Additional Information

Revenue and Financing Policy

OVERVIEW

This Revenue and Financing Policy explains how the New Plymouth District Council will fund the operating and capital expenditure for each Council activity, over the next 10 years. Rating systems must also comply with the Local Government (Rating) Act 2002.

The Policy outlines the revenue and funding sources available to the Council and details how and when the Council will use these sources. This gives the community some certainty as to how Council activities will be funded.

The Council must undertake services in a financially prudent and sustainable way for the Council and community as a whole. The Council decisions and rationale underpinning them are set out in this Policy. In accordance with the Local Government Act, 2002, section 101(3), in funding each activity the Council has considered:

- the community outcomes to which each activity primarily contributes;
- an analysis of who benefits from the activity;
- the period of time the benefits are expected to occur;
- whether the activity is needed in response to the action(s), or lack of action(s), of a particular person or group; and
- whether it would be more prudent for the activity to be funded separately or included with other activities.

The Council must also consider the overall impact of any allocation of liability for revenue needs on the community.

The Revenue and Financing Policy is reviewed every three years, during the development of the Long-Term Plan (LTP).

DEFINITIONS OF COUNCIL SERVICES FUNDING OPTIONS

The Local Government Act 2002 requires Council to meet its funding needs from a defined list of sources. The Council determines which of these are appropriate for each activity, considering equity between generations, fairness and affordability. Council seeks to maintain an affordable and predictable level of rates in the future.

General rates

General rates are rates applied to the entire rating base of the district. General rates have two components.

The first part is a Uniform Annual General Charge (UAGC), which is a flat charge levied from every separately used or inhabited part of a rating unit (SUIP) in the district.

The second part is a variable charge based on a property's land value. The variable component of general rates is set as cents per dollar of land value, which is assessed according to four differentials based on the following primary land use categories:

- Residential.
- Commercial/industrial.
- Small holdings.
- Farmlands.

Therefore, the level of rates paid by a landowner will depend on the land value and the differential category within which the property falls, as well as any targeted rates (see below). The rationale for these differentials is outlined in the *General Funding Policies* section.

SUIP

A SUIP is defined as a separately used or inhabited part of a rating unit. It includes:

- any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement; or

- any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use.

For the purpose of this policy, separately used or inhabited parts include:

- A residential, small holding, or farmland property that contains two or more separately occupiable units, flats or houses each of which is separately inhabited or is capable of separate inhabitation i.e. has independent kitchen facilities.
- A commercial premises that contains separate shops, kiosks, other retail or wholesale outlets, or offices, each of which is operated as a separate business or is capable of operation as a separate business.

Targeted rates

Targeted rates are set to recover the costs of providing services such as wastewater, refuse collection, disposal and recycling charges and swimming pool compliance. A targeted rate is levied only from those SUIPs that receive the service. For example, a household connected to the Council's water network is charged a targeted rate for water supply, but household using tank water is not.

The Council charges targeted rates in the form of uniform annual charges (flat rate) and demand-related charges.

Voluntary targeted rates

The voluntary targeted rate is used in cases where the Council provides financial assistance to property owners for particular capital projects, such as solar heating or insulation. The voluntary targeted rate is levied only from properties that receive Council assistance and is used to recover the borrowed amount and any administration costs.

Fees and charges

The Council levies over 1,000 fees and charges. Fees and charges are usually either full or part charges to recover the costs of delivering the services. Fees and charges are usually only set for services that a user has discretion to use or not, and where it is efficient for the Council to collect the fees and charges.

Interest and dividends from investments

The Council receives interest and dividends from short-term cash management and from its investments.

Borrowing

Borrowing is defined as taking on debt. The Council usually only borrows to fund long-lived capital assets.

Proceeds from asset sales

Proceeds from asset sales are the net sum received when physical assets are sold.

Development contributions

These are levies paid in accordance with the Council's Development Contributions Policy and the LGA 2002 to recover Council expenditure on reserves, community infrastructure and network infrastructure to meet increased demand resulting from new development. These levies can be used for capital expenditure for the purpose they were charged for, and may not be used to cover operational costs.

Financial contributions under the Resource Management Act

Financial contributions apply to holders of resource consents in the form of sums payable, or land transferred to the Council. These contributions are used to mitigate, avoid or remedy any adverse effects arising from subdivision or development. Note: In 2022, the ability to require financial contributions under the Resource Management Act 1991 will cease under the Resource Legislation Amendment Act 2017.

Grants and subsidies

These are payments from external agencies and are usually for an agreed, specified purpose. For the Council, the major source of grants and subsidies is the New Zealand Transport Agency (NZTA), which offers subsidies for road maintenance, renewals and improvements.

POLICY FOR FUNDING OPERATING AND CAPITAL EXPENDITURE

The Council has two types of expenses: operating expenditure and capital expenditure. Operating expenditure is used to fund the on-going day-to-day activities and services of the Council. Capital expenditure is money spent in acquiring or upgrading a business asset such as equipment or buildings. The Council has three categories of capital expenditure spread across its activities:

- Renewals - Defined as capital expenditure that increases the life of an existing asset with no increase in service level.
- Level of Service - Defined as capital expenditure that increases the service level delivered by the asset.
- Growth - Defined as capital expenditure that is required to provide additional capacity to cater for future growth in demand.

Policy for funding operating expenditure

Operating expenditures covers the cost of staff, energy, vehicle running costs, network operations, asset maintenance and consumables. The source and method of funding operating expenditure is as follows:

Funding for operating expenditure

Funding Source	Explanation of Funding Method
General rates	General rates will primarily be used to fund those activities, or parts of activities that benefit the community in general, and where no identifiable individuals or groups benefit in a significantly different way to the rest of the community. General rates may also be used where it is an explicit objective to encourage the use of the service, or where it is important to achieving the Community Outcome to which the activity is intended to contribute, and where applying direct charging would discourage use. General rates may also be used where it is impractical or too administratively expensive to fund the activity from other sources.
Targeted rates	The Council may use targeted rates to fund activities where there is a clearly identifiable group, or properties in identifiable locations, that receive benefits from the activity. The Council may also set targeted rates to achieve a fair, efficient, or transparent allocation of costs across the community. Targeted rates are applied as a uniform annual charge or on the basis of service use or location.

Funding Source	Explanation of Funding Method
Fees and charges	The Council will generally apply fees and charges for services where the user receives direct benefits, either entirely or in part, from the service and where the use of the service is at the discretion of the user. The Council can also set fees for various consents, licences, permits and property information. The Council may set user charges to recover all or part of the cost of the activity, including a market return on the value of any Council investment. Where the Council needs to ration the use of an activity, charges may be set at a level above that which would be necessary to recover the costs of the activity.
Interest and dividends from investments	The Council treats ordinary budgeted interest and dividends and other investment income as general revenue.
Borrowing	The Council will not borrow to fund operating costs for a service, unless there are reasons to justify borrowing as a short-term or interim solution.
Proceeds from asset sales	Operating costs are not funded from asset sales.
Development contributions	Operating costs cannot be funded from development contributions.
Financial contributions	Operating costs are not funded from financial contributions.
Grants and subsidies	Grants and subsidies will only be used for operating expenses when to do so is consistent with the purpose for which they were given.
Reserves	Reserves are funds assigned (or reserved) for a particular use. Reserves may be legally restricted or created by the Council.

Policy for funding capital expenditure

Capital expenditure is the Council's purchase of assets used to provide goods and services, to rent or lease to others, or for administration purposes. An asset is defined as having a service life of more than one year and includes bridges, libraries, swimming pools and the like. Capital expenditure may include capital held for the maintenance or repair of such assets (reserves).

Capital expenditure relating to the renewal or replacement of existing assets is usually funded from financial reserves built up from the revenue sources that fund the particular activity.

Capital expenditure relating to new long life assets is funded from debt. However, the Council exercises discretion in debt-funding new assets with service lives that are less than 10 years long, as in some cases it would be inappropriate to borrow for such purposes.

Funding for capital expenditure

Funding Source	Explanation of Funding Method
General rates	General rates may be used to retire debt. General rates may also be used to purchase assets where the Council determines that funding the assets from debt is not the preferred option.
Targeted rates	Targeted rates may be used to retire debt, where the debt has arisen from the purchase of assets for the activity funded by the targeted rate. Targeted rates may be used to purchase assets where the Council determines that funding the assets from debt is not the preferred option, and the assets are to be used for the activity funded by the targeted rate.

Revenue and Financing Policy

Funding Source	Explanation of Funding Method
Fees and charges	User charges may be used to retire debt, where the debt has arisen from the purchase of assets used for the activity funded by the user charge. User charges may be used to purchase assets, where the Council determines that funding the assets from debt is not the preferred option, and the assets are to be used for the activity funded by the user charge.
Interest and dividends from investments	Investment income may be used to retire debt, where that income has not been budgeted for other purposes.
Borrowing	The Council's preferred method of funding significant capital expenditure is borrowing.
Proceeds from asset sales	The Council will use proceeds from asset sales as an appropriate source for purchasing assets, building a reserve for the future purchase of assets, or retiring debt because it has no impact on the Council's financial position (assets versus liabilities).
Development contributions	Development contributions will be used to fund the portion of new asset expenditure required as a result of increased demand related to growth. Development contributions can only be used for capital projects specified by the Local Government Act 2002.
Financial contributions under the Resource Management Act	Financial contributions will be used to fund the proportion of new asset expenditure that is required to avoid, remedy or mitigate the adverse environmental effects resulting from subdivision and development (subject to cease in 2022).
Grants and subsidies	Grants and subsidies will only be used for capital expenses when to do so is consistent with the purpose for which they were given.

Funding Source	Explanation of Funding Method
Reserves	Reserves are funds assigned (or reserved) for a particular use. Reserves may be legally restricted or created by the Council. Generally, reserves will only be used for capital expenditure when to do so is consistent with the purpose for which they were created.

GENERAL FUNDING POLICIES

General rates

New Plymouth District Council will apportion its general rates according to the land value and use of each property. Use of property is determined according to whether its primary use is residential, commercial/industrial, farmland or small holdings. Each type of property pays different rates (cents per dollar of land value). These are called "differentials" and are designed to achieve an apportionment of rates that maintains its relativity across sectors over time.

The UAGC is a flat, per property component of the general rate. It funds the same activities as are funded by the general rate. The UAGC has a significant effect, in that it reduces the variation in rates between high value properties and lower valued properties within each differential class of property.

The Council considers the level of fixed charges and property value based general rates each year and is able to make adjustments through the annual plan process.

Differential groups and general rates

The variable land value component of the Council's general rate is set using four differentials: Residential, Commercial/industrial, Small holdings and Farmlands.

The rationale for this approach is that the dollar per land value set for each differential category is a fair and equitable amount related to the benefits that properties within that differential group receives, and not subject to fluctuations in property values that may occur between the different categories over time. The level of rates a landowner pays will vary, based on both land value and the differential category within which the property falls.

As property values change, the Council will alter the group differentials (the amount of rates charged per dollar of value) to ensure each differential group continues to pay the same overall proportion of general rates. The proportion of general rates set for each differential category is outlined in the following table.

		Fixed Differential Factor		
Differential Category	Definition	2018/19 (transition)	2019/20 (transition)	2020/21 and onwards
Group 1: Commercial/industrial	All rating units that are used primarily for any commercial or industrial purpose.	27.10%	27.00%	26.90%
Group 2: Residential	All rating units with a land area of one hectare or less, not being rating units in Group 1, used for residential and related purposes.	54.00%	54.00%	54.00%
Group 3: Small holdings	All rating units, not being rating units included in Groups 1 or 2, having a land area of more than one hectare but no greater than four hectares.	3.20%	3.40%	3.60%
Group 4: Farmland	All rating units, not being rating units included in Group 1, 2 or 3, having a land area in excess of four hectares.	15.70%	15.60%	15.50%

Uniform Annual General Charge and Uniform Annual Roading Charge

The Council policy is to consider increasing the Uniform Annual General Charge (UAGC) and the Uniform Annual Roading Charge (UARC) in accordance with the rate of inflation, as part of each Annual Plan. The Council uses the local government cost index as the applicable inflation rate. The Council will consider the overall impact of this inflation adjustment before implementing it as part of the Annual Plan.

Transitional arrangement

The above policy to inflation adjust the UAGC and UARC will first be implemented in the 2020/21 Annual Plan, and then onwards. Before the annual inflation-adjustment occurs, the following increases will be made to the UAGC and UARC (GST exclusive).

	2018/19	2019/20
Uniform Annual General Charge	$347.83	$373.48
Uniform Annual Roading Charge	$106.52	$113.04

District-wide funding: The One Bucket Policy

The New Plymouth District Council has a 'one bucket' policy for funding community facilities.

The one bucket policy means rates collected from all areas in the district are pooled into one fund and used to provide services across the district as a whole, rather than allocated only to the location where the rates were sourced. Funding priorities are based on the needs of the district as a whole, as opposed to the amount of rates sourced from each locality in the district. For example, if the one area required general rates funding for a recreation facility, funding would come from the pool of rates contributed from all locations in the district, not just the pool contributed by that area's landowners. The one bucket policy is intended to:

- Promote a unified commitment to the long term future of the district.
- Provide all urban communities across the district with an acceptable minimum standard of service for water, wastewater, refuse collection and kerbside recycling.
- Provide integrated management.
- Spread the risk associated with operating assets and intensive network services.
- Ensure funds are available to upgrade the networks and complete projects at the optimal time.
- Avoid any sudden changes in the level of funding required from specific groups of ratepayers.

The Council applies the general rate differentials to community facilities in order to attribute costs and benefits to the appropriate rating group.

The Council has a combined network pricing policy for refuse collection, kerbside recycling and the wastewater and water supply networks. Refuse collection, kerbside recycling, water and wastewater each have a standard fixed charge that is applied to all urban properties that receive the service.

Voluntary targeted rates

The Council's voluntary targeted rate is applied to ratepayers who receive Council funding for part or all of certain capital works costs for their properties. This includes projects such as installing solar heating or insulation. If a ratepayer has received Council assistance for the approved capital work, funding is recovered from the property owner through the targeted rate.

Rest home accommodation

The Council's method for rating rest home properties is as follows:

- The hospital, office, common area and non-self-contained rooms are categorised and rated in the commercial/industrial deferential group.
- Any self-contained units, flats or town houses, including those that are' licence to occupy', are considered Separately Used or Inhabited Part of a Rating Unit (SUIP), which is defined as a separately used or occupied part of a rating unit. They are categorised and rated in the residential deferential group.

Multi-use units on a single title

In cases where multiple units on a single title have fewer residents than a single unit property, the Council does not allow remissions.

Bed and breakfast accommodation

The Council will allow smaller bed and breakfast operators (one to five bedrooms) to be rated as residential properties. Operators that have six or more bedrooms will be rated as commercial/industrial properties, with the owners living accommodation rated as a residential property. This rating method also applies to farm stay properties.

Housing for the Elderly rental income

Rental income from the Council's Housing for the Elderly units will be used solely for the operation, maintenance and capital costs of providing the service.

OVERALL IMPACT OF ALLOCATION OF REVENUE ON THE COMMUNITY CONSIDERATIONS

Sustainability of rates funding

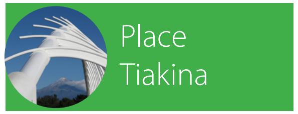
The Council is aware that the level of rates can have negative impacts on property owners with low incomes. Rates are based on a property's land value rather than any metric of the ability of the ratepayer to pay the rates (such as income). To help mitigate costs for people on low incomes, the Council promotes the use of the rates rebate scheme. The Council also allows rates to be paid in quarterly instalments.

The Council's investment income is used to offset general rates. This has benefits for the residents of the district because it means the Council can provide higher levels of service and better facilities than would normally be available in a district of this size, while keeping the impact on ratepayers low. Council investments are managed carefully to ensure that these benefits are maintained or improved.

The Council's community outcomes

The Council's strategic framework can be used to assess the impact of rates funding on the community.

People/He Tangata: *Putting people first/ Aroha ki he Tangata*: A wide range of Council's cultural, social and regulatory services contribute to this outcome. Because they offer widespread benefits and are accessible to all people in the district, these services are often funded from general rates.



Place/Tiakina: *Caring for our place/ Manaaki whenua, manaaki tangata, haere whakamua*: Activities that contribute to protecting and caring for the environment are often funded from general rates. Some services are also funded through other mechanisms. For example, the solid waste service is partly funded through targeted rates, whereby those households who contribute to the need for the service also contribute to the cost of delivery.

Prosperity/Āwhina: *Supporting a prosperous community/ Awhi mai, Awhai atu, tātou katoa*: The Council's provision of infrastructure and services for businesses contributes to this Community Outcome. These activities are funded through a variety of mechanisms. Some infrastructure is funded by user pays charges such as targeted rates or water meters, whereby those who receive and benefit from the service, also contribute to the cost of delivery.

DISTRIBUTION OF FUNDING ASSESSMENT

In considering how a Council service should be funded, it is important to identify who benefits from the activities of the service.

Approach

For each activity that the Council undertakes the following approach will be undertaken to assess the funding for that activity:

Firstly, the activity and any distinct sub-activities are identified. For each activity and/or sub-activity, an assessment is undertaken of:

- Community outcomes - how does the activity contribute to People/He Tangata, Place/Tiakina, or Prosperity/Āwhina.
- The distribution of benefits within the community - does the activity benefit individuals, particular groups or the community as a whole.
- The period of benefits - does the activity have short-term or long-term benefits.
- The extent actions or inactions of people contribute - are there exacerbators to the activity.
- The costs and benefits of funding distinctly from other sources - are there benefits to having distinct revenue sources, such as targeted rates, for the activity.

After considering these impacts on each identified activity and sub-activity, the Council must then consider the overall impact of allocation for revenue on the community.

The Council then uses this assessment information to consider how the activity should be funded. There should be a logical nexus between the assessment and the funding sources, although noting that the assessing the overall impact on allocation for revenue across the community may result in modification of the funding approach.

The operational and capital costs of each of the Council's activities are funded as per the table on the next page.

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Parks and Open Spaces Public open spaces, including streetscapes	Place/Tiakina People/He Tangata	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	Expenditure on parks and gardens generally has public benefits.	80-100%	0-20%	General rates Borrowing Development and financial contributions
Parks and Open Spaces Cemeteries and crematoriums	People/He Tangata	Both short-term and long-term benefits	Medium benefit to distinctly funding	None identified	The benefits from expenditure on cemeteries and crematoriums are a combination of public and mainly private benefits. Family members of the deceased benefit from the cemetery and cremation services. Public health and sanitation is a public benefit provided by having access to these facilities.	20-40%	60-80%	General rates Fees and charges Borrowing
Parks and Open Spaces Sports parks	People/He Tangata Place/Tiakina	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	The benefits from expenditure on sports parks are a combination of public and private. The public derive benefit from having access to sports grounds for recreation other than organised sport. The availability of sports grounds and facilities for use by sporting groups, clubs and associations is a significant private benefit to those groups.	80-100%	0-20%	Fees and charges Borrowing
Parks and Open Spaces Campgrounds	Place/Tiakina Prosperity/Āwhina People/He Tangata	Both short-term and long-term benefits	Medium benefit to distinctly funding	None identified	Campgrounds provide private benefits for holiday makers who visit the district, or residents who use them for recreation.	30-70%	30-70%	General rates Fees and charges Reserves Borrowing

Revenue and Financing Policy

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Parks and Open Spaces Public halls	People/He Tangata	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	People and groups who use public halls receive a clear and direct benefit as only one group can use the facility at a time. However, providing community facilities helps communities connect. The groups that use the facilities often make significant and voluntary contributions to community well-being.	80-100%	0-20%	General rates Fees and charges Reserves Grants and subsidies Development and financial contributions
Transportation	Prosperity/Āwhina	Both short-term and long-term benefits	High benefit to distinctly funding	None identified	The benefits from expenditure on roads are a combination of private and public. The public derive benefit from having access to the roading network. Individual properties gain varying benefits attributed to roading.	40-60%	50-60%	General rates Targeted rates Fees and charges Reserves Grants and subsidies Borrowing Development and financial contributions
Stormwater Management **Flood Protection and Control Works**	People/He Tangata Prosperity/Āwhina	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	Stormwater management has public benefits. Stormwater is managed on a catchment basis. Benefits apply to all.	95-100%	0-5%	Reserves General rates Fees and charges Borrowing Development and financial contributions

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Waste Management and Minimisation Disposal	Place/Tiakina	Both short-term and long-term benefits	Medium benefit to distinctly funding	Illegal dumpers	Public benefit arises from transfer station and landfill operations, as these activities promote public health and sanitation, and control pollution.	30-50%	50-70%	Fees and charges Targeted rates Reserves General rates Borrowing
Waste Management and Minimisation Refuse collection	Place/Tiakina People/He Tangata	Both short-term and long-term benefits	High benefit to distinctly funding	Misusers of kerbside services	Every household within collection areas benefits from expenditure on solid waste management. Public benefit arises as the activity promotes public health and sanitation, and control pollution.		100%	Fees and charges Targeted rates Reserves Borrowing
Water Supply	Place/Tiakina Prosperity/Āwhina	Both short-term and long-term benefits	High benefit to distinctly funding	High water users	The benefits from expenditure on water supply services are mainly private. However, the public benefits from access to a continuous supply of safe drinking water and an assured supply of water for firefighting.		100%	Fees and charges Targeted rates Reserves Borrowing Development and financial contributions
Wastewater Treatment	Place/Tiakina Prosperity/Āwhina	Both short-term and long-term benefits	High benefit to distinctly funding	High users, including trade waste	Every household within sewage disposal areas receives uniform and direct benefits from wastewater treatment. Other commercial and industrial users receive benefits based on their activity levels.		100%	Fees and charges Targeted rates Reserves Borrowing Development and financial contributions

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Emergency Management and Business Continuance	Place/Tiakina People/He Tangata Prosperity/Āwhina	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	The benefits are public, attributable to the whole community. In some cases, value added services mean individuals receive private benefit.	100%		General rates Borrowing
Community Partnerships	People/He Tangata	Short-term benefits	Low benefit to distinctly funding	None identified	Community Partnerships supports community initiatives that have wide public benefits. Individual and group recipients of grants also benefit from this service.	60-80%	20-40%	General rates Grants and subsidies Fees and charges Reserves
Govett-Brewster Art Gallery/Len Lye Centre	People/He Tangata Prosperity/Āwhina	Both short-term and long-term benefits	Medium benefit to distinctly funding	None identified	The Govett-Brewster Art Gallery/ Len Lye Centre activities cater for the community at large and build a collection of materials that are a community asset for the future. There are private benefits to users of the service.	60-80%	20-40%	General rates Fees and charges Reserves Grants and subsidies Borrowing
Puke Ariki and Community Libraries	People/He Tangata Prosperity/Āwhina	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	Libraries and museums provide information and education services that cater for the community at large and build a collection of materials that are a community asset for the future. The visitor information centre supports the local economy by promoting local businesses and encouraging visitors to make the most of their stay in the district. There are private benefits to individuals who borrow books or materials or who use the information centre to plan and book their visit.	80-100%	0-20%	General rates Fees and charges Reserves Grants and subsidies Borrowing Development and financial contributions (only in relation to community centres and their land)

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Venues and Events Pools	People/He Tangata	Both short-term and long-term benefits	Medium benefit to distinctly funding	None identified	The pool provides private benefits for swimmers and other patrons who use the pools, hydroslides and gym facilities. The public derive benefit from water safety education and from recreational facilities that encourage community health and social well-being.	50-70%	30-50%	General rates Fees and charges Reserves Grants and subsidies Borrowing
Venues and Events Programmes and events	People/He Tangata Prosperity/Āwhina	Short-term benefits	Low benefit to distinctly funding	None identified	The public benefit from events and programmes, such as the Festival of Lights, that are open to the general public. There are private benefits for those who attend events and programmes.	60-80%	20-40%	General rates Fees and charges Reserves Grants and subsidies
Venues and Events Event venues	People/He Tangata Prosperity/Āwhina	Both short-term and long-term benefits	Medium benefit to distinctly funding	None identified	The benefits from expenditure on event venues are mainly private. Sporting groups, teams, clubs and associations gain significant private benefit from the availability of grounds and facilities for their members. The public benefit from access to sports grounds for other recreational pursuits.	40-60%	20-40%	General rates Fees and charges Reserves Borrowing Grants and subsidies
Customer and Regulatory Solutions Animal control	People/He Tangata	Short-term benefits	High benefit to distinctly funding	Owners of wandering, menacing or dangerous animals	The activities of animal control provide mainly private benefits, for which the user pays. There is also a degree of measurable public benefit from animal control services.	10-30%	70-90%	Fees and charges General rates Reserves

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Customer and Regulatory Solutions Building consents	Prosperity/Āwhina	Short-term benefits	High benefit to distinctly funding	None identified	The benefits from building consents can be directly attributed to the individuals or organisations that apply for the building consent. Full cost recovery is not always possible because some fees are set by law or regulation and a high fee may result in people not obtaining the necessary consent(s).	0-20%	80-100%	Fees and charges General rates Reserves
Customer and Regulatory Solutions District planning	Place/Tiakina Prosperity/Āwhina	Short-term benefits	Low benefit to distinctly funding	None identified	The benefits are attributable to the whole community and considered a public benefit. In cases of non-compliance with the District Plan, the exacerbator pays.	95-100%	0-5%	General rates Fees and charges
Customer and Regulatory Solutions Resource consents and monitoring	Place/Tiakina Prosperity/Āwhina	Short-term benefits	Medium benefit to distinctly funding	Those that do not comply with resource consent obligations	The benefits of controlling the negative environmental effects of an individual or group are attributable to the individual or group.	20-40%	60-80%	Fees and charges
Customer and Regulatory Solutions Environmental health	Place/Tiakina People/He Tangata	Short-term benefits	Medium benefit to distinctly funding	Those that do not comply with environmental health requirements	The benefits of expenditure on environmental health services are a mixture of public and private. Enforcement of bylaws and statutory requirements has public benefits for community health and safety. There is a private benefit for individuals or owners who hold licenses or certifications for activities.	40-60%	40-60%	General rates Fees and charges
Customer and Regulatory Solutions Parking	Prosperity/Āwhina	Short-term benefits	High benefit to distinctly funding	Those that breach parking restrictions	The benefits are private, attributable to individuals.		100%	Fees and charges

Council Service	Community Outcomes	Period of Benefit	Distinct Funding	Exacerbator	Distribution of Benefits	Funding Split		Funding Sources
						Public	Private	
Economic Development	Prosperity/Āwhina People/He Tangata	Short-term benefits	Low benefit to distinctly funding	None identified	The benefits are public, attributable to the whole community. In some cases individuals have private benefit for value added services.	100%		General rates
Governance	People/He Tangata	Short-term benefits	Low benefit to distinctly funding	None identified	The benefits of expenditure on governance services are public. This service allows the public an opportunity to be part of the democratic process and to be represented.	95-100%	0-5%	General rates Fees and charges
Management of Investments and Funding	Prosperity/Āwhina	Both short-term and long-term benefits	Low benefit to distinctly funding	None identified	The benefits are public, attributable to the whole community.	100%		Fees and charges Dividends and interest Borrowing Reserves *Note: Management of Investments and Funding generates a surplus which is used to offset general rates.*

Revenue and Financing Policy

The table below sets out the general approach to considering whether sources of income are considered to be public or private sources for the purposes of this policy.

Public or private funding source

Funding Source	Public or Private
General rates	General rates are considered public funding.
Targeted rates	Targeted rates are considered private funding.
Fees and charges	Fees and charges are generally considered private funding. There are instances where fees and charges are considered public funding, such as in relation to rents from endowment lands.
Interest and dividends from investments	Interest and dividends can be considered public or private depending on the original source of the investment. Income derived from the Perpetual Investment Fund is considered a public funding source.
Borrowing	Borrowing can be considered public or private depending on the source of debt repayment.
Proceeds from asset sales	Proceeds are considered a public funding source.
Development contributions	Development contributions are a private funding source.
Financial contributions	Financial contributions are a private funding source.
Grants and subsidies	Grants and subsidies will generally be considered a private funding source.
Reserves	Reserves can be considered public or private depending on the original source of the funds transferred to the reserve.

Significant Forecasting Assumptions

The Council has adopted a range of forecasting assumptions. These assumptions represent a likely future scenario. However, as with any forecasting, how the future turns out is uncertain. Therefore, variations from these forecasting assumptions are likely. This, in turn, means that the prospective financial statements are likely to vary from the information presented and these variations may be material.

<table>
<tr><th>Assumption</th><th>Detail and Uncertainty</th></tr>
<tr><td>Population Growth

The district's population will grow from 83,400 in 2018 to 92,400 by 2028 and to 106,100 by 2048.</td><td>New Plymouth District Council will use the following projections.

<table><tr><th></th><th>2018</th><th>2023</th><th>2028</th><th>2033</th><th>2038</th><th>2043</th><th>2048</th></tr><tr><td>Population</td><td>83,400</td><td>88,100</td><td>92,400</td><td>96,300</td><td>99,800</td><td>103,000</td><td>106,100</td></tr></table>
This has been developed using Statistics New Zealand population projections, utilising the medium projection for natural increase (births and deaths) and the high projection for migration (immigration and emigration).

There is a medium level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from projection then the assumption will not be borne out.

Growth assumptions underpin the Council's asset and activity management planning and planned capital expenditure budgets in the LTP. Any increase in population is likely to result in proportionate increase in demand on council services. This is through additional growth infrastructure, as well as services to people where an increase in population is likely to lead to more use (such as libraries). If population growth exceeds these projections, the Council may need to invest in additional urban growth infrastructure and this will impact capital budgets and revenue. There is also a risk that forecast population growth does not occur, or occurs at a slower rate. The Council carries some risk of over-investment in growth infrastructure. As the cost of growth assets are generally recovered through development contributions, the Council would bear the debt for capital expenditure until those growth areas were utilised.</td></tr>
<tr><td>Ethnicity

The district's ethnic makeup will continue to be predominately European and Māori with some increases in the Asian community.</td><td>Overall, the population is expected to continue to predominately be European and Māori, however the Asian community will grow to around nine per cent of the population by 2028 (from six per cent in 2018). This has been developed using Statistics New Zealand data, altered to reflect the population growth assumption.

There is a low level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from projection then the assumption will not be borne out.

The Council needs to consider the ethnic make-up of the district to ensure its services are accessible across the population, including different cultural views on certain services. This will also have an impact on how the Council engages effectively with the community.</td></tr>
</table>

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and Uncertainty</th></tr>
<tr><td>Age

The district will continue to have an ageing population, with a significant increase in those aged 65 years and over.</td><td>Overall, the population is expected to continue to age, with most growth occurring in the over 65 age groups. By 2028, over 65 year olds will be approximately one-quarter of the total population, up from 18 per cent in 2018. There will be modest growth in other age brackets, but they will decline as a proportion of the total population. This has been developed using Statistics New Zealand data, altered to reflect the population growth assumption.

There is a low level of uncertainty. Uncertainty arises from changes to births, deaths, inwards migration and outward migration levels. If these factors change from projection then the assumption will not be borne out.

An ageing population may impact a range of Council services. These include accessibility issues in parks and the transport network (e.g. footpaths), backdoor kerbside collection services, changes to libraries, and housing for the elderly. There will also be an increase in the proportion of ratepayers on fixed incomes, which may increase rates affordability issues. A more rapidly ageing population will result in many of these issues needing to be considered earlier, either resulting in increased investment to make the district more aged-friendly or increased dissatisfaction with services (which may impact on performance measures of level of service). A slower ageing population will provide more time to invest in making the district aged-friendly and may mean some planned investment is earlier than necessary to maintain levels of service.</td></tr>
<tr><td>Economic growth

The rate of economic growth in the district will be similar to the national average.</td><td>The Council assumes that real GDP growth in the district will be similar to the national average over the life of the LTP (with the national average taken from the BERL* forecasts). However, the Council also acknowledges that there may be considerable variation in any given year as the historic trend shows divergence from the national forecasts.

<table>
<tr><th></th><th>2017/18</th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th></tr>
<tr><td>Real GDP growth %</td><td>3.0</td><td>2.4</td><td>2.2</td><td>2.3</td><td>2.4</td><td>2.5</td><td>2.7</td><td>2.8</td><td>2.9</td><td>3.0</td><td>3.1</td></tr>
</table>

There is a medium level of uncertainty.

Uncertainty arises as local economic growth and activity is driven by national and global economies and politics. Change and fluctuations in these larger economies and the political landscape have high likelihood of impacting our local economy. The Government's announcements around the end of the Block Offer programme for petroleum exploration permits in three years will have potential implications for the region's economy in the long-term. In the immediate future (including the life of this LTP) the oil and gas sector will continue, albeit at a potentially lower rate of investment and activity by the end of the Plan. If these factors change from projection then the assumption will not be borne out.</td></tr>
</table>

* BERL are Business and Economic Research Limited, an independent economic research firm. BERL provides forecast advice to many local authorities.

Assumption	Detail and Uncertainty
	The four Taranaki local authorities and the Government have collaboratively developed the *Tapuae Roa: Make Way for Taranaki Strategy* and an associated Action Plan. The Government, through the Provincial Growth Fund, has announced investment into a range of projects (including undertaking feasibility studies for further investment) across a range economic sectors. The LTP also includes additional funding to deliver on the Strategy and Action Plan. The long-term success of these investments in alternative economic drivers for the region, as well as the future prospects for the energy industry in Taranaki, will be critical drivers for future economic growth beyond the timeframe of this Plan. Existing and planned Council infrastructure and services will be sufficient to meet growth in demand generated by the anticipated growth in economic activity. If economic growth and activity were to increase significantly beyond the predictions of this assumption, there may be an increase in demand on council infrastructure and services. If a lower rate of economic growth occurs then this will have implications for population growth and therefore the rate of residential development, these risks are outlined in the relevant forecasting assumptions.
Labour force There will be minimal change to both employment and unemployment rates.	The employment rate (total employed as a proportion of the working-age population) for 2017 sits at 66.5 per cent for New Plymouth District and 65.6 per cent for Taranaki region. This is consistent with the employment rate for New Zealand which also sits at 66.7 per cent. The unemployment rate in New Plymouth was 4.7 per cent for 2017, this was down from the previous three years. New Plymouth unemployment rate was slightly lower than the national average at five per cent and Taranaki at 5.7 per cent. There is a medium level of uncertainty. Uncertainty arises as local economic growth and activity is driven by national and global economies and politics. If these factors change from projection then the assumption will not be borne out. An increase in employment is likely to positively benefit the districts population and the local economy. High employment results in higher household income and an increase in discretionary income. If lower employment rates eventuated then they are likely to result in a number of impacts on Council services. There may be rates affordability issues, which may impact on levels of service to respond to. There may also be increased use in some Council services - such as libraries and community facilities, and other services may have decreased use (or, at least, not forecast increases in use), such as in the commercial use of water and wastewater services.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Affordability of essential goods and services The affordability of essential goods and services will continue to be affected by the rate of inflation.	BERL inflation forecasts for CPI are used.

	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CPI	1.8	1.8	1.6	1.6	1.7	1.7	1.8	1.8	1.9	1.9	2.0

The average annual household income for New Plymouth in 2017 was $87,600 this is lower than the national average of $97,100.

There is a medium level of uncertainty. Uncertainty arises from national macroeconomic conditions and policy. If these factors change from projection then the assumption will not be borne out.

If current trends in inflation and incomes continue over the life of the LTP, affordability of essential goods and services are unlikely to be negatively impacted, although rises in interest rates will have negative effects on affordability for those households with mortgages. Affordability of essential goods and services is likely to be a significant issue for those households on lower incomes, including those living on less than $30,000. Inflationary increases will exacerbate this. A significant increase in prices for essential goods and services without a corresponding increase in incomes would place financial pressure on individuals and households and would have a negative impact on affordability.

Inflation and wages are influenced by a number of factors, including the national and international economies. While the current trend is for wages to increase in line with inflation, this could change over the course of the LTP.

CPI is a factor that influences the Local Government Cost Index. A higher or lower CPI is likely to have some impact on the LGCI. CPI is also often used as a comparison tool for rates. A lower than forecast CPI, without a corresponding decrease in the LGCI, may result in an increased difference between rates and other prices. This could result in increased community concern about rates affordability. Similarly, if household income increases at a lower level then rates affordability issues are likely to become a concern in the community.

Assumption	Detail and Uncertainty
Affordability of housing Residential house prices will continue to grow at a slightly lower rate than the national average.	The average house price in New Plymouth increased by 9.1 per cent in the year to March 2017 in the last 12 months. The growth in New Plymouth was lower than the national average of 14.1 per cent.

Average property values for New Plymouth and comparable New Zealand cities

	New Plymouth	Taupo	Napier	Palmerston North	Upper Hutt	Nelson
March 2017	$418,057	$435,052	$422,945	$351,959	$442,379	$522,201
March 2018	$441,101	$471,296	$497,562	$383,671	$482,846	$566,052

Housing affordability is measured by comparing housing prices to income levels. The house prices:income ratio for New Plymouth and New Zealand indicates housing has been consistently more affordable for New Plymouth residents compared to the New Zealand average (including Auckland and Christchurch).

Ratio Average Sale Price: Average Annual Household Income

	2009	2010	2011	2012	2013	2014	2015	2016	2017
New Plymouth	4.09	4.24	4.14	3.81	3.85	3.87	3.79	4.53	4.77
New Zealand	4.94	5.14	5.00	5.01	5.19	5.36	5.76	5.95	6.50

There is a medium level of uncertainty. Uncertainty arises from the property market, particularly the flow-on effects of national house price growth and government policy to limit house price growth. If these factors change from projection then the assumption will not be borne out.

Growth in average household income, along with growth in house prices and any rise in interest rates will jointly determine whether housing affordability becomes an issues within the district. Availability of housing will also drive housing prices and this could affect housing affordability. Rising interest rates would also have negative impacts for housing affordability. Increasing house prices may see an increase in demand for rental properties and affect the availability of affordable rental accommodation. Housing affordability may have impacts on the Council's planning for new developments and the delivery of social housing services. It may also deter people from moving to the region.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and Uncertainty</th></tr>
<tr>
<td>Rate of new residential development
The rate of new dwellings in the district will reflect population growth rates with 387 houses built per annum in the first five years of the Plan and 353 houses per annum in the following five years. Our planning provides infrastructure and land supply for an additional 20 per cent over-capacity.</td>
<td>Using the forecast population rate, and an average of 2.6 people per occupied dwelling with a 7.5 per cent unoccupied dwelling level, we have assessed the number of houses needed to be built annually to keep pace with population growth. The National Policy Statement on Urban Development Capacity then requires the Council to provide the necessary infrastructure for this level of demand plus an additional over-capacity buffer.
<table>
<tr><th></th><th>2018-2023</th><th>2023-2028</th><th>2028-2033</th><th>2033-2038</th><th>2038-2043</th><th>2043-2048</th></tr>
<tr><td>Houses required to be delivered annually</td><td>387</td><td>353</td><td>321</td><td>288</td><td>263</td><td>255</td></tr>
<tr><td>Annual land supply capacity required</td><td>464</td><td>424</td><td>369</td><td>331</td><td>303</td><td>293</td></tr>
<tr><td>Difference</td><td>77</td><td>71</td><td>48</td><td>43</td><td>40</td><td>38</td></tr>
</table>
There is a medium level of uncertainty. Uncertainty arises from the uncertainty around population growth rates, as well as from household formation and housing trends. If these factors change from projection then the assumption will not be borne out.
The rate of new dwellings is a significant factor in ensuring the district has enough housing and sufficient housing options to meet demand. Given the forecast population growth it is anticipated that the predicted rate of new dwellings will be sufficient to meet demand. There is also opportunity for infill development that provides additional housing choices.
Residential development increases pressure on the capacity of the Council’s infrastructure (roads, sewers, stormwater, water and open space) and service delivery and can result in the need to upgrade existing and/or develop new infrastructure and services.
Development and financial contributions need to be set at the appropriate levels to ensure that the costs of growth are paid for by those who create the demand for the additional infrastructure and services.
If dwellings growth exceeds these projections, the Council may need to invest in additional urban growth infrastructure and this will impact capital budgets and revenue. However, if growth exceeds forecasts by less than the 20 per cent over-capacity requirements of the National Policy Statement on Urban Development Capacity then there will not be a short-term requirement to increase land supply and infrastructure, although there will still be a medium and long-term impact.
The mandatory requirement of the National Policy Statement on Urban Development Capacity to provide for 20 per cent over-capacity is highly likely to lead to un-utilised, or under-utilised, infrastructure provision.
There is also a risk that forecast household growth does not occur, or occurs at a slower rate. This would mean that the Council has over-invested in growth infrastructure and it remains unused. As the cost of growth assets are generally recovered through development contributions, the Council would bear the debt for capital expenditure until those growth areas were utilised. At present, development contributions are forecast to be between $2.1m to $4.4m per annum over the 10 year horizon. A lower rate of development would have a proportionate impact on the rate of development contributions being received.</td>
</tr>
</table>

Assumption	Detail and Uncertainty
Tourism Tourist guest nights will increase by 4.9 per cent per annum.	The Ministry of Business, Innovation and Employment have released national forecasts for tourism growth of 4.8 per cent increase in visitor numbers and a 4.9 per cent increase in visitor days per annum for 2017 to 2023. The Council assumes that the district will have tourism rates growing at the same as the national average for the life of the LTP. Total guest nights will grow from 497,360 in 2016/17 to 841,785 by 2027/28. There is a high level of uncertainty. Uncertainty arises from national and global economies and the ability to attract tourists to New Plymouth District. If these factors change from projection then the assumption will not be borne out. The growth in overall guest nights to the district is likely to have some impact on the Council and the community. It is likely that an increase in visits will lead to an increase in use of some Council facilities such as the Puke Ariki, Govett-Brewster Art Gallery/Len Lye Centre, Aquatics Centre, the Coastal Walkway, parks, public toilets and certain roads (particularly coastal roads and around Egmont National Park). *Tapuae Roa: Make Way for Taranaki* (the Taranaki Regional Economic Development Strategy) includes the visitor sector as one of its four key sectors for acceleration. The Taranaki Visitor Sector Action Plan targets a 7.5 per cent growth in regional visitor numbers. There is a risk that the acceleration results in significant increases in visitor stay-nights that place additional pressure on Council services and infrastructure above those forecast, potentially leading to increased cost for the Council. However, the Council would be able to determine how it responds, including choosing to not alter service provision. The Council may also receive more revenue, such as at Puke Ariki and Govett-Brewster Art Gallery/Len Lye Centre. Overall, the Council estimates that the additional revenue would be larger than any necessary additional expenditure. Under such a scenario, rates could be 0.4 per cent lower than forecast by year 10 of this Plan. A lower growth rate could also occur. The average annual change over the past five years is 1.7 per cent per annum (with variations from dropping five per cent to growing seven per cent). If that happens, visitor numbers would still increase, but would be considerably slower. While this scenario is considered unlikely given the considerable opportunities and investment, it may occur. This could mean some investment is under-utilised (such as in public toilets), although the impact is likely to be less than at a rate exceeding the assumption. The Council may also receive less revenue, such as at Puke Ariki and Govett-Brewster Art Gallery/Len Lye Centre. Under this scenario, the Council estimates that rates could be 0.7 per cent higher than forecast by year 10 of this Plan.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Climate change, climate hazards and extremes The most significant impacts from climate change, climate hazards and climate extremes will not have occurred by 2028.	New Plymouth District will, over time, experience more impacts from climate change, climate hazards and climate extremes. However, it is not expected that the most significant changes to the climate, hazard rates or extremes will occur over the life of the LTP. Instead, the LTP (and particularly the Infrastructure Strategy) will need to lay the foundations for preparations to address the potential climate change impacts in the future, while addressing some aspects of climate changes. The main forecasts for climate change are: • By 2040 the average temperature is forecast to be 0.7°C to 1.1C warmer than 1995. By 2090 the average temperature is forecast to be 0.7°C to 3.1C warmer than 1995, with five to 41 extra days per year where the maximum temperature exceeds 25°C. In terms of an assumption for the purposes of High Intensity Rainfall Design System (HIRDS) analysis a temperature increase of 2.1°C by 2090 is used. • Winter rainfall is expected to increase by five to nine per cent by 2090. • The number of extreme wind and storm events is not expected to vary significantly, but there may be changes in their direction and intensity by 2090. • The sea level is expected to have risen by 0.5 metres by 2090. The impacts of climate change are likely to impact the district in a variety of ways. The Infrastructure Strategy and subsequent Asset Management Plans now place more emphasis on climate change adaptation and preparedness. The key climate change risks are: • Coastal Hazards. Within the next 10 years there could be increased risk to coastal properties, roads and infrastructure from coastal erosion and storm inundation. The Council has commissioned Tonkin and Taylor to assess the likely coastal hazard and inundation in the district. This work has demonstrated that while the entire coast is at risk from coastal erosion, there are only small, discrete areas of developed low-lying coastal land at risk from inundation, being Waitara, Puke Ariki landing, Ōākura and low-lying areas around river mouths. • Flooding. With increasing rainfall intensity it is likely that increased flooding will occur in some areas. A series of stormwater catchment management plans is programmed for development within the next three years which will analyse the district's stormwater catchments, taking into consideration the most up to date climate change data when drawing conclusions that will inform resilient land use decisions. The significant stormwater projects budgeted for over the next 10 years have taken account of the latest rainfall projections from NIWA. Over the next 10 years the Council is also investing in wastewater pump station overflow prevention in order to minimise the likelihood that sewer overflows occur during storm events. • Drought. With increasing water demand and the increasing likelihood of extended dry periods during summer months, the district it at risk of not meeting water supply levels of service at certain times of year. The Council is taking proactive steps to reduce the district's water use. There is a medium level of uncertainty for the life of this LTP. Uncertainty arises as overall climate change does not directly correlate to year-to-year climate conditions or particular weather events. If these factors change from projection then the assumption will not be borne out.

Assumption	Detail and Uncertainty
	There is significant uncertainty in the long-term implications of climate change. However, it is unlikely that any of the investment undertaken in the LTP will be an over-investment in the long-term. There is risk that climate hazards occur earlier than current forecasts meaning, for instance, that stormwater asset capacity has not been increased early enough despite the increased investment in new stormwater assets capacity and increased capacity at the time of renewal of existing assets. This will result in infrastructure failure (whether temporary or permanent), requiring additional resource and financing. The LTP includes significant investment in resilience in water and waste water infrastructure. This work will lower the longer-term risk for water operations.
Existing and future resource consents All resource consents required for the operations of Council services will be obtained or renewed when required.	The Council is legislatively required to obtain resource consents for various activities that it undertakes in the district, including: • Okato WTP abstraction consent expires 2019. • NP WWTP discharge of leachate from sludge lagoon to groundwater in the vicinity of the Waiwhakaiho River expires 2020. • To place and maintain Te Henui rising main under Waiwhakaiho expires 2020. • Ōākura WTP bore water abstraction consent expires 2020. • NP WTP abstraction consent - renewed until 2021. • Inglewood WTP abstraction consents expire 2021. • To place and maintain Waitara outfall pipe expires 2021. • Contingency disposal of sludge to land and air expires 2022. • NP WWTP discharge to air expires 2026. • Colson Road (regional) Landfill consent expires 2026, it is anticipated this landfill will close around 2019. A regional landfill is being constructed in Eltham. • Inglewood oxidation pond intermittent discharge to the Kurapete Stream renewed until 2033. • NP WWTP discharge consent - renewed until 2041. Some new projects will also require resource consents, and these are assessed as part of the delivery of each project. There is a low level of uncertainty. Uncertainty arises from the potential for changes to the Council's District Plan and changes to Taranaki Regional Council's regional plans. If these factors change from projection then the assumption will not be borne out. The Council's services, including current and future developments, would be affected by not obtaining any relevant resource consents. This could ultimately lead to discontinuance in service delivery until consent is obtained. The Council will continue to work closely with the Taranaki Regional Council to ensure all existing and future resource consents are renewed or obtained without any effect on the delivery of the Council's services.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Legislation changes Legislation changes will not have any significant effect on the Council.	There are a number of areas of potential reform: • Current Bills before Parliament. A number of bills are currently before Parliament that may have minor implications for the Council. This includes the Local Government (Community Well-being) Amendment Bill and the Health (Fluoridation of Drinking Water) Amendment Bill. • Reform of the Resource Management Act (RMA) and planning framework. The Productivity Commission has also identified the inter-relationship between the RMA 1991, the Land Transport Management Act 2003 and the Local Government Act 2002 as requiring change, including that the RMA should be split into urban and non-urban legislation. • Low carbon future. The Government has signalled the introduction of a "Zero Carbon Bill" and the Productivity Commission has released a draft report on transitioning to a low-emissions economy. The Productivity Commission's draft report outlines potential implications for local government, if the Government implements those recommendations. Similarly the Zero Carbon Bill may have implications for local government. • Drinking water reforms. There are a number of reviews around drinking water, including the Government's signalled response to the Havelock North Drinking Water Inquiry report. The Council considers it likely that most of the report's recommendations will be implemented. The removal of the secure bore status will impact on the Council's Ōākura Water Treatment Plant. The Long-Term Plan therefore includes provision to upgrade the Ōākura Water Treatment Plant to reflect these changes. The Inquiry's report did not recommend any increased Drinking Water Standards that would impact on the Council's three other Water Treatment Plants (New Plymouth, Okato and Inglewood), however there is a small risk that this occurs as part of the Government's response to the Inquiry (or at some other time). The LTP does not include upgrades to reflect any increased standards to these three Water Treatment Plants. • Freshwater reforms. It is also likely that significant reform will occur around freshwater standards. The LTP includes proposed investments in wastewater pump station overflow preventions and elimination of the emergency use of the Waitara Marine Outfall. It is unclear whether any reform will impact on any other aspect of the Council's service delivery approach. • Infrastructure funding. The Government has signalled that it will introduce voluntary special purpose vehicles for infrastructure provision. This may require legislative change to implement. This could provide an alternative source for funding growth infrastructure for some growth areas. There is a medium level of uncertainty. Uncertainty arises from national politics. If these factors change from projection then the assumption will not be borne out. Changes to legislation could have implications for the structure of the Council, what services it delivers, the processes and procedures that are used to deliver the services, and the accountability associated with services. There could be significant cost implications.

Assumption	Detail and Uncertainty
Central Landfill The Council will own and operate the new Central Landfill under a Joint Committee.	The Council will own and operate the new Central Landfill in Eltham as Administering Authority. A Joint Committee has been established between the three Taranaki territorial authorities. The Council will invest $10m in capital expenditure in 2018/19 (funded from restricted reserves) for the Central Landfill. There is a medium level of uncertainty. Uncertainty arises from the consideration of alternatives to establishing the Central Landfill. If this factor changes from projection then the assumption will not be borne out. The Council is working with the other regional territorial authorities on the Central Landfill. There are other alternatives to establishing the Central Landfill. As part of responsible management before significant investments, a review is being undertaken to ensure the approach of developing the Central Landfill is prudent and in the best long-term interests of the community. The decision to proceed with the establishment of the Central Landfill or to use an alternative option will be based on commercial decisions and terms. All three territorial authorities have contributed a combined total of $16.1m towards the Central Landfill development, held in the Council's restricted reserves. Approximately $6m has been spent in 2017/18. If the decision was made not to invest in the Central Landfill then the remaining $10.1m funds held in the Council's restricted reserve would become surplus to requirements. The Council would reimburse the other territorial authorities their 33.6 per cent contribution of approx. $3.4m. The Council could use its remaining $6.7m contribution for other waste management and minimisation activities.

Significant Forecasting Assumptions

<table>
<tr><th>Assumption</th><th>Detail and Uncertainty</th></tr>
<tr><td>The effects of inflation on the Council’s services

The annual cost of Council services will continue to increase at between 1.8 per cent and 2.6 per cent.</td><td>The Local Government Cost Index (LGCI) measures cost drivers specific to local government (e.g. concrete, reinforcing steel, bitumen, roading chip, building materials, energy and wages etc.) which differs significantly from the inflation pressures affecting households as measure by the CPI. BERL provide local authorities with their view of forecast inflation on key cost drivers. Their measure of inflation is forecast at 1.8 per cent to 2.6 per cent. The Council will need to ensure that the community is well informed about the cost drivers affecting service delivery. The Council’s approach is to adopt BERL data and apply a percentage change on year prior values. Note that for year one the model has used half the inflation increase.
<table>
<tr><th></th><th>2018/19</th><th>2019/20</th><th>2020/21</th><th>2021/22</th><th>2022/23</th><th>2023/24</th><th>2024/25</th><th>2025/26</th><th>2026/27</th><th>2027/28</th></tr>
<tr><td>LGCI - Operating Expenditure</td><td>1.8</td><td>2</td><td>2.2</td><td>2.2</td><td>2.2</td><td>2.3</td><td>2.3</td><td>2.4</td><td>2.5</td><td>2.5</td></tr>
<tr><td>LGCI - Capital Expenditure</td><td>1.8</td><td>2</td><td>2.2</td><td>2.2</td><td>2.2</td><td>2.3</td><td>2.4</td><td>2.4</td><td>2.5</td><td>2.6</td></tr>
<tr><td>LGCI - Total</td><td>1.8</td><td>2</td><td>2.2</td><td>2.2</td><td>2.2</td><td>2.3</td><td>2.3</td><td>2.4</td><td>2.5</td><td>2.6</td></tr>
<tr><td>CPI</td><td>1.8</td><td>1.8</td><td>1.6</td><td>1.6</td><td>1.7</td><td>1.7</td><td>1.8</td><td>1.8</td><td>1.9</td><td>1.9</td></tr>
</table>
The Council has also made specific assumptions about inflation for total staff costs (two per cent per annum), gas and electricity increases (three per cent per annum), and the rates payable on Council property (3.5 per cent per annum).

There is a low level of uncertainty. Uncertainty arises from external price inflation. If these factors change from projection then the assumption will not be borne out.

Forecast inflation will impact on the ability of the Council to deliver on its service levels and impacts future budgets. The Council will need to ensure that the community is well informed about the cost drivers affecting service delivery.

A higher or lower LGCI than forecast is likely to have impacts on Council budgets. A higher rate of inflation will require either increased budgets (and therefore rates increases) or adjustments to levels of service. A lower rate of inflation will either reduce budgets (and therefore rates increases) or enable increased levels of service within existing budgets.</td></tr>
<tr><td>Revaluation of assets

The fair value of assets that are revalued will increase in line with inflation.</td><td>The revaluation of assets will result in book values that rise in line with inflation. The Council last revalued its land, building and infrastructure assets in 2016, revaluations are expected in 2019, 2022 and 2025 (every three years). Forestry assets are revalued annually.

The Council assets deliver services to the community and hold a ‘value in use’. The Council’s significant assets are long life assets, any reassessment of current replacement costs are used to determine the cost of the asset renewal programme as outlined in the respective Asset Management Plans. This in turn means Council will need to make an increased budgetary provision through general rates for renewal funding.</td></tr>
</table>

Assumption	Detail and Uncertainty
	There is a low level of uncertainty. Uncertainty arises from replacement costs. If these factors change from projection then the assumption will not be borne out. There is a risk that assets are revalued at a lower or higher amount than inflation. Any substantive change in asset revaluation may result in an increase or decrease in the cost of the asset renewal programme.
Useful lives of significant assets The actual lives of significant assets are in line with expected useful lives.	Assets are expected to have a lifespan as set in depreciation policy in the Statement of Accounting Policies.

Asset Class	Roads	Laboratory	Solid Waste	Stormwater	Flood Protection	Water	Wastewater
Years	5-100	8-30	35-100	50-140	50-200	10-120	10-140

Assumption	Detail and Uncertainty
	There is a low level of uncertainty. Uncertainty arises from asset condition and whether assets receive more or less use than anticipated. If these factors change from projection then the assumption will not be borne out. Where actual lives differ (favourably or unfavourably) from expected useful lives this influences the asset renewals and maintenance programme. Assets that have longer lives than assumed will either result in savings through later replacement or may still be replaced at the time set out (e.g. if it is difficult to determine the state of the asset until replacement, such as for underground assets). Assets that have shorter lives than assumed may either result in reduced levels of service or require replacement earlier than expected, potentially before the asset is fully depreciated. The Council has, and continues to develop, appropriate asset management plans together with regular inspection, maintenance and management practices to manage these risks.
Vesting of new assets in the Council Council estimates the vesting of approximately $4m of assets per annum (figure as of year one, adjusted for inflation in future years).	This assumption is a conservative long run average. There is a low level of uncertainty. Uncertainty arises from variability in subdivision activity that results in asset vesting. If these factors change from projection then the assumption will not be borne out. Asset vested with the Council increases the need for infrastructure renewal funding and also has additional funding implications for operating costs. The Council is aware of likely future levels of vested assets through the resource consent process. The standard of assets proposed to be vested must meet the Council's requirements for materials, construction techniques and quality. Any assets vested as the result of development will have minimal impact on the Council's asset base as the district's rate base increases with population growth. Any significant increase in vested assets will increase the Council's asset base. However, it is unlikely to have any significant impact on the Council's financial positions or levels of service. This is because an increase in vested assets would likely reflect additional development and therefore an increase rate base. A decrease in vested assets will mean the Council's asset base will not grow as quickly. This will not be significant in terms of impacting on the Council's debt-to-asset ratio so should not impact on the ability to borrow. It is, however, likely to reflect a downturn in development.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Sources of funds for future replacement of significant assets The Council will fund the replacement of significant assets in line with the Revenue and Financing Policy and Financial Strategy.	The Revenue and Financing Policy sets out how assets will be funded for different activities. Funding for the renewal of infrastructural assets is calculated on a Long Range Average Renewals Approach (LRARA). There is a low level of uncertainty. Uncertainty arises from sources of funding not being available at the time of an assets replacement. If these factors change from projection then the assumption will not be borne out. There is a risk that a funding source is not available to fund the replacement of any given asset at the time of its replacement. Section 80 of the Local Government Act 2002 sets out the process for the Council to make a decision that is significantly inconsistent with a policy. This process could be used at that time.
External funding support NZTA funding to maintain and renew roads and associated assets will remain at current levels. Government funding in other areas and other external funding will remain at current levels.	External funders provide operational and capital funding support to enable the Council to maintain and/or enhance level of service delivery. NZTA provides a significant level of subsidy for roading operations and maintenance as well as capital renewals and augmentation (51 per cent to 100 per cent of eligible works). The NZTA Financial Assistance Rate (FAR) has been reviewed and is currently set at 51 per cent. In addition, other government funding agencies provide funding support to enable the Council to deliver on its service levels. These include funding sources such as the Department of Internal Affairs (soldiers' grave sites) and the Ministry for Culture and Heritage (Arts Grants). Details of this funding is set out in the relevant Activity Management Plans. Further funding is provided by external parties for events, exhibitions and capital projects. There is a medium level of uncertainty. Uncertainty arises from changes to Government and other external funders' priorities changing. If these factors change from projection then the assumption will not be borne out. Any reduction in funding support will impact on service levels and the long-term custodianship of our roading assets in particular. Less funding from NZTA will have an impact on the district's roading work programme. Projects will either have to be deferred or the Council will need to provide extra funding through rates to counter reduced support from NZTA. An increase in the range and type of subsidies and funding support may require increased funding input from the Council.

Assumption	Detail and Uncertainty
Rating remissions Rates remissions are estimated at $0.67m in year one and increase at 3.5 per cent per annum.	Rates remissions will continue to apply at the current level, with an increase of 3.5 per cent per annum. There is a medium level of uncertainty. Uncertainty arises from potential changes to the remission policies and changes to who qualifies as a result of other changes. If these factors change from projection then the assumption will not be borne out. The District Plan review is assessing further properties to provide regulatory controls for which the Council currently provides a remission. The outcome of the District Plan review is unknown, as there are statutory processes (including public submissions and appeal processes). The remission estimate is based on the current operative District Plan, and a review of the remission policy may be required when the new District Plan is operative. Any change in legislation or the Council's remissions policy will have an impact on the level of rating remissions. A higher level of remission will be met through other ratepayers paying higher rates, or may cause a review of the remission policies. A lower remission level will provide a savings and reduce the rates required.
Forecast return on investments The Perpetual Investment Fund will release 3.3 per cent of its value per annum (after inflation and management fees and costs), with a rate of return of 5.3 per cent per annum.	The Council has significant external investments in the Council's PIF. The PIF is managed by a Full Outsourced Agent, (FOA), Mercer New Zealand Limited. The FOA is reviewed and monitored by the New Plymouth PIF Guardians Limited (NPG). Annual releases from the PIF contribute significantly to reducing the annual rates requirement. The PIF release is required to fund management fees and costs, with an amount to offset rates based on a flat 3.3 per cent of the value of the fund after inflation and including fees and costs. The PIF will release 3.4 to 3.6 per cent per annum gross of management fees and costs. The PIF's rate of return is expected to be 5.3 per cent per annum. This assumption is based on advice from NPG. It is based on a long-term view of returns so the 10 year return may differ from the average. There is a medium level of uncertainty. Uncertainty arises from the rate of return in market investments. If these factors change from projection then the assumption will not be borne out. If the average annual earnings rate of the PIF is less than forecasted and the value of the PIF decreases, this will reduce the release and may impact on the Council's current Financial Strategy. This could have an impact on the rates requirement or adjustments to the levels of service provided to the community.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Development contributions The Council will receive between $2.1m and $4.4m per annum in development contributions.	Residential development growth is forecast at 387 new dwellings each year for the first five years and 353 new dwellings per annum for the second five years. Non-residential growth is forecast to grow at an average rate of 200 HUE (household unit equivalent) per annum for the first five years and 182 HUE per annum for the second five years. This is at the rate development contributions are expected to be collected at. However, the timing of development contribution receipts is outside the Council's control. Development contribution requirements are assessed according to the number of dwellings and HUE the relevant capital project(s) cater for and then applied to each dwelling and HUE as they are developed. The Council records growth-related capital expenditure as being fully funded by borrowings and applies development contributions when received. There is a medium level of uncertainty. Uncertainty arises from the rate of residential and non-residential development. If these factors change from projection then the assumption will not be borne out. As development and financial contributions are actually received they will be netted off any borrowing made for that purpose. A slower rate of development will result in a lower level of development contributions being received. This will result in increased debt, which in turn may result in higher costs to borrow and reduced forward capacity to borrow. A faster rate of development will result in a higher level of development contributions being received. This will reduce borrowings, which in turn may reduce costs of borrowing and provide greater capacity to borrow in the future. The Government has introduced a Bill that would, if enacted, enable the Council to charge development contributions for a wider range of public amenities, so long as there is a nexus to growth. If enacted, the Council will need to consider whether to amend the Development Contributions Policy. This may result in higher development contribution charges, and therefore increase the returns. This will reduce borrowing, which in turn may reduce borrowing costs and provide greater capacity to borrow in the future.

Assumption	Detail and Uncertainty
Borrowing and interest rates Interest rates for cash investments will be between two and three per cent, and borrowing interest rates will be between 5.25 and six per cent. Lenders will continue to meet the Council's requirements for loan funding (redemption and new).	Interest rates are assumed at the following levels.

Item	Cash Investment	Term Deposit Investment	Airport Loan	General Borrowing	VTR Scheme
Interest rate	2.00%	3.00%	6.00-6.75%	5.25-6.00%	7.00%

Assumption	Detail and Uncertainty
	Borrowings are repaid over a 20 to 30 year time frame. Overall interest rate and funding strategies are managed within the parameters of the Treasury Management Policy. Interest rate swaps are also used, as per the Treasury Management Policy. The Liability Management Policy is reviewed as part of the LTP process every three years. There is a low level of uncertainty. Uncertainty arises from obtaining lending from the market. If these factors change from projection then the assumption will not be borne out. The Council actively seeks to receive more favourable interest rates. Achieving more favourable interest rates enables the Council to lower its borrowing costs, which enable the Council to either pay off debt faster or to reduce debt repayment costs. There is unlikely to be any adverse implications in the plan resulting from funding or interest rate risk. However, if economic conditions result in increases in interest rates that are unable to be hedged, such cost increases may impact on the Council's overall budget position and ability to maintain service levels without an increase in rates income. With the establishment of the Local Government Funding Authority (LGFA), there will be very minimal risk of the Council not being able to borrow the funds it requires.
Asset sales The Council will be able to achieve the proposed asset sale schedule and will achieve the forecast return. There will be no other asset sales other than those agreed to in the LTP.	The Council has proposed selling a surplus, redundant and under-utilised property in the LTP. The LTP has included income from these sales in the financial plan. The sale of surplus land is expected to generate $5m from sales across years one to five of the LTP. Other than any property identified in the LTP and for some minor surplus operating assets, no other major or surplus asset sales are planned. There is a medium level of uncertainty. Uncertainty arises from statutory consultation and control to revoke reserve status and the sale of properties on an open market. If these factors change from projection then the assumption will not be borne out.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
	A number of the properties proposed to be sold are subject to the Reserves Act 1977 which sets out a statutory process for the revocation of reserve status. The process requires the Minister of Conservation to agree to the revocation of reserve status. Assets not subject to reserve status may, however, be subject to section 138 of the Local Government Act 2002 which requires any park land (which is broadly defined) to be subject to consultation. These statutory processes mean that there is a risk that the proposed assets sales are not disposed of. There is a risk that asset sales achieve a lower return than forecast. This could be due to lower prices in selling (e.g. as a result of a property market slowdown) or an inability to sell from statutory processes. If this occurs then the Council may choose to respond through not implementing future level of service investments, or funding those investments from debt. This is designed to minimise the impact of uncertainties. There is potential for the sales to achieve a higher return that forecast as well. This will enable the Council to make decisions to increase levels of service, lower rates or to repay debt.
Significant contingencies and commitments not budgeted for There will not be unforeseen events or circumstances that could impact the Council's finances and/or levels of service.	While there are always unexpected events that may have an impact on the Council's operations, the Council mitigates these through its risk mitigation strategies including in-depth insurance cover, established bank credit lines, and business continuity plans. Commitments and Contingencies that the Council is aware of include: • ***Local Government Funding Agency (LGFA)*** New Plymouth District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Fitch Ratings and Standard and Poor's of AA+ and a foreign currency rating of AA. New Plymouth District Council is one of 30 local authority shareholders and 10 local authority guarantors of the NZLGFA (in that regard it has uncalled capital of $100,000). When aggregated with the uncalled capital of other shareholders, $20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, New Plymouth District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2017, NZLGFA had borrowings totalling $7,865m (2016: $6,820m). Financial reporting standards require New Plymouth District Council to recognise the guarantee liability at fair value; however, the Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. The Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that: - We are not aware of any local authority debt default events in New Zealand; and - Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

Assumption	Detail and Uncertainty
	• ***Local Authority Protection Programme (LAPP)*** The Council is a contributing member of LAPP, which was created to assist local authorities to fund the rebuild of mainly "below-ground" infrastructure in the event of a major disaster. Following the Christchurch earthquakes, the LAPP fund was significantly depleted. The fund had been rebuilt by member councils since then but has again been called on as a result of the Kaikoura earthquake. This has resulted in increased member contributions, but aside from rebuilding after that event the increase will also help to bolster the fund's ability to smooth any future growth in contributions that come from changes required by central government because of the 60/40 review that is pending. • ***Yarrow Stadium*** The stands at Yarrow Stadium have been found to be earthquake prone and are not suitable for public use. Yarrow Stadium is operated through an agreement between New Plymouth District Council and Taranaki Regional Council. Under that agreement, Yarrow Stadium is owned by Taranaki Regional Council, which funds the facility's maintenance and long-term development, and it is operated by New Plymouth District Council, which meets day-to-day staffing and operational costs. The agreement also enables Taranaki Regional Council to hand-back the ownership of Yarrow Stadium to New Plymouth District Council. The LTP assumes that Taranaki Regional Council will continue to own Yarrow Stadium and will undertake the necessary work to provide operational and safe stands. • ***Other*** The Council is not aware of any other additional contingencies or commitments not already covered by the prospective financial statements and/or Asset Management Plans. There is a low level of uncertainty. Uncertainty arises from these being externally driven events. If these factors change from projection then the assumption will not be borne out. The Council has planned appropriately for known potential commitments and has the necessary risk mitigation strategies in place to ensure any impact from unknown events can be managed without any undue impacts.

Significant Forecasting Assumptions

Assumption	Detail and Uncertainty
Emissions Trading Scheme (ETS) Carbon Units purchased for the Central Landfill operations will be at a fixed price.	The Council, as operator of the Colson Road landfill, is required to surrender Carbon Units (Units) for estimated emissions under the ETS while the landfill continues to operate. The Council has purchased enough units to meet its obligations under current law until the closure of the Colson Road landfill in 2019. New units will need to be purchased for the Central Landfill at Eltham when operations begin in 2019. The Council does not propose to carry out any deforestation initiatives or activities during the life of this plan. The Council does not consider it has a contingent liability under this part of the ETS. There is a medium level of uncertainty. Uncertainty arises from having to purchase Units on the open market. If these factors change from projection then the assumption will not be borne out. The ETS is a market-based scheme. There is a risk of market volatility. The new Government may consider amending the ETS which could also impact requirements for Carbon Units and/or the price paid for Carbon Units. A higher price for Carbon Units would require increased expenditure. It is unlikely that the Council would be able to avoid such additional costs.
Level of service operating costs Operating costs will increase from level of service increases throughout the LTP.	The LTP includes detailed consideration of level of service increases for the first five years. It is assumed that there will be level of service increases in the second five years of the LTP for each of the 16 Council services. These level of service increases will be developed and consulted on in the future. The total is $15.5m over all the activities. There is a medium level of uncertainty. Uncertainty arises from future Council decision-making processes. If these factors change from projection then the assumption will not be borne out. The LTP includes a broad indication of future operating costs for level of service increases. However, these increases have not been detailed, so costs may vary. Level of service increases that cost more than forecast will result in additional rates requirements or alternative funding sources. Similarly, a lower than forecast level of service increase or no changes, or a decrease in levels of service, may result in a lower rates requirement or additional revenue sources.

Audit Opinion

To the reader

Independent auditor's report on New Plymouth District Council's Long-Term Plan 2018-2028

I am the Auditor General's appointed auditor for New Plymouth District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Audit New Zealand. We completed our report on 27 June 2018.

Opinion

In my opinion:

- the plan provides a reasonable basis for:
  - long term, integrated decision making and co ordination of the Council's resources; and
  - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 204 to 207 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

Basis of opinion

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;

Audit Opinion

- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;
- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

Responsibilities of the Council and auditor

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures, and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

In addition to this report on the Council's long term plan and all legally required external audits, we have provided an assurance report on certain matters in respect of the Council's Debenture Trust Deed. These assignments are compatible with those independence requirements. Other than these assignments, we have no relationship with or interests in the Council or any of its subsidiaries.

Clint Ramoo, Audit New Zealand
On behalf of the Auditor General, Wellington, New Zealand