Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

Tō Tōtau Tairāwhiti Māhere ā-Tau 2022/23

Our Tairāwhiti 2022/23 Annual Plan

Te Kaunihera o Te Tairāwhiti
Gisborne District Council

Adopted by Council on 23 June 2022

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Tō tātau tirohanga whakamua
Our vision

Tairāwhiti maranga ake! E tīmata ana i konei.

Tairāwhiti rise up! It all starts here.

Me whiri ngātahi tātau i ngā āheinga me ngā tauwhāinga kia whakahī ai te Iwi.

Let's navigate our opportunities and challenges together to make our community proud.

Ngā kaupapa
Contents

A message from our Mayor and Chief Executive 5

Ngā Māhere | Our Plan 7

About our plan 10

Our community's wellbeing 12

Our strategic framework 13

Being accountable to our community 14

Treaty relationships and partnerships 15

Facing the future together 16

How to read this plan 18

Our major projects 20

Changes to our performance measures 28

A Tātau Pūtea | Our Finances 31

Financial overview 34

Introduction 37

Prospective Statements 38

Notes to the Prospective Statements 44

Financial Reporting and Prudence Benchmarks 62

Significant Assumptions 63

Rating Information 65

He Whakamārama Anō | Additional Information 91

Our Council 94

Council leadership 95

How to contact us 98

He kupu whakataki nā te Kahurangi me te Manahautū
A message from our Mayor and Chief Executive

Kei Te Tairāwhiti whānui, tēnei māua e mihi kau atu ana ki a tātau. Tangihia a tātau mate, rātau kua mene atu ki te pō. Moe mai ki ngā ringa atawhai o te kaihanga. Rātau te hunga wairua ki te rangi, tātau ngā waihotanga ki te whenua. Mauri ora ki a tātau katoa.

This plan outlines our continued commitment to delivering on the aims of our current 2021-2031 Long Term Plan (LTP) - established in consultation with the people of Tairāwhiti - to provide quality, resilient infrastructure and services that support our community's wellbeing, while striving to support the kaitiaki of our rohe.

Our programme of work, comes at a time when locally, nationally and globally we are facing major challenges. The cost of living is increasing, a global pandemic is causing supply chain disruptions and inflation is on the rise. On top of this we have critical climate change challenges to deal with. Our region is feeling these effects through more severe weather events, affecting everyone. We are also facing a number of legislative changes, including significant reforms. This means local governments across the country are re-evaluating their role in ensuring our communities continue to be supported to meet their future needs.

These challenges mean we need to be smart in what we do and how we do our mahi. One way of doing this is looking at our capital investment programme over a rolling three year period allowing us to better absorb and prioritise around the big external challenges like COVID-19 and increasing adverse weather events.

Despite these challenges we are hugely excited about what we are planning to achieve over the next year, including:

- Completing the Wastewater Treatment Plant upgrade – to improve the water quality in Tūranganui-a-Kiwa.
- Completing the Kiwa Pools – to ensure Tairāwhiti has a modern, multi-purpose pool facility the whole community can enjoy.
- Continuing the acceleration of the delivery of the Waipaoa River Flood Control Scheme, giving greater protection to our community and more resilience against floods.
- Commencing the Uawa cycle and walkway around Tolaga Bay township.
- Delivering more township upgrades in Te Araroa, Wharekahika, Tikitiki, Rangitukia, Ruatoria and Tiniroto, to support our smaller communities.
- Continuing investment in critical infrastructure, e.g. roading resilience works and route security for safer passage on our roads.
- Reviewing the Tairāwhiti Resource Management Plan and our freshwater planning programme.
- Advancing the ongoing Waingake Transformation Programme.
- Beginning our journey towards reaching net-zero emissions by 2030.
- Commencing the newly formed Turanganui Estuary Restoration Project.

Being a better Treaty partner is one of the most significant parts of our work programme and this has been a huge learning journey for the Council. To be better partners we must not only ensure that we uphold the principles of the Treaty but also make sure that iwi and hapū have the opportunity to contribute to decision making. Following the October 8, 2022 elections, Tairāwhiti will be represented by a Mayor elected at large and 13 Councillors, eight of which will come from the Tairāwhiti General Ward and five of which will come from the Tairāwhiti Māori ward. We are proud to be part of a Council that has been able to make this happen.

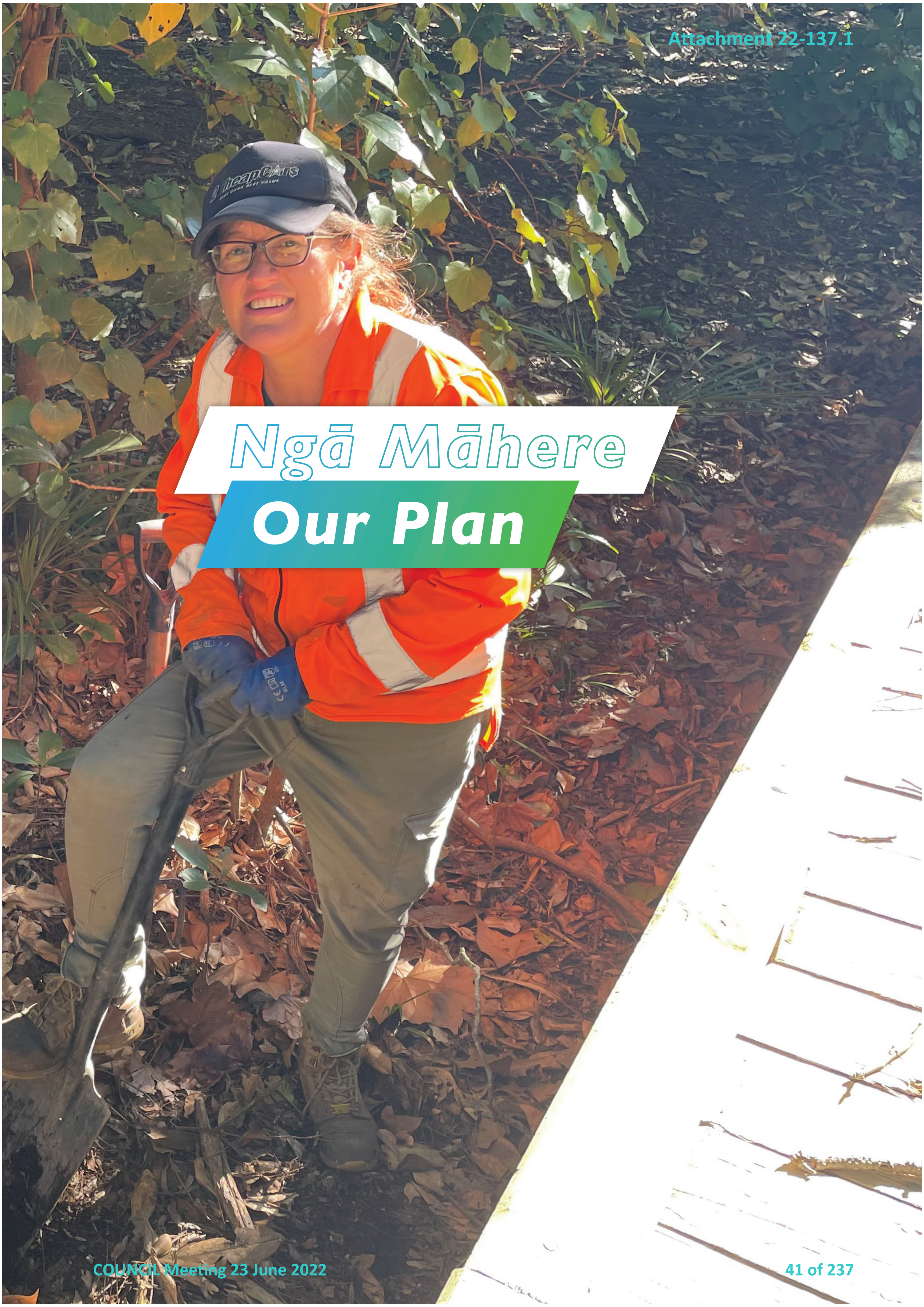
It's going to be a huge year for Tairāwhiti. While we are committed to delivering these important pieces of work, it is critical that we do so in a way that is affordable. Despite costs continuing to rise we are keeping to a rates increase of 6.5% as agreed in the LTP. We are also remaining within our debt limit of less than 130% of revenue to ensure the investments we make now can be sustained for future generations.

We look forward to navigating our challenges and working with you on this journey, for the benefit of the whole Tairāwhiti region.

No reira, kia kaha tātau me ngā mahi kei mua i a tātau e hika mā. Mā te mahi ngātahi ka eke panuku, ka eke tangaroa.


GISBORNE
AMENITY
HORTICULTURE

Ngā Māhere
Our Plan



Ngā kaupapa
Contents

About our plan 10
Our community's wellbeing 12
Our strategic framework 13
Being accountable to our community 14
Treaty relationships and partnerships 15
Facing the future together 16
How to read this plan 18
Our major projects 20

Ngā āhua o tō tātau mahere
About our plan

The purpose of an Annual Plan is to present the proposed annual budget and capital works programme for the year and to identify any changes to Council's plans for the year, against those established in the Long Term Plan (LTP). It also provides for integrated decision-making and contributes to Council accountability. The level of consultation required depends on the significance or materiality of the proposed differences.

Consultation on the Annual Plan is only required if the plan includes significant or material changes to the LTP. Based on the nature of changes identified, Council determined that consultation on the Annual Plan is not required and that our community be informed of changes and activities planned for the 2022/23 Annual Plan upon Council adoption.

The 2022/23 Annual Plan is the second year of our 2021-2031 LTP. Whilst covering a ten year timeframe, an LTP has a key focus on the delivery of projects over the first three years, before the plan is reviewed on a three yearly cycle.

This means it is necessary to look at our capital investment programme over a rolling three year period. With the significant challenges we have faced over the last year, including a number of extreme weather events, the COVID-19 pandemic, rising inflation and supply shortages this three year focus allows us to better absorb, and prioritise around, the changing environment we operate within.

Along with managing these challenges, we will focus on continuing to effectively deliver our major capital investment projects, build our treaty relationships and partnerships and support the kaitiaki of our rohe to ensure our natural resources are managed sustainably, through effective planning and place shaping.

The key outcomes for our 2022/23 Annual Plan are:

- Completing the Wastewater Treatment Plant upgrade improving the water quality in Turanganui-a-Kiwi (Poverty Bay).
- Completing Kiwa Pools by late March 2023 – a modern multi-purpose pool facility the whole community can enjoy.
- Commencing the first stage of the Uawa cycle and walkway - involving a 5.6km path from Uawa Bridge on SH35 around Tolaga Bay township.
- Continuing the acceleration of the delivery of the Waipaoa River Flood Control Scheme, giving greater protection to our community and more resilience against floods, safeguarding both economic development and wellbeing.
- Delivering more township upgrades in Te Araroa, Wharekahika, Tikitiki, Rangitukia, Ruatoria and Tiniroto to support the wellbeing our smaller communities.
- Continuing investment in critical infrastructure, including $8m from the Provincial Growth Fund, for roading resilience works and route security for safer passage on our roads.

- Continuing to increase our resources to ensure improved responsiveness to the resource consent and building consent needs of our community.
- Continuing to support the kaitiaki of our rohe, to better plan for the sustainable management of our district's resources, including by:
  - reviewing the Tairāwhiti Resource Management Plan and our freshwater planning programme
  - advancing the ongoing Waingake Transformation Programme
  - beginning our journey towards reaching net-zero emissions by 2030
  - commencing the newly formed Turanganui Estuary Restoration Project.

Rate changes for 2022/23

This year Council will collect $70.4m ($80.9m including GST) in rates. This is an increase of 6.5%* in overall rates revenue over the 2021/22 rates. This increase in rates is in line with year 2 of our LTP.

Individual ratepayers could pay more or less depending on:

- the capital value of the property
- increases in some fixed service- related targeted rates that apply to some properties
- eligibility for rate remissions.

There are increases in services such as the reticulation of wastewater and water supply as set out in the LTP. The targeted rating system means those that receive a service can be expected to pay more. City residents have more reticulated services than elsewhere within the community.

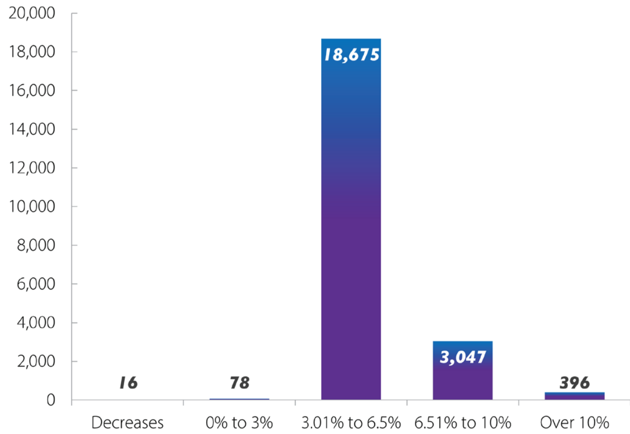
*plus growth

City residential properties have an average rates increase of $71, driven by water, wastewater and increases in the uniform annual general charge. In percentage terms the residential sector average increase is 6.5% and the Commercial/Industrial average increase is 7.1% and an average rate increase of $200.

For the rest of Gisborne district, rates increases are mostly 6.5% or below. However, properties that have had increases in capital value may be above this average rate.

The graph shows the impacts in percentage terms. The rates increase is 6.5%* over the 2021/22 Annual Plan which is consistent with the Long Term Plan. Eighty four percent of properties (18,750) increase 6.5% or less. In dollar terms 18,681 properties increase $200 or less. The increases in the Three Waters affects properties particularly in the city and Te Karaka where services are provided on residential, commercial and other properties with multiple toilet pans and multiple Separately Used or Inhabited Parts (SUIPS), e.g. properties with multiple dwellings, flats or shops.

Rate movement for properties 2022/23



Te oranga o te hapori
Our community's wellbeing

In January 2020 Council set a 30-year vision known as Tairāwhiti 2050 (Spatial Plan). The plan looks to our future including outlining our shared aspirations for our region's future wellbeing. Our community's wellbeing aspirations are defined in the four areas below:

Social

- Our communities have a deep sense of place and belonging.
- We are socially connected, recognise the importance of whakapapa and are committed to improving the education, health and safety outcomes of our people.
- Our communities are more resilient.
- Our townships have access to a network of fit-for-purpose community facilities that reflect community needs.
- We support affordable housing options and the sustainable management of urban growth.

Cultural

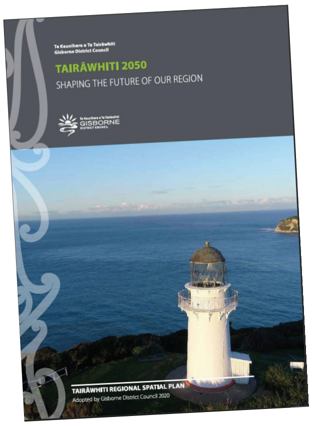
- Communities and individuals experience vitality through kaitiakitanga, expressing their arts, heritage, history, identity and traditions.
- We work together to achieve common goals.
- Cultural activities are enabled by the activation of community spaces, our marae and place making.

Environmental

- We maintain the health of our soils, air, fresh water and coastal environments.
- Our region's biodiversity is restored and protected.
- We improve land uses to ensure they are environmentally sustainable.

Economic

- Our communities are financially secure and contribute to a growing regional economy.
- Infrastructure is provided to enable businesses to establish, thrive and create new employment opportunities.
- Our rural townships benefit directly from ongoing economic investment.



Tairāwhiti 2050

For more information on Tairāwhiti 2050 please refer to our website.

Tō tātau anga rautaki
Our strategic framework

To ensure we can deliver on our community's wellbeing, we created a new strategic framework. For more information on how this was developed, please refer to the 2021-2023 LTP on our website.

Our community outcomes

A driven and enabled community

Our whole community works together to achieve our dreams and aspirations.

Resilient communities

Our economy, infrastructure and communities spring back from difficult situations. We care for and plan for future generations and act in partnership with our community.

Vibrant city and townships

We live balanced and happy lives. Our city and townships are vibrant. We attract visitors from across Aotearoa and the world. Our rural townships have sustainable infrastructure and services and we all have bright futures.

Connected and safe communities

Our communities and businesses prosper. We've got a safe, efficient and integrated transport network. We invest in supplying safe walking, cycling and public transport, and we use new technologies to our advantage.

We take sustainability seriously

We change the way we live and work in response to climate change. We work to lower carbon emissions and to improve our ecological footprint. We're more resilient, we end waste and we use our natural resources wisely.

We celebrate our heritage

We're proud of and celebrate our Māori identity, culture, historic and natural heritage. We're all kaitiaki of our natural taonga which we protect for future generations.

A diverse economy

We've got world class facilities and services. Our people are in high value jobs and have a great standard of living. We've a strong economy which encourages entrepreneurship, innovation and we use emerging technologies.

Delivering for and with Māori

Iwi are significant partners in Council's decision-making. Māori communities and economies are booming, supported by affordable housing, quality infrastructure and fulfilling employment opportunities.

Our strategic priorities

Te taiao

We will protect and enhance our environment and biodiversity.

Te hanganga

We will invest in existing and future core infrastructure needs, with a focus on adaptive, cost efficient and effective designs that enhance our sense of place and lifestyle.

Ngā tikanga āwhina tāngata

We will efficiently deliver quality services that enable our communities.

Te whakautu wawe ki tō tātau hapori
Being accountable to our community

Council is accountable for ensuring our communities' aspirations come to life and continue to report regularly where we are doing well, where there is room for improvement, and where changes are needed - being fully accountable and transparent to our community.

The reporting mechanisms we have in place to ensure we successfully deliver the LTP are listed below.

Long Term Plan

In line with the Local Government Act 2002 (LGA), all Councils need to outline the activities and services they plan to provide over ten years. Every three years Gisborne District Council (Council) has to review and prepare a new LTP by engaging with our community. This ensures that our community contributes to setting our future direction.

The LTP explains what we're planning to do, how we'll pay for it and what it means for rates and debt. It also sets out measures to monitor and evaluate our progress to ensure we remain transparent and accountable to our community. This LTP is also an opportunity for Council to explain how we'll:

- carry out major capital projects that will deliver long lasting benefits by providing, upgrading and enhancing our community spaces
- maintain our assets and invest sustainably in our future to keep our people safe, healthy and thriving
- plan, develop and implement economically sustainable solutions for Tairāwhiti by putting the needs of our community first, both now and over the next ten years.

However, the LTP is not just a planning document, it is also a blueprint for our shared vision of Tairāwhiti. Under the LGA, the purpose of Local Government includes the promotion of the four aspects of community wellbeing; social, economic, environmental and cultural. This enables us to work together as a community to consider how the activities and services Council plans to undertake affect the wellbeing of our community and achieve community outcomes. The LTP is our primary means for achieving this.

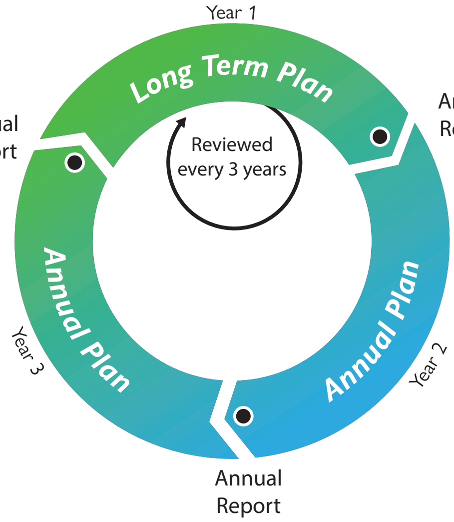
Annual Plan

We prepare an Annual Plan in the second and third year of the LTP. The Annual Plan outlines what we are planning to achieve, including major projects, activities, services and financial information for the specific year. Crucially, the Annual Plan shows how much these cost, how we plan on funding them, and the effect on rates and Council's finances. When there are significant changes or variation from the LTP we consult with you on them and include these variations in the Annual Plan.

Annual Report

The Annual Report is our key accountability document that we are required to produce every year, which reports against our Annual Plan and current LTP. It tells the financial story of our performance over the past financial year and also serves as an important way of informing our communities about how we spent rates. It also highlights the areas we performed well in, the areas where we need to improve and provides context for where we need to head in the future.

The planning and reporting framework is shown below:



Resident satisfaction surveys

We carry out independent resident satisfaction surveys to find out how satisfied residents are with our resources, facilities and services while always looking for improvement opportunities as part of our approach to continuous improvement. Council will this year use a new mixed method approach to this data collection, consisting of targeted online surveys, supplemented by "point of service" user surveys, via QR codes and kiosks four times throughout the year. The results help to give us an insight into the utilisation of facilities and services, the degree of customer satisfaction, and how the community thinks we're performing. This helps to ensure that we deliver what we said we would and that we improve performance in areas where it's required.

Quarterly reporting

Council publishes quarterly reports to give our community a summary of how we are progressing compared to our LTP/ Annual Plans. We do this three times a year while the fourth quarterly report instead becomes our Annual Report.

Ngā hononga Tiriti
Treaty relationships and partnerships

We will continue developing effective and meaningful collaboration with mana whenua to ensure Iwi and hapū have a long-term role in the future planning and decision-making for the region. A number of initiatives have been developed to involve Māori in Council decision-making.

Giving effect to Te Tiriti

Te Tiriti o Waitangi governs the relationship between Māori and the Crown and ensures the rights of Māori as tangata whenua are protected. Local Government also have responsibilities to Māori under Te Tiriti and across varying legislation including the Local Government Act 2002.

Te Kaunihera o Te Tairāwhiti (Gisborne District Council) recognise that while legal and statutory obligations to Māori exist, these form only part of the foundation, and are not the ceiling, for future Te Tiriti based decisions and partnerships.

Treaty Partnership

We are on a journey to establish meaningful Treaty Partnerships with ngā iwi o Tairāwhiti. This begins with building relationships bound in respect, trust and openness and will continue on to enabling joint decision making at the highest level, alongside enduring respect and acknowledgment of each other's mana and responsibilities across our region.

Te Kaunihera have many arrangements and forums in place where co-management, co-governance and joint decision making occur. However, these are usually limited in scope and resource. We are now asking ourselves, and working with iwi to define - what next?

While Te Kaunihera are at the start of our Te Tiriti voyage and still have much to do internally and with iwi, our commitment to being a good Treaty partner and embodying and giving effect to Te Tiriti in Tairāwhiti remains firm.

Tairāwhiti Piritahi

Our internal policy framework of 'Tairāwhiti Piritahi' provides high-level guidance to staff on our organisational expectations for building effective relationships with Māori at every level.

This policy promotes and facilitates Māori participation in Council's decision-making processes, including a framework for building organisational capability and additional opportunities for Māori to contribute to Council's decision-making processes.

The policy is underpinned by the following principles:

- **Tika** – a shared commitment to "do the right thing" – morally and ethically – by making certain that everyone is treated with equal respect and fairness.
- **Pono** – a shared commitment to ensure informed decision-making is underpinned by, and made with, honesty, integrity and good faith.
- **Manaakitanga** – the mutual elevation of mana in encounters and when engaged in discourse as a means of seeking shared understanding based on the spirit of respect and dignity.
- **Kete mātauranga** – Council recognises that tangata whenua have an embodied set of expertise and skills in providing a Māori world view in decision-making processes.

See the full document on Our 'Tairāwhiti Piritahi' Policy on our website.

Te anga piritahi ki mua
Facing the future together

Council is operating in a period of real change and uncertainty in the local government sector. Our focus over 2022/23 will be to continue to navigate the significant range of challenges identified in the LTP 2021-2023, ranging from the ongoing impacts of the COVID-19 pandemic, to the changing legislative environment within which we operate to the increasing adverse weather events we are facing due to a changing climate.

Below are the big challenges we are currently facing and how we are responding to them.

For more information on the big challenges identified in the LTP, please refer to our website.

COVID-19

The COVID-19 pandemic has had a significant impact on the health and well being of our people, community and economy. Council's work programme has also not been without impact.

The pandemic has influenced both contractors and staff, causing significant delays. In addition, it has affected Council's ability to obtain materials in a timely manner due to international and domestic shipping delays. It is expected that our supply chains may continue to be disrupted for the foreseeable future.

These disruptions and the resulting inflationary impact have placed pressure on the delivery of our capital works programme.

In order to manage these impacts we are focussing on:

- delivering more streamlined procurement processes;
- utilising existing contractors on major local projects; and
- shifting towards managing capital works on a three year cycle.

This last point is particularly important as looking at our capital investment programme over a three year period allows us to better absorb and prioritise around the big external challenges like COVID-19 and increasing adverse weather events.

Climate change and increasing weather events

Climate change is the most significant long-term issue facing our region. We recognise the need for us all to prepare for the impacts of a changing climate, with more erosion, more flash floods, wildfires and more pressure on the productivity of the land we depend on.

Our district has experienced significant weather events over the past 12 months, starting June 2021, then again in November, December, and March 2022. The latter event resulted in a declared State of Emergency for the District lasting ten days. As well as causing significant damage to our communities, these events also cause delays to the delivery of our capital projects due to our need to refocus on emergency response and recovery.

In order to prepare for and manage these challenges, we will collaborate with our community to achieve several planned projects:

- natural hazards mapping and climate change risk assessment to inform our adaptation planning
- adaptation planning to prepare for the regional impacts of climate change, in particular, along our coastlines
- increased protection against floods through the Waipaoa flood control climate change resilience project
- Waingake Transformation Programme which will protect the city water supply and improve the region's biodiversity
- Tairāwhiti Resource Management Plan review to manage the use of our natural resources
- reduction of waste emissions through implementing the Waste Management and Minimisation Plan
- regional and Council mitigation plans to move to a low emissions future, and a less pollutive way of life
- work with Trust Tairāwhiti on a regional just/equitable transition plan to reduce the socio-economic impacts of climate action on our people.

Changing legislative environment

Successfully providing resilient infrastructure to support community wellbeing and enable economic growth, whilst acting as effective kaitiaki, is an increasing challenge for all Councils.

Central Government has acknowledged this by undertaking a series of major reviews and reforms including: a review into the future of Local Government; the upcoming repeal and replacement of the Resource Management Act; recommendations on how to move towards a low emissions future; and the Three Waters Reform which will determine how our critical water infrastructure will be managed.

These changes will have a big impact on the work we do and the legislative framework we operate under.

Future for Local Government

An independent Ministerial review into the future of local government is underway, and should be completed by April 2023.

Its overall purpose is to consider how New Zealand's system of local governance will need to evolve over the next 30 years in order to improve the wellbeing of New Zealanders and actively embody the Treaty partnership.

Since the last reorganisation of the system in 2002, local government has become more complex and demanding, having been dealt more responsibilities with little increase in funding or capability.

Further, planned resource management and three water reforms (see below) will also call into question the broader functions and roles of local government and have implications for local governance and wellbeing.

More information is available on the Future for Local Government website.

Three Waters Reform

The Government has initiated a major reform of Three Waters services. This will see the management and delivery of drinking water, wastewater, and stormwater services transferred from 76 councils (nation-wide) to four super-regional entities by June 2024.

The foundations of these new entities will be co-governance arrangements between mana whenua and councils and their scale means they would be able to borrow enough to fund the investment needed in water services and infrastructure.

More information is available on the Department of Internal Affairs website.

Resource Management reforms

The Government is repealing the Resource Management Act 1991 (RMA) and replacing it with three new pieces of legislation. These are:

- the Natural and Built Environments Act (NBA), which will be the main replacement for the RMA
- the Strategic Planning Act (SPA), which will require councils, iwi/Māori, and central government agencies to develop 30-year regional spatial plans
- the Climate Change Adaptation Act (CAA), which deals with the legal and technical matters associated with climate change adaptation and managed retreat.

The intention behind these reforms is to bring about transformative and systemic change in the 'resource planning' space. The Natural and Built Environments Act and the Strategic Planning Act will be introduced to parliament toward the end of 2022. The Climate Change Adaptation Act is expected to follow in 2023.

More information is available on the Ministry for the Environment website.

A new approach to freshwater management

In the next two years, we're also being required to implement the National Policy Statement for Freshwater Management. This is a new approach to managing our water that involves the whole region and strong partnerships with tangata whenua in decisions about the wellbeing (te mana and te mauri) of our water.

To implement the updated direction on freshwater management we are planning to review and update our Regional Freshwater Plan provisions as well as prepare six catchment plans and review the current Waipaoa Catchment Plan.

Tairāwhiti Resource Management Plan Review

A review of the Tairāwhiti Resource Management Plan (Tairāwhiti Plan) is overdue as our current plan is outdated and doesn't reflect our community's aspirations or expectations.

Our region has changed due to development, population growth, and changing demands on our natural resources. National direction and community expectations about environmental outcomes and how we manage natural resources have also changed, and we expect more direction as part of the resource management reforms. The new Tairāwhiti Plan will be the framework we use to make future decisions about how we manage the natural and built environment.

The LTP included a significant investment of $25.8m (including $7m for freshwater) to support a review of the Tairāwhiti Plan and deliver Council's freshwater planning programme. The Tairāwhiti Plan will have a significant impact on Tairāwhiti, and can help address:

- housing supply issues and removing barriers to develop affordable housing for Māori (including papakainga)
- water allocation and giving effect to Te Mana o te Wai
- sustainable land use, including enabling productive use of whenua Māori
- protecting what we value – ecosystems, freshwater, air quality, biodiversity, the coastal environment, and our historic heritage
- building resilience, by addressing impacts of climate change and natural hazards.

The first phase of the review is currently underway, with public notification planned for the end of 2023 and includes three workstreams running concurrently:

- Te Kaupapa Tauākī ā-Rohe / Developing a new Regional Policy Statement (RPS)
- Te Whakamahere Wai Māori/Freshwater Planning
- Te Whakawhanake me te Whakarahi Taone / Urban Growth and Development Planning

For more information please refer to our website.

New Representational Arrangements

To better deliver on our requirements to provide opportunities for Māori to contribute to decision making processes under the Local Government Act 2002, Council resolved to establish one or more Māori wards in 2020.

Following this resolution, we consulted with our community to help decide on what was a fair and effective number of elected members to have, how they were elected, and whether they were elected from wards or "at large" across the whole district, or by a mix of both. We also looked at the boundaries, names of wards and communities of interest.

After considering all the different options and following a determination from the Local Government Commission, Gisborne District Council is to have the following representation arrangements from the 2022 election onwards:

- 1 mayor
- 13 councillors in total, being:
  - 8 general ward councillors elected district-wide from the Tairāwhiti General Ward
  - 5 Māori ward councillors elected district-wide from the Tairāwhiti Māori Ward.

Me pēhea te pānui i tēnei mahere
How to read this plan

The Local Government Act 2002 (LGA) requires councils to prepare an Annual Plan and present the proposed:

- annual budget and capital works programme for the year.
- identify any changes to Council's plans for the year, against those established in the Long-Term Plan (LTP).
- and provides for integrated decision-making and contributes to Council accountability statements for previous year.

Our major projects

Explaining what we are planning for our major capital works for the year 2022/23.

Changes to our performance measures

We have made minor changes to some of our performance measures and provided the reasons for the change.

Financial overview

An overview of the financial information.

Our finances

- The prospective financial information - is a forecast and based on agreed levels of service for each activity. The levels of service are set out in detail in the 2021 – 2031 LTP.
- Detailed notes to the prospective financial statements - identifies revenue and expenditure for each group of activities.
- Financial reporting and prudence benchmarks - discloses Council's planned financial performance in relation to various benchmarks.
- Significant assumptions - details the assumptions Council has made in preparing this Annual Plan.
- Funding impact statement – sets out the sources of operational and capital funding Council will use to fund activities over the 2022/23 financial year and to assist ratepayers in understanding the impact of the Annual Plan.

Additional information

Overview of Council leadership and how to contact us.

2021-2023 Long Term Plan

For more information on the LTP please refer to our website for volumes 1 & 2.

Ngā mahi matua
Our major projects

Projects with major capital investment or community impact are known as major projects. They are programs of work delivered to further our vision and community outcomes. They have significant benefits for our communities and involve significant investment.

For more information on our major projects please refer to our website.

DrainWise implementation

Purpose

Too much stormwater is still getting into our wastewater network during heavy rain, causing wastewater (sewage) overflows into our rivers, private property, and the sea.

50% of the sewer network is on private property and the other 50% is Council owned. The focus to date has largely been on Council's network. To reduce overflows further the focus needs to shift to private property. This means property owners will need to fix problems with wastewater and stormwater drains to stop rainwater flowing into sewer pipes.

Council's DrainWise programme is aimed at reducing these wastewater overflows. The project team are inspecting, assisting, and educating property owners regarding fixing gully traps, downpipes and laterals to combat this issue.

What we are planning for the year

- Sewer main renewals (leaky pipes) $1.8m.
- Stormwater upgrade (reduce flooding) $0.7m.
- Stormwater upgrades on private property (reduce flooding) $1m.
- On-going private property inspections to reduce stormwater getting into the sewer.

Dollars and Cents (Stormwater & Wastewater)

Our 2023/23 Annual Plan budget is $4.2m.

The LTP has set aside a capital budget of $42.7m and an operational budget of $3.8m.

- The project is 100% Council funded.

Navigate Tairāwhiti

Purpose

Navigate Tairāwhiti is a programme of five projects delivered together with tangata whenua and partner organisations.

The programme weaves together significant sites through storytelling and design to showcase our region's unique culture and heritage of first arrivals and great navigators.

Public and privately-owned spaces now include stories and elements that reflect the exceptional navigational feats of the first Iwi who arrived and James Cook who arrived in 1769.

Active projects pending external funding:

- Te Panuku/Titirangi Summit redevelopment – Council is working in partnership with Ngāti Oneone to progress the proposed Te Panuku Tū/Titirangi Summit multi-purpose building. The project was put on hold due to funding being withdrawn as a result of the impact of COVID-19 on regional socio-economics, forcing funders to reprioritise available funding.
- 1000-year Walkway Bridge – Construction of the new bridge design is planned to be completed in 2022/23 with grant funding from the Lotteries Significant Projects Fund. Council will also seek additional funding for completing enhancements to cultural components of the bridge and the Ruatanuika lookout site.

Completed projects:

- Puhi Kai Iti/Cook Landing Site - the landing site of the tipuna Māia, includes steel tukutuku panels, lighting and landscaping. This project was a partnership between Council, Ngāti Oneone, and the Department of Conservation.
- Titirangi maunga restoration - the Whāia Titirangi programme has focused heavily on weed management and re-establishing the natural look of the maunga through native restoration. A collaborative effort between Ngāti Oneone and Council.
- Tūpapa - developed through a partnership of the four Tūranga Iwi, people can take self-guided walks that connects sites from Waikanae Beach to Cook Landing Site and Titirangi maunga.
- Inner harbour upgrade - in partnership with Eastland Port we've transformed our waterfront to become a natural visitor destination and hospitality precinct.

Dollars and Cents

Our 2022/23 Annual Plan budget is $1.5m.

The LTP has set aside $1.8m.

- Te Panuku/Titirangi Summit redevelopment is pending external funding to complete. $1.1m has been grant funded to date.
- 1000-year Walkway Bridge has received $3.1m grant funds to date.

Kiwa Pools

Purpose

With the financial assistance from Central Government, we're building a pool that is fit-for-purpose for our community, now and into the future.

The completed facility will be a modern, year-round, temperature-controlled aquatic centre the whole community can enjoy. The building and its surrounds integrate modern and traditional features in the design.

Ngāi Tāwhiri hapū is providing cultural guidance, paying careful attention to the relationship of the building, the land and the people of Tairāwhiti.

What we are planning for the year

The new Kiwa Pools will open to the public in late March 2023. It will feature the following elements:

- 50 x 20 metre multi-use pool with moveable floor and bulkhead
- leisure and toddler's pool
- learn to swim pool that doubles as a hydrotherapy pool
- bookable community room e.g., for children's birthday parties
- café area
- large pool deck with plenty of seating for events
- indoor change rooms, including whanau change areas
- storage for visitor's gear
- good access for people with disabilities
- administration offices.

The new facility will connect with the existing outdoor pools through large doors opening out beside the leisure pool.

A range of events to showcase the services and opportunities the new facility will offer are being planned for the opening weekend and beyond.

Dollars and Cents

Our 2022/23 Annual Plan budget is $19.6m.

The LTP has set aside $44.5m.

- The Government is funding $40m, while Council committed $6.1m towards the project.

Waingake Transformation Programme

Purpose

New Zealand's natural environment is our taonga, it is a part of our way of life. Protecting, preserving, and improving it for our mokopuna is one of the most important legacies we can leave to the next generation.

Gisborne District Council's Waingake Transformation Programme is our ambitious plan to restore the vital ecosystem of Waingake to its natural state. We will restore 1,200 ha of clear-fell pine back to indigenous forest, in partnership with mana whenua Maraetaha Incorporated. We want to connect our current generation to the natural environment that surrounds our city.

Our goal is to regenerate the environmental heritage of our home, while also ensuring the protection and resilience of Tairāwhiti's water. Not only are we restoring native biodiversity, but we are building a valued partnership with mana whenua which is creating employment opportunities for local people.

What we are planning for the year

- Planting 140 ha of clearfell with mānuka to accelerate erosion control and restoration.
- Planting over 600 willow and poplar poles in highly erosion prone areas to protect our water supply pipeline.
- Control of wilding pine regrowth over more than 150 ha.
- Ongoing control of emerging weeds which threaten the restoration and natural regeneration of Waingake including Old Man's Beard, Pampas, Banana Passionfruit, Gorse and Buddleia.
- Establishment and servicing of an interior trapping programme for the Waingake Waterworks (QEII) Bush.
- Sustained control of goats across 3000 ha.

Dollars and Cents

Our 2022/23 Annual Plan budget is $2.8m.

The LTP has set aside $17.9m.

- We expect to receive a significant level of external funding for the programme over this LTP cycle.

Waipaoa Flood Control Climate Change Resilience Project

Purpose

Climate change is the most significant long-term issue facing our region. We're expecting sea level rise, coastal erosion and floods affecting homes, property and recreation.

We need flood protection to keep our people and community safe from our rivers breaking their banks in heavy rain events. We also need to ensure that our important horticulture, viticulture and farming assets are protected from the effects of climate change.

The project's aim is to increase the level of flood protection of the Waipaoa River to cater for a 100-year heavy rain event, accounting for climate change impact (sea level rise and larger rain events) out to the year 2090.

What we are planning for the year (2022/2023)

- Completion of the Mahunga Stream Floodgate in Ormond Township.
- Completion of the remaining stopbank improvements around the Ormond area, which will fully complete the upgrade of all the eastern (City) side Waipaoa River stopbanks.
- Complete the flood mitigation measures construction work required at Tangihanga Station for Wi Pere Trust, western side.
- Start stopbank improvement upgrade work on the western side near Manutuke.
- Complete around 10km of stopbank upgrades on the western side between Karaua Stream and SH2 Matawhero Bridge.
- Procure and award contractor resources to undertake stopbank upgrade work during the 2023/2024 construction season.
- Continue investigation and detailed design work for stopbank upgrade work upstream of Patutahi Township as well as other areas.

Dollars and Cents

Our 2022/23 Annual Plan budget is $4.5m.

The 2021-2031 LTP has set aside $33.6m.

- In 2020 Council was awarded $7.5m of external funding support from Kanoa to accelerate the delivery of the project. The remaining grant funding is $2.4m.

Walking and cycling projects

Purpose

The programme brings together several strategies, projects and initiatives between Council and Waka Kotahi with a focus on cycling safety.

What we are planning for the year

- The business case for the Taruheru River Walking and Cycling shared path will determine the route that will gain approval for external funding to implement.
- Uawa Trails walking and cycling path. The project will consist of two parts:
  - A 5.6km path from Uawa Bridge on SH35 around Tolaga Bay township has been tendered and will commence construction this year once resource consents are lodged.
  - A 2.6km path from Tolaga Bay Wharf to Uawa Bridge will commence later once land issues are finalised.
- A strategy to inform the next steps to improve the Walking and Cycling Network.
- Walking and cycling safety enhancements through other Road to Zero infrastructure projects - such as school gate and intersection improvements - will see raised safety platforms, more traffic calming, 'streets for people' initiatives and speed management measures in place along with road safety education to encourage mode shift.

Dollars and Cents

Our 2022/23 Annual Plan budget is $2m.

The 2021-2031 LTP has set aside: $7.8m.

- $2.5m – the local share (loan funding) for the Taruheru River Walkway and Cycling project (subject to external funding).
- $270k for the Ūawa Walking and Cycling project, split into $135k in first two years of LTP.
- $100k per annum additional expenditure for the 2021-2023 LTP for the Tairāwhiti Walking and Cycling Network Plan (subject to approval from Waka Kotahi).

Wastewater Treatment Plant upgrade

Purpose

Council continues to be committed to complete the Wastewater Treatment Plant upgrade to improve water quality in Tūranganui-a-Kiwa/Poverty Bay. We acknowledge that doing so appropriately reflects the cultural importance placed on maintaining separation between waste streams and the food chain (kai moana and māra kai) – which is ultimately concerned with human health and well-being.

Our wastewater goes to the Wastewater Treatment Plant in Banks St, where it is screened, then treated through a biological trickling filter breaking down the solids to biomass, such as snails, worms, and plant like material, then pumped to the outfall pipe in the bay. The treatment plant can receive and treat up to 33,000m3 of wastewater per day.

The quality of the discharge into the bay will be further improved with capital improvements to remove solids (clarification), and the treatment of wastewater with UV disinfection. Council further decided in November 2020 to buy adjacent land in Banks Street, for the wastewater treatment plant extension, from Gisborne Holdings Ltd.

We're actively exploring alternative use and disposal with wetlands in partnership with key stakeholders, including work with Iwi representatives from the Wastewater Management Committee (WMC) and KIWA Group to progress the use of treated water. The removal of mortuary waste from the conventional wastewater stream is seen as essential to eliminating perception and cultural barriers to the future use of the treated wastewater. The separation of mortuary wastewater will also include a revised Trade Waste Bylaw.

What we are planning for the year (2022/2023)

The remainder of 2022 will see the physical works on site completed, including:

- lamella clarifier pump station constructed
- lamella clarifier assembled
- sludge storage tank in place
- polymer dosing and return liquor systems installed
- UV treatment chambers and channel constructed
- underground services and connections in place.

2023 will see the completion of the project:

- cold commissioning
- hot commissioning
- handover/trial operations.

Dollars and Cents

Our 2022/23 Annual Plan budget is $15.5m.

The 2021-2031 LTP has set aside $31.3m.

- A further $2.6m is budgeted to start the process of building a city wastewater wetland - to act as the final stage of wastewater disposal, rather than marine outfall – in 2029 to 2031. There is also additional expenditure identified beyond the LTP.

Ngā whakarerekētanga ki o tātau tātai paearu mahi
Changes to our performance measures

Performance measures are quantifiable means for determining whether a level of service has been delivered. Where there is a variation to the performance measures in the LTP we must disclose what the change is and the reasons to our community.

Following a mid-year performance measures review, we determined a need to make minor changes to some of the activity performance measures to:

- correct minor errors from the LTP; or
- make the performance measure more practical to measure.

Changes to existing performance measure descriptions

Existing performance measure	Proposed performance measure description	Comment
The percentage of applications for liquor licences and food certificates processed within target time frames (Food and Alcohol Act).	The percentage of applications for liquor licences processed within target time frames.	Processing of food registrations and renewals unable to be measured via our ozone system and has been removed from the LTP.
Respond to Request for Services excluding noise within 30 minutes.	Respond to Request for Services excluding noise within one hour.	This was an LTP error. The timeframe still accommodates health and safety requirements.
We initiated our response to all maritime emergencies within 30 minutes of notification.	We initiated our response to all pollution notifications within 30 minutes.	Pollution notifications are not only limited to maritime conditions.

Resident satisfaction surveys

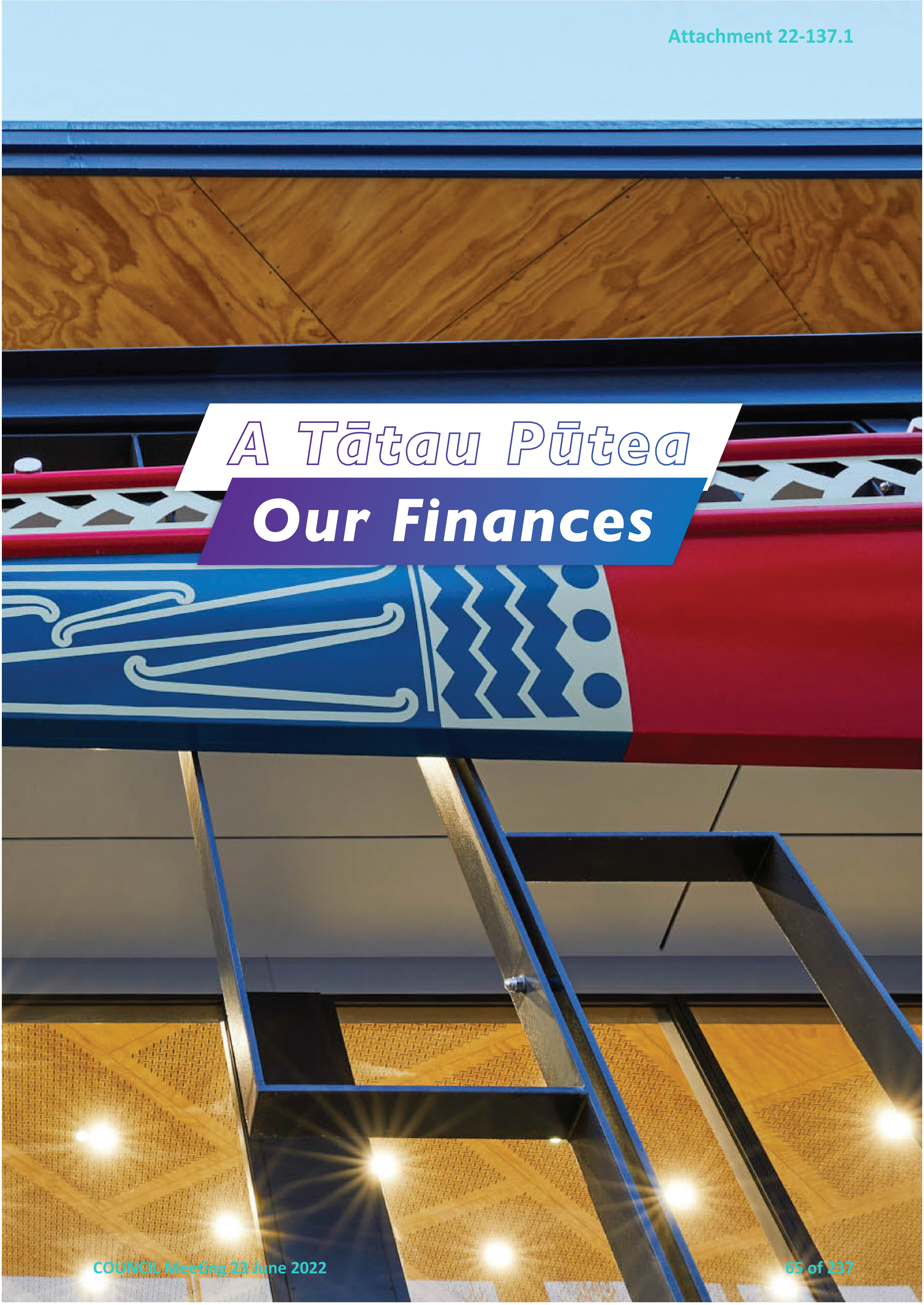
Responding to community views

We carry out independent resident satisfaction surveys to find out how satisfied residents are with our resources, facilities and services while always looking for opportunities for continuous improvement. The survey and reporting process has to date included collecting data on a quarterly basis through telephone-based surveys, providing quarterly reports, and producing an annual analysis which feeds into our Annual Report.

Resident satisfaction surveys are an important pulse-check on how we are doing in the delivery of our services and to ensure we are accountable to our community. As such, these surveys need to be relevant, interactive and user-friendly so we can ensure genuine community input.

Online and service-user surveys

We are amending our current model to enhance the way in which we collect survey information, by focussing on targeted online surveys, supplemented by "point of service" user surveys, via QR codes and kiosks. The new process will be 'live' for Q1 reporting for Year 2 of the 2021-2031 LTP. This will be followed by a full review of our performance measures (to inform the next 2024-2034 LTP) to ensure that both the questions we are asking our community and the methodology we are using to capture their feedback is fit for purpose.



A Tātau Pūtea
Our Finances

Ngā kaupapa
Contents

Financial overview 34
Introduction 37
Prospective Statements 38
Notes to the Prospective Statements 44
Financial Reporting and Prudence Benchmarks . 62
Significant Assumptions 63
Rating Information 65

Tirohanga whānui ahumoni
Financial overview

Financial Estimates for 2022/23

The 2021-2031 Long Term Plan (LTP) set two key financial limits:

- for rates revenue - an increase of 6.5% plus growth in years 1-3 and 5% plus growth in years 4-10
- a debt limit - increase to 130% of our revenue.

The strategy further provides key directions for the management of our finances over years 1-10 of the 2021-2031 LTP:

- prudently managing debt and smoothing increases to rates income
- keeping rates as affordable as practicable
- focusing on critical activities and infrastructure
- increase and optimise the use of alternative revenue streams
- ensure beneficiaries of services pay the costs.

We have a general requirement to manage financial matters prudently and in a manner that promotes the current and future interests of the community. Council must consider the balanced budget requirement under the Local Government Act where forecast operating revenues are sufficient to meet forecast operating expenses. We are budgeting for an accounting surplus. This is the result of capital grants/subsidies and not funding all the costs of depreciation. We do not fund all of roading depreciation costs as they will be recovered from Waka Kotahi in the future.

Key changes

The Financial Strategy for the 2021-2031 LTP sets a limit that overall rates revenue is not to be more than 6.5% plus growth from the previous year. Overall rates revenue in 2022/23 will increase 6.5% over 2021/22, this increase is the same as Year 2 of the LTP.

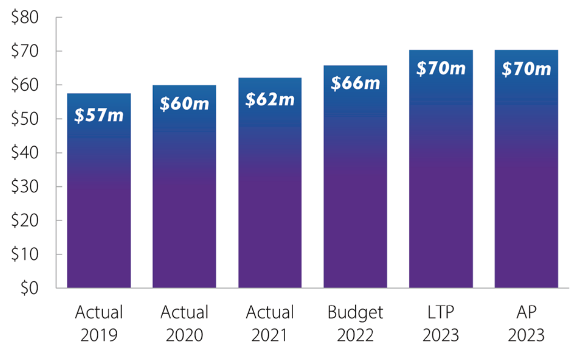
Debt is forecast to be $142m for 2022/23 this is an increase of $9m on the LTP. This is due to new capital projects that have arisen since the adoption of the LTP. These new projects are mostly due to legislative changes and resilience initiatives. They include Ultra Violet Treatment for water processing, Te Arai Bridge and relocation of the Tokomaru Bay Transfer station. This is still within the debt threshold of 130% of revenue as set out in the Financial Strategy.

Capital Investment Programme for 2022/23 is $99.2m this is an increase of $18.8m on the LTP. The budgets includes $5m additional provincial growth funded (PGF) roading projects, new projects that were identified after the adoption of the LTP and some projects that were forecast to be completed by 30 June 2022, but now will roll into Year 2.

Net surplus

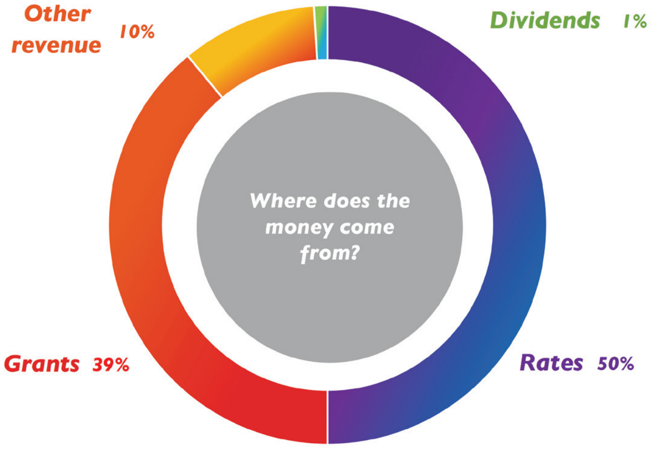
The Annual Plan forecasts a net surplus after taxation of $27.5m, down $1.3m on LTP Year 2. Net surplus after taxation is the difference between income received and expenses incurred during the year. We record capital grants and capital subsidies as income, even though they are not used to fund operational activities, as such this creates an accounting surplus. The surplus goes towards our capital projects and reduces Council's need to borrow funds.

2022/23 Rates increase



Rates affordability continues to be a significant issue for our district. Council's commitment to minimising rates increases is set out in our Financial Strategy in the 2021-2031 LTP.
The Strategy focused on increasing revenue from alternative sources to lessen the financial burden on ratepayers.
The 2022/23 AP forecasts that on average rates would be 50% of total revenue required. This is less than the LTP forecast of 60% revenue from rates. The use of external grant funding has meant that for 2022/23 the reliance on rates has been reduced.

Council's income



Council's operational expenditure

28% Roads and Footpaths $34.3m

16% Regional Leadership and Support Services $22.4m

10% Liveable Communities $19.8m

10% Environmental Services and Protection $12.3m

6% Wastewater $12m

4% Water Supply $7.4m

3% Solid Waste $4.7m

3% Land, Rivers and Coastal $3.3m

1% Urban Stormwater $3.2m

1% Commercial Operations

Capital investment programme

Capital investment programme for 2022/23 is $99.2m. The focus of 2022/23 Capital Investment Programme is both the delivery and key outcomes:

- completion of the Wastewater Treatment Plant upgrade improving the water quality in Turanganui-a-Kiwi (Poverty Bay)
- completion of Kiwi Pools – a modern multi-purpose pool facility the whole community can enjoy
- completion of Uawa cycle and walkway
- more township upgrades and place shaping leveraging funding from Waka Kotahi to do more, supporting the safety and health of our people in our smaller communities
- continuing investment in critical infrastructure, including $8m from Provincial Growth Fund for roading resilience works and route security for safer passage on our roads.

The proposed Capital Programme for 2022/23 is included in Note 14 in the "Our Finances Section".

Council's debts

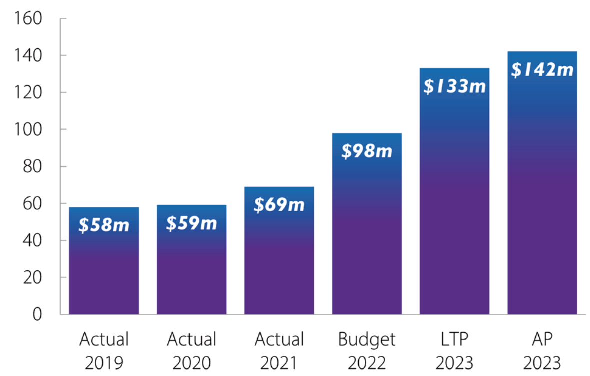
Council reviewed the assumptions surrounding our forecast debt, resulting in an increase in debt projections. The forecast total debt is $142m compared to $133m that was forecast in Year 2 of the 2021-2031 LTP. This higher forecast debt includes new projects that have been identified since the adoption of the LTP, including:

- Ultra Violet treatment for Waingnake Water Supply compliance project
- Te Arai Bridge & Tokomaru Bay transfer station relocation resilience projects

Council's ability to raise loans is not dependent on the quantified limit that is set within the Financial Strategy. Council's ability to raise loans is based upon debt covenant thresholds around its revenue levels, where overall debt is to be less than 175% of revenue.

Council's actual debt to revenue is forecast to be 121% of revenue. This means that Council will still be well under its debt covenant thresholds of 175%.

Council debts



Significant forecasting assumptions

The estimates contain prospective financial information. Actual results are likely to vary from the information presented and the variations may be material. For more detail see the Introduction section of Our Finances.

Fees and charges

The Council fees and charges are used to fund the operation and maintenance of a variety of services provided to the community. Fees and charges have predominantly increased by the rate of inflation for 2022/23. Fees were increased in some activities to meet Council's Revenue and Finance policies or to recover increased costs.

Full details of the fees and charges can be found on the Council's website: www.gdc.govt.nz

Tīmatatanga Kōrero
Introduction

The Annual Plan sets out Council's priorities and identifies how Council intends to fund its operations and capital projects.

The forecasts prepared for Council have been prepared based on agreed levels of service for each activity. The levels of service are set out in detail in the 2021-2031 LTP.

The prospective financial information contained in the Annual Plan is a forecast. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take at the date the forecast was prepared. The forecast relates to events and actions which have not yet occurred and may not occur.

The forecasts are presented in:

- prospective Statement of Comprehensive Revenue and Expenses
- prospective Statement of Financial Position
- prospective Statement of Changes in Equity
- prospective Statement of Cash flows
- prospective Statement Concerning Balanced Budget.

Further detailed information is provided in the Notes to the Prospective Financial Statements which identifies revenue and expenditure for each group of activities (Note 2) and a full list of capital projects planned for 2022/23 with comparative figures to Year 2 of the 2021-2031 LTP (Note 14).

The operational and capital costs within the Annual Plan include:

- existing costs - costs to continue to deliver the current level of service
- growth costs - costs to deliver current level of service to a larger community due to growth
- level of service changes - costs to deliver an increase in level of service
- project costs - costs such as depreciation and interest that arise from Council undertaking capital projects
- inflation - increases in revenue and costs due to price changes.

The nature of the prospective financial information - cautionary note

The prospective financial information contained in the Annual Plan is a forecast. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the action it reasonably expects to take at the date the forecast was prepared. The forecast relates to events and actions which have not yet occurred and may not occur. The actual results achieved for the period covered are likely to vary from the financial information presented and the variations may be material. Uncontrollable events will significantly affect the forecast.

Please note

Revenue from the Grants, Subsidies and Contributions - Capital includes grants received where the associated expenditure will be capitalised. Expenditure relating to these projects will be recognised (primarily as depreciation) over the life of the capitalised assets.

Council has budgeted for a net surplus in the 2022/23 Annual Plan. This is mainly the result of the capital grants and subsidies. Further information is available in the Prospective Statement Concerning Balanced Budget later in this section.

The financial information contained within the 2022/23 Annual Plan may not be appropriate for purposes other than those described.

There may be rounding differences throughout the financial statements and notes included in this section. They do not impact the overall usefulness of the information presented.

Ngā Tauākī Haurapa

Prospective statements

Prospective statement of comprehensive revenue and expenses for the year ended 30 June 2023

LTP 2022 $000s		Notes	LTP 2023 $000s	AP 2023 $000s
	REVENUE FROM NON-EXCHANGE TRANSACTIONS			
14,699	Grants and Subsidies - Operational	2/4	12,861	12,885
61,396	Grants, Donations, Subsidies and Contributions - Capital[1]	4	41,302	44,535
2,138	Other Non Exchange Revenue	2/5	2,170	2,170
22,493	General Rates And Uniform Annual General Charge	3	24,111	24,113
43,288	Targeted Rates	3	46,259	46,270
	REVENUE FROM EXCHANGE TRANSACTIONS			
1,587	Development and Financial Contributions	5/11	1,622	1,622
10,429	Other Revenue	2/5	10,762	11,645
3,366	Targeted Water Rates	2/3	3,694	3,594
1,500	Dividends	2/5	1,600	1,600
(474)	Other Gains/(Losses) - Profit on Sale of Assets	2/6	(231)	(231)
160,422	Total Revenue		144,150	148,204
	EXPENSES			
26,570	Employee Benefit Expenses	7	27,372	30,672
56,477	Expenditure on Operating Activities	9	57,136	61,205
23,733	Depreciation and Amortisation	8	26,774	24,907
3,813	Financing Costs	10	4,608	4,482
110,593	Total Expenses	2	115,889	121,266
49,829	Net Surplus/(Deficit) before Taxation		28,261	26,939
600	Subvention Payment from GHL		600	600
50,429	Net Surplus/(Deficit) after Taxation		28,861	27,539
35,747	Gains/(Losses) on Property Revaluation		62,321	62,321
86,176	TOTAL COMPREHENSIVE REVENUE AND EXPENSES		91,182	89,860

[1] Increase in Grants & Subsidies due to Provincial Growth for roading projects.

Prospective statement of financial position as at 30 June 2023

LTP 2022 $000s		LTP 2023 $000s	AP 2023 $000s
	CURRENT ASSETS		
9,967	Cash & Bank	9,967	19,575
11,486	Non Exchange Trade and Other Receivables	11,519	8,806
11,933	Exchange Trade and Other Receivables	12,019	9,182
101	Inventories	101	38
(0)	Non Current Assets Held for Resale	(0)	80
33,487	Total Current Assets	33,607	37,682
	CURRENT LIABILITIES		
431	Deposits Held	431	498
30,604	Trade and Other Payables	30,317	35,744
2,625	Employee Benefits and Suspense	2,598	2,754
5,000	Borrowings[1]	5,000	7,100
94	Provisions for Other Liabilities	94	279
1,219	Derivative Financial Instruments	1,219	1,116
39,973	Total Current Liabilities	39,658	47,491
(6,486)	Total Net Working Capital	(6,052)	(9,808)
	NON CURRENT ASSETS		
2,491,959	Property Plant and Equipment	2,607,078	2,666,688
6,427	Intangible Assets	6,427	6,548
3,309	Biological Assets	3,028	2,741
33,595	Investments	33,595	33,893
2,535,290	Total Non Current Assets	2,650,128	2,709,870
	NON CURRENT LIABILITIES		
104,288	Borrowings[1]	128,319	135,399
176	Employee Benefit Liabilities	176	179
2,892	Provisions for Other Liabilities	2,951	2,571
4,029	Derivative Financial Instruments	4,029	1,618
1,950	Emission Trading Scheme Liabilities	1,950	1,950
113,335	Total Non Current Liabilities	137,426	141,717
2,415,469	Total Net Funds Employed	2,506,651	2,558,345
	EQUITY		
551,341	Accumulated Surplus	590,502	575,479
33,481	Special Funds	23,181	32,477
1,830,647	Revaluation Reserves	1,892,968	1,950,389
2,415,469	Total Equity	2,506,651	2,558,345

[1] Cash at bank represents the carrying value of short-term deposits with original maturity dates of three months or less approximate their fair value

[2] Borrowings have increased due to new capital works to meet legislative changes and resilience projects.

Prospective statement of changes in equity as at 30 June 2023

LTP 2022 $000s		LTP 2023 $000s	AP 2023 $000s
	EQUITY OPENING BALANCES		
492,764	Accumulated Funds and Retained Earnings	551,341	533,381
41,629	Special Funds and Reserves	33,481	47,036
1,794,900	Revaluation Reserves	1,830,647	1,888,068
2,329,293	Total Equity Opening Balance	2,415,469	2,468,485
	CHANGES IN EQUITY		
	Accumulated Surplus (Retained Earnings)/ Revaluation Reserves		
86,176	Total Comprehensive Income for the Year	91,182	89,860
8,148	Transfer to/(from) Special Funds and Reserves	10,300	14,559
	Special Funds and Reserves		
(8,148)	Transfer to/(from) Retained Earnings	(10,300)	(14,559)
86,176	Total Changes in Equity	91,182	89,860
	EQUITY CLOSING BALANCES		
551,341	Accumulated Funds and Retained Earnings	590,502	575,479
33,481	Special Funds and Reserves	23,181	32,477
1,830,647	Revaluation Reserves	1,892,968	1,950,389
2,415,469	Total Equity Closing Balance	2,506,651	2,558,345
	Attributable to :		
2,415,469	Gisborne District Council	2,506,651	2,558,345

Prospective statement of cash flow for the year ended 30 June 2023

LTP 2022 $000s		LTP 2023 $000s	AP 2023 $000s
	Cash Flow from Operating Activities		
	Cash provided from:		
64,082	Rates Receipts	68,650	68,531
76,296	Government Grants and Subsidies	54,424	57,681
18,243	Receipts from Activities	19,307	20,410
0	Interest Received	0	0
1,500	Dividends Received	1,800	1,600
600	Subvention	600	600
160,721		144,581	148,822
	Cash provided to:		
82,172	Payments to Suppliers and Employees	83,755	91,322
995	Grants	995	992
0	GST (Refund)	0	0
0	Income Tax	0	0
3,826	Interest Paid	4,621	4,495
86,993		89,370	96,809
73,728	Net Cash Inflow/(Outflow) Operating Activities	55,211	52,013
	Cash Flow from Investing Activities		
	Cash provided from:		
50	Sale of Property Plant and Equipment	50	50
523	Forestry stumpage adjustment	280	287
573		330	337
	Cash provided to:		
103,467	Purchase of Property Plant and Equipment	79,573	99,198
0	Purchase (w/down or sale) of Investments	0	0
103,467		79,573	99,198
(102,894)	Net Cash Inflow/(Outflow) Investing Activities	(79,243)	(98,861)
	Cash Flow from Financing Activities		
	Cash provided from:		
29,166	Increase/(Decrease) in Borrowings	24,031	46,848
29,166		24,031	46,848
29,166	Net Cash Inflow/(Outflow) Financing Activities	24,031	46,848
0	Net Increase/(Decrease) in Cash	0	0
9,967	Cash at beginning of the year	9,967	19,575
9,967	Cash and Cash Equivalents at Year End	9,967	19,575

Explanation of terms used in the prospective statement of cash flows

Cash and Cash Equivalents is considered to be cash on hand and current accounts in banks, net of bank overdrafts.

Investing Activities are those activities relating to the acquisition, holding and disposal of fixed assets and investments. Investments can include securities not falling within the definition of cash.

Financing Activities are those activities which result in changes in the size and composition of the capital structure of the Group. This includes both equity and debt not falling within the definition of cash.

Operating Activities include all transactions and other events that are not investing or financing activities.

The GST (net) component of operating activities reflects the net GST paid and received with the Inland Revenue Department. The GST component has been presented on a net basis, as the gross amounts do not provide meaningful information for financial statement purposes. The GST rate assumed in these estimates is 15%.

Prospective statement concerning balanced budget for the year ended 30 June 2023

LTP 2022 $000s		LTP 2023 $000s	AP 2023 $000s
160,422	Operating Revenue	144,150	148,204
110,593	Operating Expenditure	115,889	121,266
600	Subvention Payment	600	600
50,429	Net Operating Surplus/(Deficit) After Taxation	28,861	27,539
	LESS		
804	Capital Rates Income	1,087	1,272
61,396	Capital Grants and Subsidies	41,286	44,519
1,587	Other Capital Grants, Donations and Contributions	1,638	1,638
(2,491)	Operations Funded by Reserve Funds	(2,970)	(9,358)
	PLUS		
10,187	Depreciation not Funded	11,832	10,253
680	Increase/(Decrease) in Deficit	349	279
0	Balanced Budget - operating income agrees to operating expenditure	0	0

Balancing the budget

Council sets operating income at a level to meet each year's operating expenditure. This is to ensure that there is access to enough funding to enable the services to continue to be provided long term. However, there are activities where this approach may not be practical or prudent due to the activity's long term nature i.e. wastewater, forestry or soil conservation nurseries. Council is forecasting an accounting surplus for 2022/23.

Council intends to:

- find additional sources of income, enabling us to keep rates affordable through grants and dividends, partnerships and some increase to user pays
- not fund a portion of depreciation on specific assets or components of assets funded through capital rates or subsidies (i.e. waste water treatment plant and some roading assets)
- increase borrowing to a sensible level in order to build, renew and maintain critical infrastructure.

When preparing and reviewing the budget, Council has had regard to the following specific matters in relation to all activities of Council, as per the LGA section 100:

- maintaining levels of service
- maintaining the service capacity and integrity of assets
- intergenerational equity
- compliance with Council's funding and financial policies established under LGA section 102.

Kupu Tāpiri ki ngā Tauākī Haurapa

Notes to the prospective statements

Note 1: Statement of accounting policies

Reporting entity

Gisborne District Council ("Council") is a Unitary Authority governed by the Local Government Act (LGA) 2002.

The Gisborne District Council Group (the "Group") consists of Gisborne District Council and its subsidiary, Gisborne Holdings Ltd (100% owned). Gisborne Holdings Ltd is incorporated in New Zealand, and pursuant to the Local Government Act 2002 is a Council Controlled Trading Organisation.

Council has not presented economic entity prospective financial statements because the Council believes that the controlling entities, prospective statements are more relevant to users. The main purpose of prospective financial statements in the Annual Plan is to provide users with information about the core services that Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much Council requires by way of rates to fund the intended levels of services. The level of rates funding required is not affected by controlled entities, except to the extent that the Council obtains distributions from, or further invests in, those controlled entities. Such effects are included in the prospective financial statements presented.

The Council is a Public Benefit Entity (PBE) for the purposes of Financial Reporting. The Financial Bill, enacted in December 2013, defines a PBE as "entities whose primary objective is to provide goods or services for community or social benefit, and where equity has been provided with a view to supporting that primary objective, rather than for a financial return to equity". Gisborne District Council is defined as a Tier 1 entity with expenditure in excess of $30m.

Basis of preparation

The Council's prospective financial statements have been prepared in accordance with the requirements of the LGA 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with Public Benefit Entity (PBE) Standards and other applicable Financial Reporting Standards, as appropriate for public benefit entities. This includes compliance with PBE Financial Reporting Standard No. 42 (PBE FRS-42) 'Prospective Financial Statements'.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of certain fixed assets, forestry assets, livestock assets and certain financial instruments to reflect fair value.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of Council is New Zealand dollars.

The nature of the prospective financial information - cautionary note

The prospective financial information contained in the Annual Plan is a forecast. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to take at the date the forecast was prepared. The forecast relates to events and actions which have not yet occurred and may not occur. The actual results achieved for the period covered are likely to vary from the financial information presented and the variations may be material.

A number of assumptions need to be made about the economic and financial conditions which will apply over the life-time of the model. The major assumptions underpinning this Plan are set out in the Significant Assumptions section.

The financial information contained within the Annual Plan may not be appropriate for purposes other than those described.

Specific accounting policies

The following specific Accounting Policies which materially affect the measurement of financial performance and the financial position have been applied.

Revenue recognition

Revenue has been split into Exchange and non Exchange as per the requirements of the Public Benefit Entity (PBE) accounting standards. Non Exchange revenue is categorised as receiving value without giving approximately equal value in exchange e.g. general rates, government grants.

Revenue is measured at the fair value of consideration received. The following specific recognition criteria must be met before revenue is recognised.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when invoices are raised.

Government grants and subsidies

Government grants are initially recognised as income at their fair value where there is reasonable assurance that the grant will be received and all attaching conditions will be complied with.

Council receives government subsidies from Waka Kotahi, which subsidises part of Council's costs in maintaining the local roading infrastructure.

The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure have been fulfilled.

Other revenue

Revenue from the rendering of services is recognised, based on the actual service provided on an accrual basis.

Sales of goods are recognised when a product is sold to the customer. Sales are usually in cash or by electronic payment. The recorded revenue is the gross amount of the sale, excluding GST. Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established.

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as revenue. Assets vested in Council are recognised as revenue when control over the asset is obtained.

Borrowing costs

Borrowing costs (except borrowing costs incurred as a result of capital work) are recognised as an expense in the period in which they are incurred.

When the construction of assets are loan funded, all borrowing costs incurred as a result of the capital work are capitalised as part of the total cost of the asset up until the point where the asset enters service.

Grant expenditure

Non-discretionary grants are those grants that are awarded if the grant application meets the specified criteria. They 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 a successful applicant has been notified of Council's decision.

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses.

Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax basis used in the computation of taxable profit.

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

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

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

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

Current tax and deferred tax is charged or credited to the Prospective Statement of Comprehensive Revenue and Expenses, except when it relates to items charged or credited directly to equity, in which case the tax is dealt within equity.

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.

Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred.

At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life.

Trade and other receivables

Trade and other receivables are recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any allowance for uncollectible amounts.

A provision for impairment of receivables (doubtful debts) is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the effective interest method. Non-current receivables are recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset.

Inventories

Inventories are recognised at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses. The cost of inventories is based on the first-in first-out (FIFO) principle and includes expenditure in acquiring the inventories and bringing them to their existing location and condition.

Financial assets

Council classifies its financial assets in the following two categories:

- available-for-sale financial assets
- loans and receivables.

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through the Prospective Statement of Comprehensive Revenue and Expenses in which case the transaction costs are recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

Purchases and sales of investments are recognised on trade-date, the date on which the Council commits to purchase or sell the asset.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price is the current bid price. The fair value of financial instruments not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows are used to determine fair value for the remaining financial instruments.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council presently has the following categories of financial assets:

a. Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Council's general and community loans are designated as loans and receivables. They are recognised initially at fair value, and subsequently carried at amortised cost less impairment losses.

Loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method.

The difference between the face value and present value of the expected future cash flows of the loan is recognised in the Prospective Statement of Comprehensive Revenue and Expenses as a grant. Loans to other parties at market rates are measured at amortised cost using the effective interest method. Non-current loans are discounted at the current market rate of return for a similar asset.

b. Available-for-sale financial assets

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

The Council's investments in equity securities are classified as available for sale and are stated at fair value. Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

In the event of impairment any cumulative losses previously recognised in equity will be removed and recognised in the Prospective Statement of Comprehensive Revenue and Expenses even though the asset has not been derecognised.

Impairment of financial assets

At each balance sheet date Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

Accounting for derivative financial instruments and hedging activities

Council uses derivative financial instruments such as interest rate swaps ("hedges") and forward rate agreements to manage its cash flow and interest rate risk. In accordance with its treasury policy, the 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 re-measured at their fair value at each balance date.

Council does not satisfy all the conditions for hedge accounting and therefore all gains or losses in fair value of instruments used to manage cash flow and interest rate risk are recognised through the Prospective Statement of Comprehensive Revenue and Expenses.

Financial liabilities - borrowings

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

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not 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 Prospective Statement of Comprehensive Revenue and Expenses.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Property, plant and equipment

Property, Plant and Equipment consists of:

Operational Assets

These include land, buildings, improvements, library books, wharves, floating plant, plant equipment, and motor vehicles.

Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by Council and comprise the sewer, water, storm water, roading, flood control and the waste disposal infrastructures.

Each asset type includes all items that are required for the network to function, for example, sewer reticulation piping and sewer pump stations.

Biological assets

Forestry Assets

Forestry assets consist of the Council's forestry holdings. Forestry assets are valued on the basis of fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate. Forestry assets are revalued annually. Valuation movements pass through surplus/(deficit). The costs to maintain the forestry assets are included in surplus/(deficit).

Council has transferred forestry rights in respect to relating to land to Juken New Zealand Limited. The transfer relates to one harvest cycle. Under the agreement Council has contributed land and is entitled to a percentage of stumpage. All costs of development are borne by Juken New Zealand Limited. The value of the land (excluding the trees) and Council's right to a share of the stumpage is reflected in the Statement of Financial Position.

Council has committed to reverting 70% of the current net stocked area of exotic planting to native.

Intangible assets

Intangible assets predominately comprise computer software and carbon credits.

Software acquisition and development

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

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use or with the acquisition of software licences by Council, are recognised as an intangible asset.

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 is charged to the Prospective Statement of Comprehensive Revenue and Expenses on a straight line basis over the useful life of the asset.

Typically, the estimated useful lives of these assets are as follows:

- computer software three to six years.

Emissions trading scheme

The Groups forestry holdings incorporates forestry assets held by Council and its subsidiary, Gisborne Holdings Limited (GHL).

Tauwhareparae Farms Ltd (TFL) a subsidiary of GHL has voluntarily entered the New Zealand Emissions Trading Scheme (ETS) in respect of 1,224.2 hectares of forest land located in the Tauwhareparae area. This entitles TFL to receive emissions units (units) for carbon stored in the specified area from a 1 January 2008 baseline.

Council's forestry holdings separate from the subsidiaries holdings, consisting of small woodlots and a further area held by the Pamoa Forest Joint Venture. These forestry blocks were registered with ETS in November 2011. This entitles the Council to receive emission units (units) for carbon stored in the specified area from 1 January 2008 baseline.

Units received are recognised at fair value on the date they are received and subsequently measured at cost subject to impairment. While there are no specific conditions attached to units received, should carbon stored in the specified area fall below the amount compensated for, a portion of the units received must be returned.

Units received are recorded on the Prospective Statement of Financial Position as an intangible asset until it is clear that they will not be required to meet future emissions obligations. The value of units is then recognised in the Prospective Statement of Comprehensive Income.

Where there is an obligation to return units this liability is recognised on the Prospective Statement of Financial Position, measured with reference to the carrying value of units on hand. Where there is insufficient units on hand to meet the emissions obligation, this is measured by reference to the current market value for units held.

Property, plant and equipment valuation

Council has elected to use the Public Benefit Entities exemption to revalue property, plant and equipment on an asset class basis. The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Prospective Statement of Comprehensive Revenue and Expenses. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Prospective Statement of Comprehensive Revenue and Expenses will be recognised first in the Prospective Statement of Comprehensive Revenue and Expenses up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Additions

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructural assets and land have been vested in Council as part of the subdivision consent process. Vested assets are recognised as revenue when control over the asset is obtained. Vested assets are valued at fair value when received.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Prospective Statement of Comprehensive Revenue and Expenses.

When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

Costs incurred subsequent to the 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 reliably measured.

Operational assets valuations

All Operational assets are carried at cost less accumulated depreciation and impairment losses except for:

- operational land
- operational land is valued at fair value and is not depreciated
- operational buildings.

Operational buildings are revalued to optimised depreciated replacement cost and depreciated between valuations. These assets are independently revalued every 3 years, or more frequently when there are indications that the values may have changed substantially from carrying value.

Library books - general collection

All new and replacement books are capitalised in the year they are purchased and subsequently depreciated based on useful lives. The valuations are performed by the Head Librarian and are not subject to independent review because there are readily available market prices to determine fair value.

Library books permanent collection

The permanent collection is carried at deemed cost.

Infrastructure assets valuations

Infrastructural assets

Infrastructural assets are initially recorded at depreciated replacement cost. Infrastructure assets other than roading are independently valued every 3 years at depreciated replacement costs, unless conditions indicate that carrying value is materially different to fair value, in which case assets are revalued more frequently.

Roading assets

Roading assets are independently revalued annually.

Airport assets

Airport assets include land, buildings, runway aprons, roading and below ground infrastructure. Airport assets are independently valued every 3 years or more frequently when there are indicators that the fair values may have changed substantially from carrying value.

Depreciation

Depreciation is provided on a straight-line basis on all fixed assets other than land and land under roads.

The depreciation rates used will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructure assets

Roads	
*Pavement Surface (seal)	5 - 20 years
*Pavement Surface (unsealed) - Wearing Course	5 years
*Pavement Layers (basecourse)	40 - 100 years
*Formation	(not depreciated)
*Culverts	70 years
*Footpaths	20 - 75 years
*Surface Water Channels	75 years
*Signs	12 years
*Street Lights	15 - 25 years
*Bridges	25 - 80 years
*Retaining Structures	80 years
*Traffic Signals	15 years
*Parking Meters	15 years
*Railings	10 - 15 years
*Safety Projects	10 - 13 years
Water reticulation	
*Pipes	30 - 165 years
*Valves, Hydrants	25 years
*Pump Stations	15 - 100 years
*Dams	400 years
*Structures	16 - 200 years
Sewage reticulation	
*Pipes	60 - 100 years
*Pump Station	15 - 100 years
*Manholes	100 years
*Treatment Plant	15 - 50 years
*Laterals	100 years
Stormwater systems	
*Pipes	62 - 100 years
*In-drain Structures	25 - 100 years
*Flood Control Systems	25 - 100 years
*Solid Waste	4 - 25 years
Operational assets	
*Land	(not depreciated)
*Buildings/Land Improvements	3 - 100 years
*Plant/Machinery/Motor Vehicles	2 - 20 years
*Office Equipment/Furniture	3 - 50 years
*Other Equipment	3 - 25 years
*Library Books	1 - 50 years
*Wharves	50 years
*Floating Plant	25 years
*Leased Assets	3 - 8 years

Assets under construction

Assets under construction are valued at cost but they are not depreciated. The total cost of a project is transferred to freehold buildings, plant and equipment or infrastructural assets on its completion and then depreciated.

Impairment of non financial assets

Assets 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.

If the recoverable amount of a non-financial asset is less than its carrying amount, the item is written down to its recoverable amount. The write down of an item recorded at cost is recognised as an expense in the Prospective Statement of Comprehensive Income. When a re-valued item is written down to recoverable amount, the write down is recognised as a downward revaluation to the extent of the corresponding revaluation reserve and any balance recognised in the Prospective Statement of Comprehensive Revenue and Expenses.

The carrying amount of a non-financial asset that has previously been written down to a recoverable amount is increased to its current recoverable amount if there has been a change in the estimates used to determine the amount of the write down. The increased carrying amount of the item will not exceed the carrying amount that would have been determined if the write down to recoverable amount had not occurred.

Trade and other payables

Trade and other payables are non-interest bearing and are normally settled on 30-day terms. Therefore, the carrying value of trade and other payables used in the Prospective Statement of Financial Position approximates their fair value.

Financial liabilities: borrowings

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

Employee entitlements

The provision for annual leave employee entitlement and other employee benefits expected to be settled within 12 months of balance date has been calculated on an actual entitlement basis at current rates of pay while the other provisions have been calculated on future rates of pay, discounted using an appropriate discount rate.

Provision for accumulated sick leave is made only to the extent that it is expected to be used in future periods. The expected usage is assessed using historical average rates of use.

Long service leave and retirement leave

For retiring leave and long-service leave not expected to be taken within 12 months of balance date, the liability is equal to the present value of the estimated future cash outflows, calculated on an actuarial basis, as a result of employee services provided at balance date.

Superannuation schemes

Defined benefit scheme

Council belongs to the Defined Benefit Plan Contributors Scheme (the scheme), which is managed by the Board of Trustees of the National Provident Fund. The scheme is a multi-employer defined benefit scheme.

Insufficient information is available to use defined benefit accounting, as it is not possible to determine from the terms of the scheme, the extent to which the surplus/deficit will affect future contributions by individual employers, as there is no prescribed basis for allocation. The scheme is therefore accounted for as a defined contribution scheme.

Provisions

Provisions are recognised for future expenditure of uncertain amount or timing when the Council has a present obligation (legal or constructive) as a result of a past event, and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reasonable estimate can be made of the amount of the obligation.

If the time value of money is material, provisions are determined by discounting the expected future cash flows at a rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

Where the Group expects some or all of a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain. The expense relating to any provision is presented in the Prospective Statement of Comprehensive Revenue and Expenses net of any reimbursement.

Public equity

This represents the ratepayer's net ownership of Council. It is made up of the following components:

- accumulated Funds and Retained Earnings
- special Funds and Reserves
- asset Revaluation Reserves.

Accumulated funds

Comprise accumulated surpluses over the years.