Council has increased rates to recover $260,000 of this funding, leaving $540,000 that will need to be recovered in future years to "catch up" this funded depreciation. This must be recovered from general rates in upcoming years, as decisions on water services funding will be made by Council's planned Water Services Organisation.

Note that Council has been funding approximately 37% of its water depreciation for the past four years, amounting to $2.5 million of savings per annum for water users (or approximately $500 per property connected to Council's water networks). Over the past four years, the cumulative deferred depreciation on water assets will reach almost $9.4 million in total or about $1,800 per water user.

Not only will Council need to recover the depreciation on its roading assets from ratepayers, the new organisation will need to find efficiencies to help lower costs, while also addressing this $9.4m and funding future asset upgrades.

Major Capital Projects for 2026/27

The below table details the major capital projects for the year, and the variance (if any) to the budget set out in the Long-Term Plan.

Group of Activities	Project Description	Annual Plan 2027 $000	LTP 2027 $000	Variance 2027 $000
Land Transport	Bridge Renewals	895	895	-
Land Transport	Bus Shelter renewal and installation (Non Subsidised)	14	14	-
Land Transport	Facility Road Renewals	33	33	-
Land Transport	Footpath Renewals	270	270	-
Land Transport	Low Cost Low Risk - Road 2 Zero and Level Crossing (#1)	-	678	(678)
Land Transport	Low Cost Low Risk Improvements (#2)	-	878	(878)
Land Transport	Motorist Sevice and Information (Non Subsidised)	16	16	-
Land Transport	Pavement Rehabilitation	2,531	2,531	-
Land Transport	Roading Drainage Renewals	377	377	-
Land Transport	Seal extensions unsubsidised	63	63	-
Land Transport	Sealed Road Surfacing	2,065	2,065	-
Land Transport	Structures Components	732	732	-
Land Transport	Traffic Services Renewals	130	130	-
Land Transport	Unsealed Road Metalling	1,633	1,633	-
Water Supply	Secure water supply for Ruatiti public toilets	277	277	-
Water Supply	Water - Universal metering - Taumaranui	221	221	-
Water Supply	Water - Upgrade SCADA PLC and Comms	166	166	-
Water Supply	Water - Watermain Renewals	1,106	1,106	-
Wastewater	Wastewater - Hikumutu WWTP	166	166	-
Wastewater	Wastewater - Pumping Station minor upgrades	166	166	-
Wastewater	Wastewater - Raetihi WWTP Desludge	-	553	-
Wastewater	Wastewater - Rangataua Consultant and Consent Renewal	55	55	-
Wastewater	Wastewater - Upgrade SCADA PLC and Comms	221	221	-
Stormwater	Stormwater District Wide Renewals	55	55	-
Solid Waste	Solid Waste LOS Projects	848	848	-
Solid Waste	Solid Waste Renewal Projects	146	146	-
Community Facilities	District Wide Playground Equipment	16	16	-
Community Facilities	Kakahi Toilets	161	161	-
Community Facilities	New Rubberfall Areas	16	16	-
Community Facilities	Ohakune Entranceway Signage	58	-	58
Community Facilities	District Wide Accessible Walkways (#3)	-	322	(322)

Community Support	District Wide Library Books	77	77	-
Community Support	Social Housing (Minor Capital Work)	43	-	43
Community Support	Social Housing Shower upgrades - Taumarunui	70	70	-
Community Support	Waimarino Housing Upgrade (#4)	763	-	763
Support/Overheads	Administration Furniture and Fittings	21	21	-
Support/Overheads	Enterprise System replacement (#5)	-	570	(570)
Support/Overheads	IT hardware	107	107	-
Support/Overheads	IT Software	107	107	-
Support/Overheads	Replacement Vehicles	215	215	-
Total		**13,841**	**15,978**	**(1,585)**

Notes:

#1 & 2 – No funding from Central Government.

#3 - Funding brought forward into FY26.

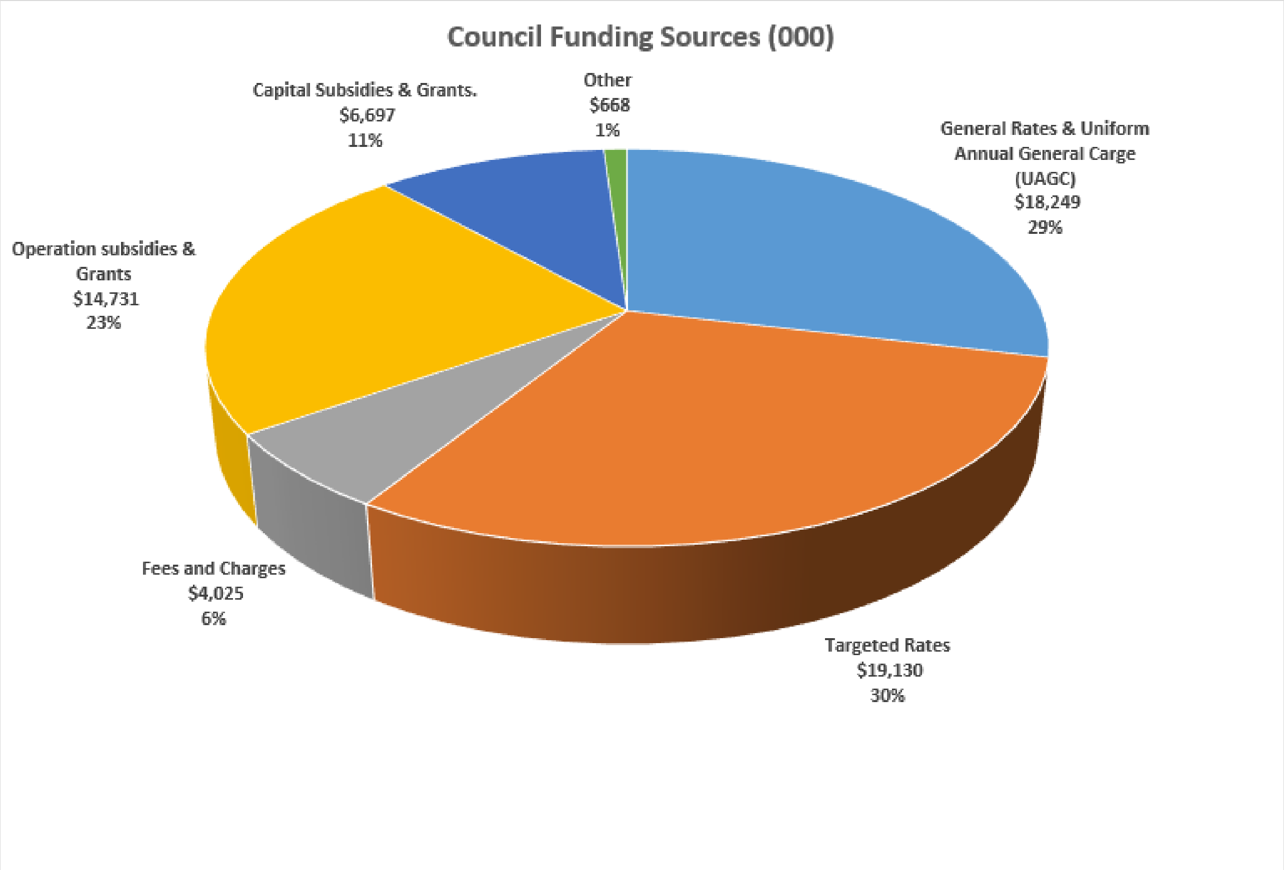
#4 - Additional funding required to complete required standard and enhanced scope in LTP.

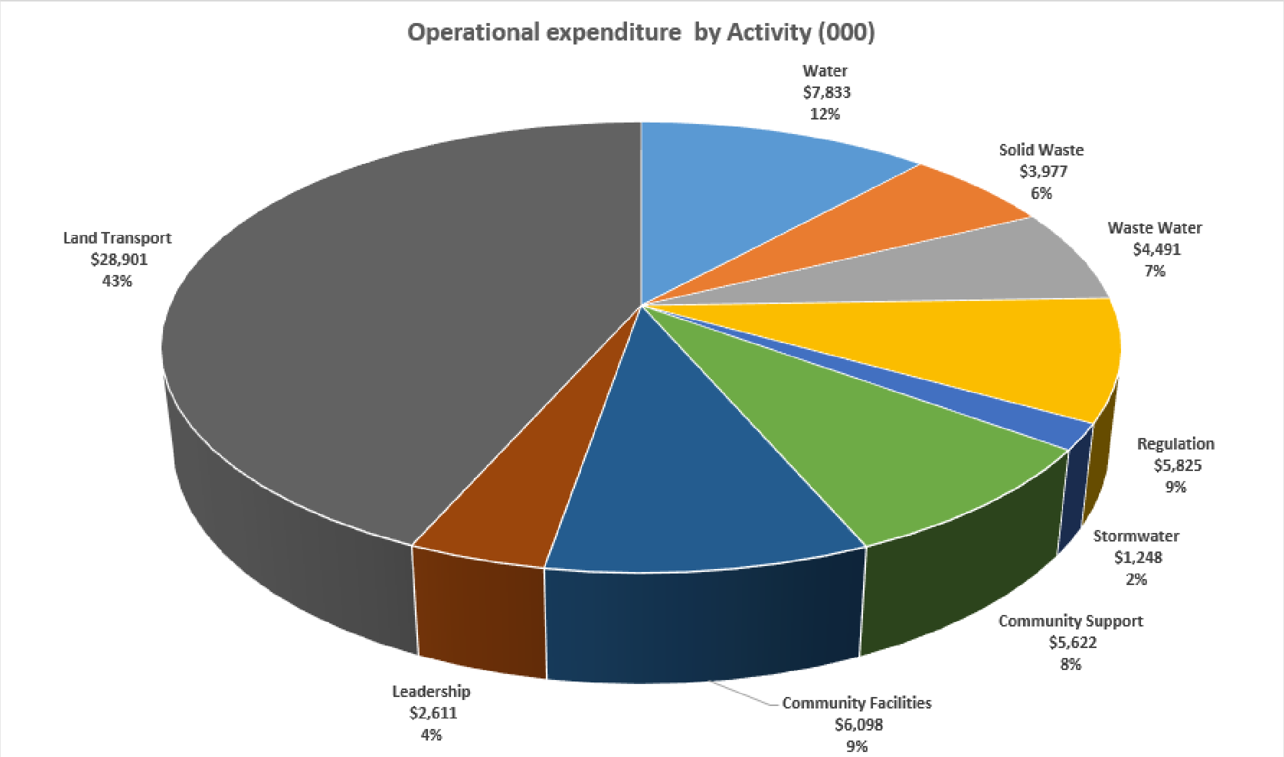
#5 - Part of the Planning and Regulatory modules was brought forward to FY26, with some still carried into FY27.

Revenue and Operational Expenditure Allocation

The following graphs show the sources of revenue and operational expenditure of that revenue.

Note: Percentages may not add to 100% due to rounding.





Section 1: Rating Information

Funding Impact Statement

INTRODUCTION

Council is required under Schedule 10(20) of the LGA to adopt a Funding Impact Statement. This Statement provides a summary of Council's funding sources, as well as the detailed rates requirement for the 2026/27 financial year. The Statement represents the fiscal outcome from the Revenue and Financing Policy, which was reviewed by Council in accordance with the provisions of the Local Government Act 2002.

Rates are assessed in accordance with the Local Government (Rating) Act 2002 (LGRA) on all rating units in the district on the basis of values as at 30 June 2026.

OBJECTIVES AND MEASURES

OBJECTIVES	MEASURES
• Provide the income by rates received to meet Council's Annual Plan objectives, after user charges and other income is first applied. • Ensure that all ratepayers pay their fair share towards 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.	• Rating income is raised with user charges to meet, and not exceed, that required by Council's forecast work program. • 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 LG(R)A and the LGA.

RATES REMISSION AND POSTPONEMENT

REMISSIONS

Council has a Rates Remissions Policy developed under Section 102(3)(a) of the LGA and Section 85 of the LG(R)A. This can be viewed on Council's website www.ruapehudc.govt.nz. Remissions categories include:

- Charges on Contiguous Properties
- Charges on Non-Contiguous Properties
- Uninhabitable dwellings or properties affected by natural disasters
- Remissions for Clubs and Societies
- Remissions for Community Organisations
- Remissions for New Subdivisions
- Remissions of Rates on Land-locked Land
- Remission of Penalties
- Remission for Council Properties
- Remission for Council Owned Utilities
- Remission for Māori Freehold Land
- Remissions for Extreme Financial Hardship
- Remissions of UAGC to Certain Separately Used or Inhabited Parts of Rating Units (SUIPS)

The value of these remissions is as follows (GST inclusive):

Category of Rates Remission	Value of Remission (Including GST) $
Service Charge – Water	208,679
Service Charge – Wastewater	56,308
Service Charge – Solid Waste	1,878
General Rates	175,411
UAGC	300,186
Other	140,243
Total	**882,705**

POSTPONEMENT

Council has a Rates Postponement Policy developed under Section 110 of the LGA and Section 87 of the LG(R)A. This can be viewed on Council's website at www.ruapehudc.govt.nz. The policy enables Council to postpone rates where Council is satisfied that financial hardship exists or would be caused by non-postponement of rates.

PROPOSED RATES FOR 2026/27

This portion of the Funding Impact Statement has been prepared in two parts. The first part outlines the rating methodologies and differentials which Council proposes to use to set the rates for the 2025/26 rating year. The second part outlines the proposed rates for the 2026/27 rating year.

Where a new rate is not proposed to be set in 2026/27 the schedule of rates will show this rate as 'NA'.

DEFINITION OF SEPARATELY USED OR INHABITED PART OF A RATING UNIT

A separately used or inhabited part (SUIP) of a rating unit is any part of a rating unit that is or is able to be separately used or inhabited by the ratepayer or by any other person or body having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement.

The following points provide guidance to how the Council will apply its definition of SUIP:

- Where a rating unit contains both a commercial operation and residential accommodation, two separately used parts of a rating unit are identified, and each will be a SUIP.
- A farming unit with one dwelling will be treated as one SUIP, with each additional dwelling counting as an additional SUIP of the rating unit. Each additional dwelling will be a SUIP.
- Where a single rating unit contains a number of shops or offices, each office or shop will be a SUIP.
- 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 SUIP.
- 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 be one SUIP. However, should a residential occupancy be contained within the complex, that would constitute an additional SUIP. Each residential occupancy in the motel/hotel complex will be an additional SUIP.
- Dwellings that are not fully self-contained will not be a SUIP. For a dwelling to be self-contained, it must be connected to water and wastewater services and have facilities so that the person living or staying there does not have to share rooms such as a kitchen or bathroom. A kitchen is further defined as a room or area equipped with the intent for cooking. Any dwelling rented out separately to the main dwelling will be a SUIP.

GENERAL RATES

GENERAL RATES

A General Rate set on the basis of Capital Value (CV) to fund general activities. This rate is set on a differential basis as described below and assessed on all rateable land.

The General Rate differentials are based on the CV and land use as defined by Council's Valuation Service Provider and included in the Rating Information Database. The differentials are as set out in the following table.
(Refer Local Government (Rating) Act 2002, S13(2)(b) & S14, and Schedules 2(1&8) & 3(2))

General Rate Differentials	
Basis	**Differential**
All rating units other than hydro-electric properties with a CV in excess of $50 million	100%
Hydro-electric properties with a CV in excess of $50 million	61%

GENERAL RATE – DEFENCE LAND

Defence Land is rated on Capital Value but, in accordance with Section 22 LGRA, the assessed rate will not exceed the amount that would have been charged if the District's rate was calculated on the Land Value only.
(Refer Local Government (Rating) Act 2002, S22)

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

A UAGC is set on the basis of one charge assessed on every separately used or inhabited part (SUIP) of a rating unit. This rate has been set at a level designed to ensure that the total of the UAGC and uniform targeted rates, exclusive of those set for water supply or sewerage disposal, do not exceed the allowable maximum of 30%.
(Refer Local Government (Rating) Act 2002, S15 & 21 and Schedule 3(7))

TARGETED RATES

LAND TRANSPORT RATES

LAND TRANSPORT DIFFERENTIAL RATE

A targeted rate set on the basis of Capital Value (CV) on all rating units in the District to fund land transport activity. This rate is set on a differential basis as described below.

The Land Transport Rate differentials are based on the CV and use as defined by Council's Valuation Service Provider and included in the Rating Information Database. The differentials are set out in the following table.
(Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(b) and Schedules 2(1&8) and Schedule 3(2))

Land Transport Rate Differentials		
Differential	**Basis**	**Basis**
General	All rating units other than the following:	100%
Hydro-electric	Rating Units used for Hydro-electric purposes with a Capital Value in excess of $50 million	61%
Forestry	Rating Units used for exotic forestry with a Quotable Value Category Code of FE	600%

LAND TRANSPORT- DEFENCE LAND

Defence Land is rated on Capital Value but, in accordance with Section 22 LGRA, the assessed rate will not exceed the amount that would have been charged if the District's rate was calculated on the

Land Value only.
(Refer Local Government (Rating) Act 2002, S22)

ENVIRONMENTAL RESILIENCE RATE
The increasing effects of climate change has brought an increased focus from government with new legislative requirements impacting on councils.

The Environmental Resilience Targeted Rate will fund Council to meet our legislative requirements and is an investment in the environmental sustainability and prosperity of the district.

(Refer Local Government (Rating) Act 2002, S16 (4)(a))

ECONOMIC DEVELOPMENT RATES
Council's Economic Development activity, which includes the funding provided to Visit Ruapehu and the delivery of economic development services by Whanganui & Partners, is funded through the 3 targeted rates listed below. 60% is funded from the Economic Development Targeted Rate and the Non-Commercial Visitor Accommodation Targeted Rate and 40% is funded from the Economic Development Commercial Targeted Rate.

ECONOMIC DEVELOPMENT TARGETED RATE
A targeted rate set on the basis of a fixed amount assessed on every SUIP in the District to fund Economic Development.
(Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(a) and Schedule 3 (7))

ECONOMIC DEVELOPMENT COMMERCIAL TARGETED RATE
A targeted rate set on the basis of Capital Value (CV) assessed on every rating unit with Council's Valuation Service Provider's Category Code C (Commercial) and I (Industrial) to fund Economic Development.
(Refer Local Government (Rating) Act 2002, S16(3)(b) and (4)(a), and Schedules 3(2))

NON-COMMERCIAL VISITOR ACCOMMODATION TARGETED RATE
A Non-Commercial Visitor Accommodation Rate set on the basis of a fixed amount per rating unit to fund services provided to the tourism sector. This rate will be assessed on any property that is advertised in any form as providing short term, private, holiday rental accommodation in the district. For clarity, this rate will be payable by any property (rating unit) that is advertised and used for short-term accommodation purposes, for example Bed & Breakfast (B&B), Book-a-Bach, Air B&Bs etc. This rate is not payable by any rating unit that is currently assessed as Economic Development – Commercial Targeted Rate.
(Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(a) and schedule 3(7))

SOLID WASTE RATES

SOLID WASTE – WASTE MINIMISATION MANAGEMENT AND FACILITIES

A targeted rate set on the basis of a fixed amount assessed on every SUIP in the District to fund the cost of landfills, transfer stations and general recycling costs, plus all other refuse costs not included in the service charge for kerbside collection charged to individual households.

(Refer Local Government (Rating) Act 2002, Sections 16(3)(a) and (4)(a) & Schedule 3 (7))

SOLID WASTE - KERBSIDE COLLECTION

A targeted rate set on the basis of a fixed amount assessed differentially on every SUIP to which Council provides the service, to fund the cost of kerbside (refuse and recycling) collection services. Note: Vacant land and land with minor improvements are deemed not to receive the service therefore are not subject to this rate.

Solid Waste - Kerbside Collection Rate Differentials		
Basis		**Differential**
General Differential	All rating units within the rateable areas defined AND used for "Residential"[1] purposes. Note: vacant land and land with minor improvements will not be liable for this rate	100%
Commercial Differential	All rating units within the rateable areas defined AND used for any purpose other than residential. Note: vacant land and land with minor improvements will not be liable for this rate	50%

(Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(b), Schedules 2 (1&5) & 3(7))

STORMWATER & FLOOD PROTECTION RATES

A targeted rate set on the basis of a fixed amount assessed on every SUIP within the following urban communities to which stormwater and flood protection services are provided to fund these services. In this context, "are provided" means that the rating unit is within a water or sewerage supply area and is liable for any of those rates.

(Refer Local Government (Rating) Act 2002, Sections 16(3)(b) and (4)(a) & Schedule 3 Cl 7)

Stormwater Rating Areas
Taumarunui, Piriaka, Ohakune, Raetihi, Ōwhango, Waimarino (National Park), Rangataua, Waiouru, Kakahi

STORMWATER & FLOOD PROTECTION RATES – CAPITAL VALUE

A targeted rate set on the basis of Capital Value (CV) on all rating units in the District to fund stormwater. This rate is set on a differential basis as described below. The Stormwater & Flood Protection Capital Value Rate differentials are based on the CV and use as defined by Council's Valuation Service Provider and included in the Rating Information Database. The differentials are set out in the following table.

(Refer Local Government (Rating) Act 2002, S16(3)(a) and (4)(b) and Schedules 2(1&8) and Schedule 3(2))

Stormwater Rate Differentials		
Differential	**Basis**	**Basis**
General	All rating units other than the following:	100%
Hydro-electric	Rating Units used for Hydro-electric purposes with a Capital Value in excess of $50 million	61%

[1] As defined as residential by Council's Valuation Service Provider and included in the Rating Information Database

STORMWATER & FLOOD PROTECTION RATES – DEFENCE LAND

Defence Land is rated on Capital Value but, in accordance with Section 22 LGRA, the assessed rate will not exceed the amount that would have been charged if the District's rate was calculated on the Land Value only.

(Refer Local Government (Rating) Act 2002, S2)

SEWERAGE RATES

SEWERAGE SERVICE RATE

Council has set a targeted rate assessed on a differential basis for any land which is connected or capable of connection[1], either directly or indirectly, to any of the District's public sewerage systems as follows:

Sewerage Differential Rate		
Differential	**Description**	**Basis**
General Use	Land other than land used for Primary and Secondary Schools	100%
School Use	Land used for Primary and Secondary Schools	30%

(Refer Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(b) and Schedules 2(1), 2(5), 3(7) & 3(12)

The rate is assessed per SUIP of a rating unit for general use land and per pan for schools.

PAN RATE (WATER CLOSET OR URINAL)

Council has set a targeted rate based on the number of toilet pans connected, either directly or indirectly, to any of the District's public sewerage systems[2]. This targeted rate will apply per pan, after the second pan, of any rating unit in the General Use category
(Refer Local Government (Rating) Act 2002, Section 16(3)(b) and 16(4)(a) and Schedule 2(1), 2(5) & Schedule 3(12))

WATER RATES

DISTRICT WIDE WATER RATE

A targeted rate on the basis of an amount assessed on every SUIP that is connected or capable of connection[3], either directly or indirectly, to any of the District's Public Water Supply Systems, set on a differential basis.
(Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(b) and Schedule 3(7))

Water Rates		
Differential	**Description**	**Basis**
General Use	All Rating Units other than those defined as Extraordinary Use	100%

(Local Government (Rating) Act 2002, Section 16(3)(b) and (4)(b) and Schedules 2(1) & 3(7))

WATER BY METER CHARGES (N.B. WATER BY METER CHARGES ARE NOT RATES PURSUANT TO THE LGRA)

Users connected to any Council water supply where the supply is recorded through a water meter will be assessed the Water Differential Rate, as outlined above.

[1] Capable of connection - The rating unit is within 30m of sewer main and practicably serviceable in the opinion of Council.
[2] In terms of the Local Government (Rating) Act 2002 Schedule 3(4) a rating unit used primarily as a residence for one household will be treated as having only one water closet or urinal.

[3] Capable of connection - The rating unit is within 100m of water main and practicably serviceable in the opinion of Council.

LUMP SUM CONTRIBUTIONS

Council is not seeking any lump sum contributions in respect of any targeted rates.
(Local Government Act 2002, Schedule 10 Clause 15(4)(e)).

DUE DATES FOR PAYMENT OF RATES

Council resolved that the rates for 2026/27 are payable in four equal instalments, on the dates set out below.

PENALTIES

A penalty of 10% will be added to any amount of an instalment of rates remaining unpaid after the relevant due date and will be added on the dates set out in the table below:

Instalment	Due Date	Penalty Date
1	20 August 2026	25 August 2026
2	20 November 2026	25 November 2026
3	22 February 2027	26 February 2027
4	20 May 2027	25 May 2027

A further penalty of 10% will be added to any rates from previous years that remain unpaid on 1 July 2026. The penalty will be applied on 15 July 2026.

A further penalty of 10% will be added to any amount of rates to which a penalty has been added under the above paragraph that remain unpaid on 15 January 2027. The penalty will be added on 15 January 2027.

Council delegates authority to the Executive Manager Finance, Strategy and Governance, to apply penalties on unpaid rates. Remission of penalties will be considered according to Council's Remission of Penalties Policy, which can be found on Council's website: www.ruapehudc.govt.nz.

SCHEDULE OF RATES FOR 2026/27

Please note all rates are inclusive of GST.

Rate	Basis of Assessment	Differential (as per LG(R)A schedule 2	Rates 2026/27	
			Rate GST incl.	Total Rate GST incl.
GENERAL RATES				
Uniform Annual General Charge	Per SUIP[4]	-	$938.08	$8,643,938
General Rate – General Differential	Capital Value	1 & 8	$0.00190969	$12,476,928
General Rate – Hydro Electrical Differential	Capital Value	1 & 8	$0.0011649	$450,525
General Rate – Defence Land	Capital Value	1	$0.00061898	$172,958
TARGETED RATES				
Land Transport				
General	Capital Value	1	$0.00084925	$5,301,771
Hydro Electrical	Capital Value	1 & 8	$0.00051804	$200,352
Forestry	Capital Value	1	$0.00509547	$1,480,555
Defence Land	Capital Value	1	$0.00031429	$87,822
Environmental Resilience				
Environmental Resilience Rate	Per rating Unit		$16.09	$129,183
Solid Waste				
Residential Kerbside Collection	Per SUIP	1	$144.48	$648,137
Commercial Kerbside Collection	Per SUIP	1	$72.24	$36,987
Solid Waste – Waste Minimisation and Management Facilities	Per SUIP	-	$100.94	$930,011
Stormwater – Flood Protection				
Stormwater/Flood Protection Urban	Per SUIP	-	$96.09	$554,247
Stormwater/Flood Protection CV	Capital Value	-	$0.00008079	$527,840
Stormwater/Flood Protection Defence Force	Capital Value	1	$0.00002619	$7,315
Stormwater/Flood Protection Hydro	Capital Value	1 & 8	$0.00004928	$19,059
Wastewater				
District Wide Sewerage Rate				
General use (Inclusive of 2 pans)	Per SUIP	1 & 5	$586.54	$2,991,354
School use	Per Pan	1 & 5	$175.96	$41,527
District Wide Additional Pan Rate				
General Use Per pan more than 2 pans per SUIP	Per Pan	-	$293.27	$356,323
Water				
District Wide Water Rate				
Connected or capable of connection	Per SUIP	1 & 5	$1,115.93	$6,804,941
Economic Development Rates				
Economic Development Rate	Per SUIP	-	$52.61	$484,722

[4] Separately Used or Inhabited Part of a rating unit

Economic Development Commercial Rate	Capital Value	-	$0.00127826	$449,170
Non-Commercial Visitor Accommodation Targeted Rate	Per rating unit	-	$300.00	$189,000

RATING EXAMPLES

Set out below are examples of the rates drawn from a range of land uses and property land values. Additionally, examples are shown for a range of residential properties drawn from a number of communities across the District.

Commercial		Capital Value 2026/27	$ Change in Rates	% Change
Kakahi	Medium	107,000	$113	8%
Waimarino (National Park)	Low	800,000	$423	7%
Waimarino (National Park)	Medium	1,900,000	$727	7%
Waimarino (National Park)	High	5,350,000	$1682	7%
Ohakune	Low	460,000	$356	7%
Ohakune	Medium	1,490,000	$641	7%
Ohakune	High	2,600,000	$948	7%
Ōhura	Low	89,000	$226	10%
Ōhura	Medium	125,000	$236	9%
Ōhura	High	345,000	$297	9%
Ōwhango	Low	95,000	$212	8%
Ōwhango	Medium	185,000	$236	8%
Ōwhango	High	600,000	$351	8%
Raetihi	Low	123,000	$262	7%
Raetihi	Medium	190,000	$281	7%
Raetihi	High	590,000	$392	7%
Taumarunui	Low	600,000	$394	7%
Taumarunui	Medium	1,020,000	$511	7%
Taumarunui	High	1,640,000	$682	7%
Waiouru	Low	310,000	$288	6%
Waiouru	Medium	430,000	$321	6%
Waiouru	High	680,000	$390	7%

Residential		Capital Value 2026/27	$ Change in Rates	% Change
Kakahi	Low	290,000	$190	10%
Kakahi	Medium	315,000	$194	10%
Kakahi	High	410,000	$212	10%
Waimarino (National Park)	Low	280,000	$245	7%
Waimarino (National Park)	Medium	460,000	$277	7%
Waimarino (National Park)	High	640,000	$310	7%
Ohakune	Low	180,000	$280	9%
Ohakune	Medium	415,000	$322	8%
Ohakune	High	730,000	$380	8%
Ōhura	Low	127,000	$224	10%
Ōhura	Medium	190,000	$236	9%
Ōhura	High	301,000	$256	9%
Ōwhango	Low	245,000	$230	8%
Ōwhango	Medium	385,000	$255	8%
Ōwhango	High	490,000	$275	8%
Pipiriki	Low	164,000	$122	6%

Pipiriki	Medium	227,000	$133	6%
Pipiriki	High	295,000	$146	6%
Raetihi	Low	134,000	$271	9%
Raetihi	Medium	250,000	$292	8%
Raetihi	High	390,000	$318	8%
Rangataua	Low	235,000	$172	7%
Rangataua	Medium	355,000	$194	7%
Rangataua	High	440,000	$210	7%
Taumarunui	Low	130,000	$270	9%
Taumarunui	Medium	420,000	$323	8%
Taumarunui	High	640,000	$363	8%
Waiouru	Low	225,000	$288	8%
Waiouru	Medium	260,000	$294	8%
Waiouru	High	340,000	$309	8%

Rural		Capital Value 2026/27	$ Change in Rates	% Change
Kakahi	Low	520,000	$178	7%
Kakahi	Medium	2,860,000	$605	7%
Kakahi	High	4,910,000	$979	7%
Waimarino (National Park)	Low	345,000	$146	8%
Waimarino (National Park)	Medium	2,330,000	$508	7%
Waimarino (National Park)	High	19,430,000	$3,625	7%
Ohakune	Low	600,000	$193	7%
Ohakune	Medium	1,447,000	$347	7%
Ohakune	High	4,040,000	$820	7%
Ōhura	Low	331,000	$144	8%
Ōhura	Medium	2,595,000	$557	7%
Ōhura	High	5,140,000	$1,021	7%
Ōwhango	Low	345,000	$146	8%
Ōwhango	Medium	2,360,000	$514	7%
Ōwhango	High	6,610,000	$1,288	7%
Pipiriki	Low	510,000	$177	7%
Pipiriki	Medium	1,472,000	$352	7%
Pipiriki	High	4,840,000	$966	7%
Raetihi	Low	375,500	$152	8%
Raetihi	Medium	3,180,000	$663	7%
Raetihi	High	9,050,000	$1,733	7%
Taumarunui	Low	1,110,000	$286	7%
Taumarunui	Medium	2,530,000	$545	7%
Taumarunui	High	7,820,000	$1,509	7%
Waiouru	Low	414,000	$159	7%
Waiouru	Medium	1,280,000	$317	7%
Waiouru	High	2,730,000	$581	7%

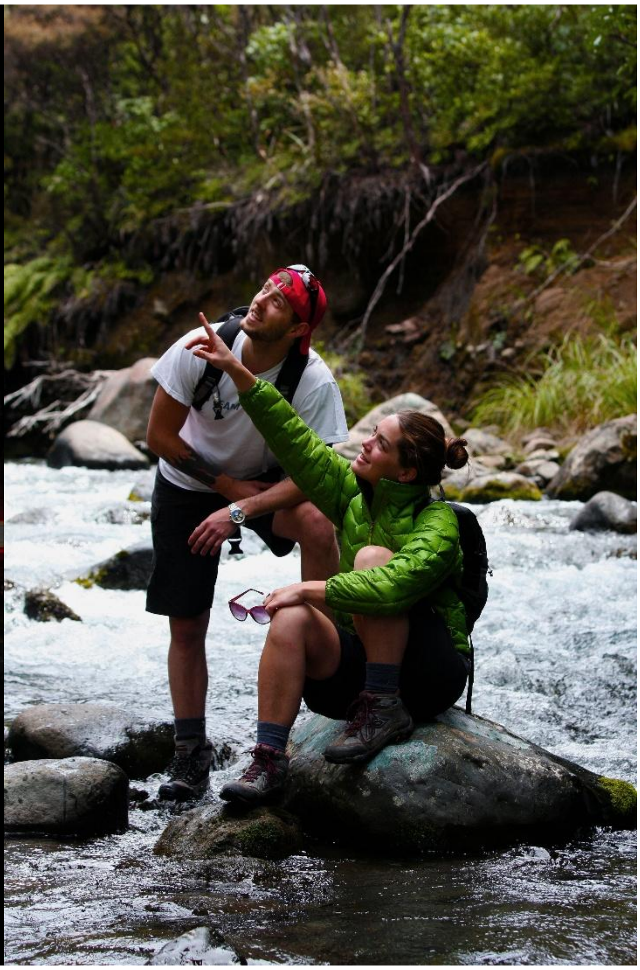
Rating Base Information

District numbers as at 30 June 2026, based off up to date projections completed 12 May 2026.

Number of rating units (gross)	Total capital value of rating units (gross)	Total land value of rating units (gross)
10,264	$7,797,989,900	$4,625,892,150

BENCHMARKS

Benchmark	Quantified Limit	Planned	Met
Rates affordability - Income	36,298	37,379	No
Rates affordability - Increase	5.6%	8.7%	No
Debt affordability	74,759	71,903	Yes
Balanced budget	100%	95%	No
Essential services	100%	77%	No
Debt servicing	10%	4.6%	Yes



Section 2:
Summary of Significant Accounting Policies

Prospective Accounting Policies

REPORTING ENTITY

Ruapehu District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing Council's operations includes the LGA and the Local Government (Rating) Act 2002.

Group consists of:

- The ultimate parent, Ruapehu District Council.
- RDC Holdings Ltd (100% owned subsidiary) which is non-trading.
- Visit Ruapehu Limited (100% owned Council Controlled Organisation) CCO.
- Manawatū-Wanganui LASS Ltd (14.29% interest) which is equity accounted (an associate).

All subsidiaries and associated entities are established and domiciled in New Zealand.

The prospective financial statements reflect the consolidated results for Council and Group consisting of Council, RDC Holdings Ltd, and Visit Ruapehu Ltd. The only subsidiary of Council (RDC Holdings Limited) is non-active and has no revenue, expenditure, assets, or liabilities.

Visit Ruapehu Limited was incorporated on 23 August 2019, as a Council Controlled Organisation (CCO) with Ruapehu District Council being the 100% owner. This new organisation replaced the Ruapehu Regional Tourism Organisation (RTO) Trust, which was operating from 2009 until it was wound up by a Trustees resolution on 17 October 2019, under a Deed of Confirmation. The assets were transferred to Visit Ruapehu Limited, free of all charges and encumbrances and all the Trusts debts and liabilities were paid.

The Council and Group provide local infrastructure, local public services, and perform regulatory functions. Council does not operate to make a financial return. Council has designated itself and the group as public benefit entities (PBEs) for financial reporting purposes.

The financial information contained in these documents is prospective financial information prepared in accordance with Public Benefit Entity Financial Reporting Standard 42: Prospective Financial Statements (PBE FRS 42). The purpose of this information is to enable the community to participate in decision-making regarding the services to be provided by Council over the next ten years and to provide an accountability framework to the community. The prospective financial information contained in the Long-Term Plan may not be appropriate for purposes other than those described.

BASIS OF PREPARATION

STATEMENT OF COMPLIANCE

The reporting period for these prospective financial statements of Council is for the years ending on 30 June 2027. These prospective financial statements have been prepared on the going concern basis, and in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). Notwithstanding the above, prospective financial statements are a forecast based on best available information and assumptions at the time of preparation, and so it must be cautioned that actual results could differ materially from those presented here due to inherent future uncertainties.

PROSPECTIVE FINANCIAL STATEMENTS

Prospective financial statements have been prepared in accordance with Tier 1 PBE FRS 42 – Prospective Financial Statements and using accounting policies that are consistent with those adopted by Council in preparing financial statements. Council's principal activities are outlined within this Annual Plan and the 2024/34 Long-Term Plan. Council authorised the prospective financial statements on 24 June 2026.

It is a requirement of the Local Government Act 2002 to present prospective financial statements of the local authority for the financial year of which the Annual Plan relates. This provides an opportunity for ratepayers and residents to review the projected financial results and position of Council. Prospective financial statements are revised annually to reflect updated assumptions and costs.

The prospective financial statements have been prepared based on best estimate assumptions of future events which Council expects to take place. Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined in this Annual Plan.

CAUTIONARY NOTE

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

MEASUREMENT BASE

The reporting period for these prospective financial statements is the year ended 30 June 2026. The functional currency of Council is New Zealand dollars, and the statements are presented in New Zealand dollars, rounded to the nearest thousand ($000), unless otherwise stated.

The prospective financial statements have been prepared based on the historical cost basis, modified by the revaluation of certain assets and liabilities as identified in these statements of significant accounting policies.

The prospective financial statements do not disclose audit fees or imputation credits, and no comment is included regarding the effect on the community of Council's existence or operations. This information is fully disclosed in the Annual Report.

PLANNING ASSUMPTIONS AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The preparation of prospective financial statements requires management to make judgement, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expense. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances. The significant planning and forecasting assumptions with risks underlying the financial estimates are identified in Council's Long-Term Plan 2024-34 page 95-148.

Additionally, Council also applies a number of accounting policies and treatments to this forecast, and a summary of the significant accounting policies can be found in Council's Long-Term Plan 2021-31 page 236-277.

BASIS OF CONSOLIDATION

The consolidated prospective financial statements have been prepared by adding together like items of assets, liabilities, equity, revenue, and expenses of entities of the Group on a line-by-line basis. All intragroup balances, transactions, revenue and expenses are eliminated on consolidation.

CCOs and subsidiaries are entities controlled by the group. Control is achieved when the group has the power to govern their financial and operating policies. In order to establish control, the controlling entity presently have exercisable power to govern decision making to be able to benefit from the activities of the other entity.

Consolidation of a subsidiary begins when the group obtains control over the subsidiary and ceases when the group loses control of the subsidiary. Assets, liabilities, income, and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statements from the date the group gains control until the date the group ceases to control the subsidiary. The accounting policies of controlled entities are consistent with the policies adopted by the controlling entity, or if not, adjustments are made to the consolidated financial statements to bring alignment of subsidiaries with the group's accounting policies. All intra-group balances, transactions, income, expenses, and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

The substantive subsidiary within the group is Visit Ruapehu Limited. Visit Ruapehu Limited was incorporated on 23 August 2019, as a Council Controlled Organisation (CCO) with Ruapehu District Council being the 100% owner. This new organisation replaced the Ruapehu Regional Tourism Organisation (RTO) Trust, which was operating from 2009 until it was wound up by a Trustees resolution on 17 October 2019 under a Deed of Confirmation. The assets were transferred to Visit Ruapehu Limited, free of all charges and encumbrances and all the Trusts debts and liabilities were paid. Its principal activities involve the development and marketing of tourism in the Ruapehu District.

The following parts of the group are exempt activities:

- RDC Holdings Ltd (100% owned subsidiary) which is non-trading.
- Visit Ruapehu Limited (100% owned Council Controlled Organisation) CCO.
- Manawatū-Wanganui LASS Ltd (14.29% interest, equally with Horizons Regional Council, Manawatū District Council, Horowhenua District Council, Rangitikei District Council, Tararua District Council, and Whanganui District Council) which is equity accounted (an associate).

GOODS AND SERVICES TAX

All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

COST ALLOCATION

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below:

- 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.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as staff numbers and size of budgets.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities over the Long-Term Plan period, are discussed in the following policies and strategies which form part of this document:

- Financial Strategy
- Infrastructure Strategy
- Revenue and Financing Policy

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

Management has exercised the following critical judgements in applying accounting policies for these prospective financial results.

CLASSIFICATION OF PROPERTY

Council owns a number of properties held to provide social housing. The receipt of market-based rental from these properties is incidental to holding them. The properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore classified as property, plant, and equipment rather than as investment properties.

Parcels of land held for an undetermined future use that are classified as Investment Property may be re-classified in the future if the land use changes.

Taumarunui Airport and Ohakune Railway station are held for strategic reasons rather than for generation of revenue and are therefore classified as property, plant, and equipment rather than as investment property.

REVENUE

Revenue is measured at fair value of consideration received or receivable. Revenue may be derived from either exchange or non-exchange transactions.

EXCHANGE TRANSACTIONS

Exchange transactions are transactions where Council receives assets or services, or has liabilities extinguished, and directly gives approximately equal value to another entity in exchange.

Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date.

Revenue from asset management services is recognised when provided to the customer.
Interest revenue is recognised using the effective interest method. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

NON-EXCHANGE TRANSACTIONS

Non-exchange transactions are transactions that are not exchange transactions. In a non-exchange transaction, Council either receives value from or gives value to another entity without directly giving or receiving approximately equal value in exchange or where the value given or received is not able to be accurately measured. This includes transactions for activities which are subsidised through rates.

An inflow of resources from a non-exchange transaction, whether this be an asset or revenue, is only recognised if a liability is not also recognised for that particular asset or revenue.

A liability is only recognised to the extent that the present obligations have not been satisfied. A liability in respect of a transferred asset is recognised only when the transferred asset is subject to a condition, such as a condition for the asset to be consumed as specified and / or that future economic benefits or service potential must be returned to the owner.
The specific accounting policies relating to significant revenue items follow.

RATES REVENUE

The following policies for rates have been applied:

- General rates and targeted rates (excluding water-by-meter), are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.

- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

DEVELOPMENT AND FINANCIAL CONTRIBUTIONS

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, development and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

WAKA KOTAHI NEW ZEALAND TRANSPORT AGENCY ROADING SUBSIDIES

Council receives funding assistance from Waka Kotahi, New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

OTHER GRANTS RECEIVED

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if the conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

BUILDING AND RESOURCE CONSENT REVENUE

Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date.

LANDFILL FEES

Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.

INFRINGEMENT FEES AND FINES

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines.

VESTED OR DONATED PHYSICAL ASSETS

For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset.

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g., land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

DONATED AND BEQUEATHED FINANCIAL ASSETS

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if there are substantive use or return conditions and the liability released to revenue as the conditions are met (e.g., as the funds are spent for the nominated purpose).

LIABILITIES

INCOME IN ADVANCE

Income in Advance is predominantly made up of Central Government Grants for work that is yet to be completed and from rates and dog registrations paid in advance, these are non-exchange transactions.

BORROWING COSTS

In accordance with PBE IPSAS 5 Borrowing Costs, all borrowing costs are recognised as an expense in the period in which they are incurred.

GRANT EXPENDITURE

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria and are recognised as expenditure when an application that meets the specified criteria for the grant has been received.

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by Council and the approval has been communicated to the applicant. Council's grants awarded have no substantive conditions attached.

LEASES

OPERATING LEASES

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset.

Lease payments under an operating lease are recognised as an expense on a straight-line basis over the lease term.

Lease incentives received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdrafts.

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

DEBTOR AND OTHER RECEIVABLES

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council and group apply the simplified ECL model of recognising lifetime ECL for short-term receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due. A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment.

OTHER FINANCIAL ASSETS

Other financial assets (other than shares in subsidiaries) are initially recognised at fair value. They are then classified as, and subsequently measured under, the following categories:

- amortised cost;
- fair value through other comprehensive revenue and expense (FVTOCRE); and
- fair value through surplus and deficit (FVTSD).

Transaction costs are included in the value of the financial asset at initial recognition unless it has been designated at FVTSD, in which case it is recognised in surplus or deficit.

Debt instruments
The classification of a financial asset depends on its cash flow characteristics and the Council and group's management model for managing them.

A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are "solely payments of principal and interest (SPPI)" on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified and subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets.

Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council and group may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Equity instruments
A financial asset that is an equity instrument is classified at FVTSD, unless the Council and group elects at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

Initial recognition of concessionary loans
Loans made at nil or below-market interest rates are initially recognised at the present value of their expected future cash flow, discounted at the current market rate of return for a similar financial instrument. For loans to community organisations, the difference between the loan amount and the present value of the expected future cash flows of the loan is recognised in the surplus or deficit as a grant expense.

Subsequent measurement of financial assets at amortised cost
Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses (ECL). Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Financial assets in this category that are debt instruments are subsequently measured at fair value, with fair value gains and losses recognised in other comprehensive revenue and expense. However, ECL and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified to surplus and deficit.54 Debt instruments in this category are the Council and group's listed bonds.

Subsequent measurement of financial assets at fair value through comprehensive income (FVTSD) Financial assets in this category that are equity instruments designated as FVTSD are subsequently measured at fair value, with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council and group designates all equity investments that are not held for trading into this category because they are strategic investments that are intended to be held for the medium to long term. Equity instruments in this category are listed and unlisted shares (other than shares in subsidiaries). Dividends and interest are presented separately within surplus and deficit

Subsequent measurement of financial assets at FVTSD

Financial assets in this category are subsequently measured at fair value, with fair value gains and losses recognised in surplus or deficit.

Interest revenue and dividends recognised from these financial assets are separately presented within revenue.

Other than for derivatives, the Council and group has no instruments in this category.

Expected credit loss allowance (ECL)
The Council and group recognises an allowance for expected credit losses (ECLs) for all debt instruments not classified as FVTSD. ECLs are the probability-weighted estimate of credit losses, measured at the present value of cash shortfalls, which is the difference between the cash flows due to the Council and group in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council and group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council and group's historical experience and informed credit assessment, including forward-looking information.

The Council and group considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council and group may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Council measure ECLs on loan commitments at the date the commitment becomes irrevocable. If the ECL measured exceeds the gross carrying amount of the financial asset, the ECL is recognised as a provision.

Shares in subsidiaries (at cost)
The investment in subsidiaries is carried at cost in the Council's parent entity financial statements.

Short term investments and loans to subsidiaries
Short term investments and loans to subsidiaries are initially measured at the amount invested. Interest is subsequently accrued and added to the investment and loan balance. A loss allowance for expected credit losses is recognised if the estimated loss allowance is not trivial.

Accounting for Derivative Financial Instruments and Hedging Activities
Council uses derivative financial instruments to economically hedge exposure to interest rate risk arising from financing activities. In accordance with its treasury policy, Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each balance date with the resulting gain or loss recognised in the surplus or deficit. Council's derivative financial instruments are not designated as hedging instruments for accounting purposes. Accordingly, derivative financial instruments are reported as financial instruments at fair value through surplus or deficit.

INVENTORY

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost (using the FIFO method), adjusted, when applicable, for any loss of service potential.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Inventories held for use in the provision of goods and services on a commercial basis are valued at the lower of cost (using the FIFO method) and net realisable value. The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the surplus or deficit in the period of the write-down.

ASSETS HELD FOR SALE

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

PROPERTY, PLANT AND EQUIPMENT

Property, plant, and equipment consist of:

- **Operational Assets** – These include land, buildings, parks and reserves improvements, library books, plant vehicles, computer equipment and office equipment.
- **Restricted Assets** – Restricted assets are mainly parks and reserves owned by Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.
- **Infrastructure Assets** – Infrastructure assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.
- **Land (operational and restricted)** – Is measured at fair value, and buildings (operational and restricted) and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation.

All other operational and restricted asset classes are measured at cost less accumulated depreciation and impairment losses.

REVALUATION

Land and buildings (operational and restricted) and infrastructural assets (except land under roads) are revalued annually.

Revaluations of property, plant and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

ADDITIONS

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to Council and group and the cost of the item can be measured reliably.

Work in progress is recognised at cost less impairment and is not depreciated.
In most instances, an item of property, plant and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

DISPOSALS

Gains and losses on disposals are determined by comparing the disposal proceeds with the carrying amount of the asset. Gains and losses on disposals are reported in the surplus or deficit. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to accumulated funds.

SUBSEQUENT COSTS

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

DEPRECIATION

Property, plant and equipment depreciation is provided on a straight line (SL) or diminishing value (DV) basis at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

Infrastructure asset depreciation rates are based on the remaining useful life for each individual asset component. These rates are on a straight line basis.

The revaluation approach, useful lives, and associated depreciation rates of major classes of assets have been estimated as per the next page.

For depreciated assets the residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Any work undertaken on infrastructure assets to reinstate (termed "renewal") or add to the service potential of the asset is capitalised.

The useful lives and associated depreciation rates of major classes of assets have been estimated as per the following table:

USEFUL LIVES AND DEPRECIATION RATES

Property, Plant and Equipment	Measurement Basis (*1)	Estimated Life	Depreciation Rate
Buildings (Excluding Investment Property)	RAD	10 – 100 Years	1 - 20% SL
Other Improvements	CAD	10 – 100 Years	1 – 17.5% SL
Computer Equipment	CAD	2.5 Years	40% DV
Office Equipment, Furniture and Fittings	CAD	5 Years	20% DV
Library Books	CAD	10 Years	10% - 13.5% SL
Plant and Vehicles	CAD	3.33 – 10 Years	0 – 25% SL
Roads and Footpaths	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Top Surface (Seal)	RAD	15 Years	6.67% SL
Pavement (Base Course)	RAD	100 Years	1% SL
Culverts	RAD	70 – 100 Years	1 – 1.43% SL
Footpaths	RAD	20 – 80 Years	1.25 – 5% SL
Kerbs	RAD	80 – 100 Years	1 – 1.25% SL
Signs	RAD	10 Years	10 – 11.1% SL
Street Lights	RAD	20 – 25 Years	4 – 5% SL
Bridges	RAD	70 – 100 Years	1 – 2.77% SL
Water Supply	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Pipes	RAD	50 – 100 Years	1 – 2% SL

Valves and Hydrants	RAD	15 – 70 Years	0.82 – 6.67% SL
Pump Stations	RAD	10 – 60 Years	0.94 – 20% SL
Tanks	RAD	25 – 80 Years	1 – 6.67% SL
Treatment Plants	RAD	5 – 104 Years	0.96% – 20% SL
Wastewater	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Pipes	RAD	50 – 100 Years	0.82-6.67% SL
Manholes and Cesspits	RAD	50 – 75 Years	1.33 – 4% SL
Pump Stations	RAD	10 – 60 Years	0.88 – 33.3% SL
Treatment Plants	RAD	10 – 200 Years	0.5 – 33.3% SL
Stormwater	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Pipes	RAD	40 – 100 Years	0.5 – 8.33% SL
Manholes and Cesspits	RAD	75 Years	1.22 – 1.33% SL
Solid Waste	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Various	RAD	20 – 75 Years	0 - 25% SL
Other (Not Depreciated)	**Measurement Basis (*1)**	**Estimated Life**	**Depreciation Rate**
Land	REV		
Formation Costs for Roading	COST		
Stop Banks	REV		
Work In Progress and Assets Under Construction	COST		

*1	CAD	=	Cost Less Accumulated Depreciation And Impairment Losses.
	RAD	=	Revaluation Less Subsequent Depreciation.
	REV	=	Revaluation (Not Depreciated).
	COST	=	Cost.

INTANGIBLE ASSETS

SOFTWARE ACQUISITION AND DEVELOPMENT

Acquired computer software licenses are capitalised based on the costs incurred to acquire and bring to use the specific software.

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of Council's website are recognised as an expense when incurred.

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit. The useful lives and amortisation rates have been estimated as follows:

Amortisation Rates Intangibles	Estimated Life	Amortisation Rate
Computer Software	3 years	33.3% SL
Raetihi Water Supply - Intake Resource Consent	20 years	5% SL
Pipiriki Wastewater Treatment Plant Resource Consent	20 years	5% SL

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

Property, plant and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expense, and increase the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in surplus or deficit, a reversal of the impairment loss is also recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

INVESTMENT PROPERTY

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition, all investment property is measured at fair value at each reporting date. Gains or losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

PAYABLES

Short-term creditors and other payables are recorded at their face value.

BORROWINGS

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

Borrowings are classified as current liabilities unless Council or group has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

EMPLOYMENT ENTITLEMENTS

SHORT-TERM EMPLOYEE ENTITLEMENTS

Employee benefits expected to be settled within 12 months after the end of the period in which the employee renders the related service are measured based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date.

A liability and an expense are recognised for bonuses where Council or group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Council expects all employee entitlements to be settled within 12 months of balance date.

SALARIES AND WAGES

Salaries and wages are recognised as an expense as employees provide services.

SUPERANNUATION SCHEMES

DEFINED CONTRIBUTION SCHEMES

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

EQUITY

Equity is the community’s interest in Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

- Accumulated funds
- Restricted reserves
- Asset revaluation reserve
- Fair value through other comprehensive revenue and expense reserve

RESTRICTED RESERVES

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

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

Also included in restricted reserves are reserves restricted by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of Council.

ASSET REVALUATION RESERVE

This reserve relates to the revaluation of property, plant, and equipment to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense.

Section 3: Prospective Financial Statements

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Note	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Revenue				
Rates	1,2	34,376	37,680	37,379
Subsidies and Grants		18,404	20,712	21,428
Finance Revenue		103	103	45
Fees and Charges		3,932	4,037	4,025
Development and Financial Contributions		112	112	142
Other Revenue		547	563	480
Gains		-	-	-
Total Revenue		**57,474**	**63,207**	**63,500**
Expenses				
Personnel Costs		8,345	8,680	8,387
Finance Costs		3,182	3,225	2,936
Depreciation and Amortisation Expense	3	12,439	12,790	14,458
Other Expenses		33,262	37,239	40,826
Losses		-	-	-
Total Expenses		**57,228**	**61,934**	**66,607**
Net Surplus / (Deficit) before tax		**246**	**1,273**	**(3,107)**
Income tax expenses		-	-	-
Net Surplus / (Deficit) after tax		**246**	**1,273**	**(3,107)**
Other Comprehensive Revenue and Expense				
Gain/(Loss) on Property, Plant and Equipment Revaluations		7,642	10,400	9,367
Financial Assets at Fair Value Through Comprehensive Revenue and Expense		-	-	-
Total Other Comprehensive Revenue and Expense		**7,642**	**10,400**	**9,367**
Total Comprehensive Revenue and Expense		**7,888**	**11,673**	**6,260**

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Balance at 1 July	**538,129**	**546,077**	**535,165**
Special funds	59	59	59
Total Comprehensive Revenue and Expense for the Year	7,888	11,673	6,260
Balance at 30 June	**546,077**	**557,808**	**541,484**

PROSPECTIVE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Assets			
Current Assets			
Cash and Cash Equivalents	4,407	4,407	2,755
Receivables	2,623	2,623	3,053
Prepayments and Accrued Income	2,811	2,811	3,272
Inventory	310	310	393
Other Financial Assets	-	-	300
Total Current Assets	**10,151**	**10,151**	**9,772**
Non-Current Assets			
Investment in Associates			
- Investment in CCOs and other similar Entities	67	67	85
Other Financial Assets	1,652	1,675	1,810
Property, Plant and Equipment	602,215	615,675	603,486
Intangible Assets	155	155	34
Investment Property	6,133	6,261	5,667
Total Non-Current Assets	**610,222**	**623,833**	**611,082**
Total Assets	**620,373**	**633,984**	**620,854**
Liabilities			
Current Liabilities			
Creditors and Other Payables	5,644	5,644	5,228
Borrowings	8,000	8,000	22,089
Employee Entitlements	510	510	438
Income in Advance	2,009	2,009	1,564
Total Current Liabilities	**16,163**	**16,163**	**29,318**
Non-Current Liabilities			
Borrowings	57,903	59,783	49,815
Provisions	230	230	237
Total Non-Current Liabilities	**58,133**	**60,013**	**50,052**
Total Liabilities	**74,296**	**76,176**	**79,370**
Net Assets	**546,077**	**557,808**	**541,484**
Equity			
Accumulated Funds	303,058	304,388	285,062
Other Reserves	243,019	253,420	256,422
Total Equity Attributable to the Council	**546,077**	**557,808**	**541,484**

PROSPECTIVE CONSOLIDATED STATEMENT OF CASHFLOWS

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Cash Flows from Operating Activities			
Cash was received from:			
Receipts from Rates Revenue	34,376	37,680	37,379
Receipts from Subsidies and Grants	22,884	25,312	21,428
Interest Received	103	103	45
Other Revenue	112	112	4,647
	57,475	**63,207**	**63,500**
Cash was distributed to:			
Payments to Suppliers and employees	(41,607)	(45,919)	(49,213)
Interest Paid	(3,182)	(3,225)	(2,936)
	(44,789)	**(49,144)**	**(52,149)**
Net Cash Flow from Operating Activities	**12,686**	**14,063**	**11,351**
Cash Flows from Investing Activities			
Cash was distributed to:			
Purchase of Property, Plant and Equipment	(14,343)	(15,979)	(14,347)
Purchase of Intangible Assets	-	-	-
Purchase of Investments	-	-	(72)
Net Cash Flow from Investing Activities	**(14,343)**	**(15,979)**	**(14,420)**
Cash Flows from Financing Activities			
Cash was received from:			
Proceeds from Borrowings	14,381	16,001	13,792
	14,381	**16,001**	**13,792**
Cash was distributed to:			
Repayment of Borrowings	(12,724)	(14,085)	(10,424)
Net Cash Flow from Financing Activities	**1,657**	**1,916**	**3,368**
Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts	**-**	**-**	**300**
Cash, Cash Equivalents and Bank Overdrafts at the beginning of the year	4,407	4,407	2,756
Cash, Cash Equivalents and Bank Overdrafts at the end of the year	**4,407**	**4,407**	**3,055**

PROSPECTIVE FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Sources Of Operating Funding			
General Rates, Uniform Annual General Charges, Rates Penalties	17,308	18,612	18,249
Targeted Rates	17,068	19,068	19,130
Subsidies And Grants For Operating Purposes	10,754	12,668	14,873
Fees And Charges	4,307	4,427	4,341
Interest And Dividends From Investments	103	103	45
Local Authorities Fuel Tax, Fines, Infringement Fees, And Other Receipts	173	173	165
Total Operating Funding (A)	**49,713**	**55,051**	**56,803**
Applications Of Operating Funding			
Payments To Staff And Suppliers	41,607	45,919	49,213
Finance Costs	3,182	3,225	2,935
Other Operating Funding Applications	-	-	-
Total Application Of Operating Funding (B)	**44,789**	**49,144**	**52,148**
Surplus/(Deficit) Of Operating Funding (A-B)	**4,924**	**5,907**	**4,655**
Sources Of Capital Funding			
Subsidies And Grants For Capital Expenditure	7,651	8,045	6,556
Development And Financial Contributions	112	112	142
Increase/(Decrease) In Debt	1,636	1,880	3,366
Gross Proceeds From Sale Of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources Of Capital Funding (C)	**9,399**	**10,037**	**10,064**
Application Of Capital Funding			
Capital Expenditure:			
- To Meet Additional Demand	438	175	63
- To Improve The Level Of Service	2,369	2,815	1,944
- To Replace Existing Assets	11,536	12,989	11,711
Increase/(Decrease) In Reserves	(20)	(35)	1,001
Increase/(Decrease) Of Investments	-	-	-
Total Applications Of Capital Funding (D)	**14,323**	**15,944**	**14,719**
Surplus/(Deficit) Of Capital Funding (C-D)	**(4,924)**	**(5,907)**	**(4,655)**
Funding Balance ((A-B)+(C-D))	**-**	**-**	**-**

PROSPECTIVE SUPPORT FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Sources Of Operating Funding			
General Rates, Uniform Annual General Charges, Rates Penalties	(808)	(798)	260
Targeted Rates	-	-	112
Subsidies And Grants For Operating Purposes	-	-	-
Fees And Charges	291	304	284
Internal Charges And Overheads Recovered	9,861	10,609	10,320
Interest And Dividends From Investments	103	103	45
Total Operating Funding (A)	**9,447**	**10,218**	**11,021**
Applications Of Operating Funding			
Payments To Staff And Suppliers	9,086	9,765	10,285
Finance Costs	(403)	(384)	367
Internal Charges And Overheads Applied	-	-	-
Other Operating Funding Applications	-	-	-
Total Application Of Operating Funding (B)	**8,683**	**9,381**	**10,652**
Surplus/(Deficit) Of Operating Funding (A-B)	**764**	**837**	**369**
Sources Of Capital Funding			
Subsidies And Grants For Capital Expenditure	-	-	-
Development And Financial Contributions	-	-	142
Increase/(Decrease) In Debt	374	149	935
Gross Proceeds From Sale Of Assets	-	-	-
Lump Sum Contributions	-	-	-
Other dedicated capital funding	-	-	-
Total Sources Of Capital Funding (C)	**374**	**149**	**1,077**
Application Of Capital Funding			
Capital Expenditure:			
- To Meet Additional Demand	-	-	-
- To Improve The Level Of Service	716	570	-
- To Replace Existing Assets	441	451	451
Increase/(Decrease) In Reserves	(19)	(35)	995
Increase/(Decrease) Of Investments	-	-	-
Total Applications Of Capital Funding (D)	**1,138**	**986**	**1,446**
Surplus/(Deficit) Of Capital Funding (C-D)	**(764)**	**(837)**	**(369)**
Funding Balance ((A-B)+(C-D))	**-**	**-**	**-**

NOTES TO THE PROSPECTIVE STATEMENTS

NOTE 1. GENERAL RATES BY ACTIVITY

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
General Rates by Activity			
Land Transport	2,304	2,720	2,346
Water Supply	-	-	-
Wastewater	-	-	-
Stormwater	-	-	-
Solid Waste	789	903	809
Recreation and Community Facilities and Community Property	4,964	5,106	5,685
Community Support	4,137	4,437	3,219
Leadership	1,487	1,527	1,807
Regulation	3,627	3,920	4,383
Total General Rates Levied	**17,308**	**18,612**	**18,249**

NOTE 2. TARGETED RATES BY ACTIVITY

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Targeted Rates by Activity			
Land Transport	5,811	6,855	6,437
Water Supply	5,177	5,637	5,917
Wastewater	2,827	3,088	2,947
Stormwater	1,040	1,114	964
Solid Waste	1,164	1,297	1,405
Recreation and Community Facilities and Community Property	-	-	-
Community Support	714	733	721
Leadership	336	346	739
Regulation	-	-	-
Total Targeted Rates	**17,068**	**19,068**	**19,130**

NOTE 3. DEPRECIATION AND AMORTISATION

	LTP 2026 $000	LTP 2027 $000	Annual Plan 2027 $000
Depreciation and Amortisation			
Land Transport	6,183	6,315	7,570
Water Supply	2,281	2,340	2,501
Wastewater	1,147	1,187	1,161
Stormwater	440	449	336
Solid Waste	99	101	133
Recreation and Community Facilities and Community Property	666	678	897
Community Support	753	770	783
Leadership	105	113	223
Regulation	1	1	3
Total Directly Attributable Depreciation and Amortisation by Group Of Activity	**11,676**	**11,953**	**13,606**
Depreciation and Amortisation not directly related to Group of Activities	764	837	852
Total Depreciation and Amortisation	**12,439**	**12,790**	**14,458**