

Financial Information



This section contains the ARC Group prospective financial statements. Also contained in this section is the Funding Impact Statement for the 2007/08 financial year.



Chapter 3 - Financial Information

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Prospective Income Statement

Explanatory note:

The variance in information service costs in the draft plan compared with the LTCCP forecast primarily reflects expenditure classification changes as follows:

- Purchase of rating database information previously classified as contracted services is now classified as information services.
- IT costs previously classified as professional services and technical services are now classified as information services.

Prospective Income Statement - Dollars in Thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
126,521	Rates	135,869	135,863	6
15,980	ARH Distribution - ARTA Opex	14,988	17,739	(2,751)
42,709	ARH Distribution - ARTA Capex	61,197	70,104	(8,907)
1,396	ARH Distribution - CCO Monitoring	1,431	1,432	(1)
5,753	ARH Distribution - Stormwater Grants	6,675	5,630	1,045
50	ARH Distribution - Other	9,550	50	9,500
13,304	Service Fees	14,685	13,763	922
7,461	Facilities	9,392	7,305	2,087
3,093	Grants and Subsidies	4,682	1,279	3,403
8,686	Sundry Operating	706	1,434	(728)
137	Merchandising	157	145	12
873	Farming	926	917	9
225,963	Revenue	260,258	255,661	4,597
42,004	Human Resources	46,080	45,299	781
4,827	Professional Services	4,675	4,497	178
11,778	Technical Services	11,327	10,935	392
14,393	Contracted Services	13,759	13,367	392
81,441	ARTA Funding Grants - Opex	88,857	83,553	5,304
42,709	ARTA Funding Grants - Capex	61,197	70,104	(8,907)
2,283	Funding Grants - Storm Water - ICMF	2,210	2,155	55
247	Farming Cost of Sales	224	211	13
1,189	Materials	1,141	1,373	(232)
1,671	Printing and Office Supplies	2,328	1,861	467
712	Fuel and Power	701	736	(35)
3,485	Repairs and Maintenance	4,331	4,340	(9)
1,535	Communications	1,505	1,613	(108)
3,170	Information Services	4,192	1,279	2,913
5,033	Occupancy	5,511	4,759	752
590	Grant & Subsidies	3,395	600	2,795
582	Interest and Bank Charges	902	1,253	(351)
4,319	Other	4,300	4,130	170
(3,063)	Internal Expenditure Recovery	-	(3,014)	3,014
97	Merchandising Cost of Sales	90	107	(17)
959	Vehicle	818	912	(94)
6,872	Depreciation	6,998	7,305	(307)
226,834	Expenditure	264,541	257,375	7,166
(871)	Net Surplus/(Deficit)	(4,283)	(1,714)	(2,569)

Prospective Balance Sheet- Dollars in Thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
	Assets			
250	Cash and Bank	250	250	-
14,787	Accounts Receivable	14,955	15,607	(652)
54,296	Receivable from ARH	15,266	14,567	699
1,071	Inventories	1,071	1,071	-
70,404	Total Current Assets	31,542	31,495	47
815,233	Investment in subsidiaries	815,233	815,233	-
27,972	Receivable from ARH	14,872	14,820	51
208,691	Fixed Assets	226,520	221,095	5,425
1,051,896	Total Non-Current Assets	1,056,625	1,051,148	5,476
1,122,300	TOTAL ASSETS LIABILITIES	1,088,167	1,082,643	5,523
	Liabilities			
20,454	Payable to ARTA	24,272	21,358	2,914
13,281	Accounts Payable	17,704	13,805	3,899
7,628	Stormwater Grants Payable	14,365	12,253	2,112
45,246	Grants Payable to ARTA	900	900	-
32,246	Short Term Debt	40,878	45,902	(5,024)
118,855	Total Current Liabilities	98,120	94,218	3,902
4,875	Provision for Landfill	4,652	4,721	(69)
20,272	Stormwater Grants Payable	8,072	8,020	52
7,700	Grants Payable to ARTA	6,800	6,800	-
32,847	Total Non-Current Liabilities	19,524	19,541	(17)
151,702	TOTAL LIABILITIES	117,644	113,759	3,884
970,598	Ratepayer's Equity	970,523	968,884	1,639
1,122,300	TOTAL LIABILITIES & EQUITY	1,088,167	1,082,643	5,523

Prospective Movements in Ratepayers Equity - Dollars in thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
971,469	Equity as at 1 July (Beginning of year)	974,806	970,598	4,208
(871)	Net Surplus / (Deficit)	(4,283)	(1,714)	(2,569)
970,598	Equity as at 30 June (End of year)	970,523	968,884	1,639

Prospective Cash Flow Statement - Dollars in thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
	Cash Flows from Operating Activities			
	Cash is to be provided from:			
125,788	Rates	136,036	135,030	1,006
3,093	Grants and Subsidies	4,683	1,279	3,404
116,370	ARH Distributions	159,658	147,829	11,829
20,765	Recoveries and User Charges	24,000	21,068	2,932
9,696	Other Operating Receipts	1,978	2,496	(518)
275,712	Total	326,355	307,702	18,654
	Cash is to be applied to:			
(270,591)	Payments for Operational Services	(326,323)	(300,885)	(25,438)
(368)	Interest payable	(624)	(1,031)	407
(270,959)	Total	(326,947)	(301,916)	(25,031)
4,753	NET CASH FROM OPERATING ACTIVITIES	(592)	5,786	(6,378)
	Cash Flows from Investing Activities			
	Cash is to be provided from:			
170	Proceeds from Sale of Fixed Assets	62	134	(72)
170	Total	62	134	(72)
	Cash is to be applied to:			
(7,890)	Purchase and Development of Fixed Assets	(28,797)	(19,573)	(9,224)
(7,890)	Total	(28,797)	(19,573)	(9,224)
(7,720)	NET CASH FROM INVESTING ACTIVITIES	(28,735)	(19,439)	(9,296)
	Cash Flows from Financing Activities			
	Cash is to be provided from:			
2,967	Loans	29,327	13,653	15,674
-	Repayment of Loans	-	-	-
2,967	NET CASH FROM FINANCING ACTIVITIES	29,327	13,653	15,674
-	NET CASHFLOW FOR THE PERIOD	-	-	-
250	Opening cash and bank	250	250	-
250	Closing cash and bank	250	250	-

Prospective Capital Expenditure - Dollars in Thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
	Regional Parks			
-	Land	11,500	12,001	(501)
1,010	Land Improvements	1,161	1,389	(228)
573	Bridges, Structures and Dams	767	436	331
1,054	Buildings	1,019	641	378
851	Roads	996	761	235
3,488	Total Regional Parks	15,443	15,228	215
	Mt Smart Stadium			
25	Land Improvements	120	124	(4)
404	Buildings	-	-	-
-	Furniture and Equipment	25	26	(1)
-	Vehicles	-	-	-
429	Total Mount Smart Stadium	145	150	(5)
	Built Environment			
-	Land	8,000	-	8,000
-	Total Built Environment	8,000	-	8,000
	Natural Environment & Heritage			
45	Land Improvements	81	-	81
513	Plant & Equipment	470	424	46
558	Total Natural Environment & Heritage	551	424	127
	Safety			
85	Land Improvements	52	52	-
-	Buildings	500	-	500
-	Plant & Equipment	33	-	33
88	Vehicles	-	-	-
173	Total Safety	585	52	533
	Support			
297	Furniture and Equipment	135	262	(127)
2,410	Software and Hardware	3,460	2,520	940
535	Vehicles	520	938	(418)
3,242	Total Support	4,115	3,720	395
7,890	TOTAL NET CAPITAL EXPENDITURE	28,839	19,574	9,265
	Funded by			
7,133	Rates	7,029	7,423	(394)
-	ARH Distributions	9,500	-	9,500
-	Service Fees	700	-	700
328	Reserves	965	-	965
429	Borrowings	10,645	12,151	(1,506)
7,890	Total Net Capital Expenditure	28,839	19,574	9,265

Significant Forecasting Assumptions

The 2006/16 LTCCP contained population and financial forecasts for the 2007/08 financial year that incorporated specific assumptions about revenue and cost increases. The ARC's approach in developing the 2007/08 Annual Plan has been to adhere to the 2007/08 LTCCP forecasts, although there have been some changes to budgets to reflect changes in priorities and changes in cost estimates.

Nevertheless, one area where a specific assumption has been made to underpin this budget is the ARC's borrowing and investments rates, which have been assumed at 0.5% premium over a forecast 90-Day Bank Bill rate of 6.8%.

Statements of Fact

ARTNL and Britomart rail station.	The ARC, Auckland Regional Transport Network Ltd (ARTNL) and its shareholders, are in discussion on the transfer of ARTNL's assets and operations, and the Britomart rail station to the ARC. The full impacts of such a transfer have not been factored into the financial forecasts in this draft Annual Plan.
Specific assumptions for the activity groups.	See Chapter 2.

Funding Impact Statement

Introduction

The Local Government Act 2002 requires an annual plan to include, for the year to which the plan relates, a Funding Impact Statement that states the revenue and financing mechanisms used, the nature of any departure from the funding statement for that year in the LTCCP. It is also required to outline the valuation system on which the general rate is assessed, uniform annual general charges if used, whether the general rate is set differentially and if so information about those differentials, and information about any targeted rates.

In the LTCCP 2006-16 the Funding Impact Statement was contained within the Revenue and Financing Policy. This Annual Plan proposes minor amendments to the Revenue and Financing Policy. For this reason the two policies will be separated and the Funding Impact Statement will sit alongside the financial statements. The financial implications of the proposed amendments to the Revenue and Financing Policy are not expected to be material and therefore will not impact on the Funding Impact Statement.

Revenue and Financing Mechanisms

The revenue and financing mechanisms are based on the following expenditure categories and revenue sources.

The Council's expenditure comprises:

- Capital expenditure to fund assets with a short life and assets with a longer life.
- Operating expenditure on services and on maintaining assets.
- Grants to its council-controlled organisation, Auckland Regional Transport Authority (ARTA), to partly fund ARTA's operating expenditure and capital expenditure programme.

- Grants to territorial authorities under the Stormwater Action Plan.

This expenditure is financed from a mix of revenue sources, including:

- Rates (set as general and targeted rates).
- Funding provided to the Council by its council-controlled organisation, Auckland Regional Holdings (ARH). Among other investments ARH currently holds 100% of the shares in Ports of Auckland Ltd and over \$500m in cash/marketable securities, and receives dividends and returns from these.
- Debt.
- User charges.
- Administrative charges.
- Government subsidies.

The Council has made several policy decisions to determine the mix of these sources and what they are each applied to. These decisions are consistent with legislation and with the following principles:

- Intergenerational equity.
- Beneficiary pays.
- Exacerbator pays.
- Fairness/equity.
- Sustainability.

After considering the requirements of both the Local Government Act 2002 and the Local Government (Auckland) Amendment Act 2004 the Council has adopted the following finance and funding policies that specify that the ARC will:

- Fund specific services from government subsidies, user charges, administrative charges and sponsorship.

- Apply up to 50% of ARH's annual net operating cash flows, less borrowing interest costs, to operating expenditure relating to transport and stormwater activities undertaken since the formation of ARH (including monitoring the ARTA and ARH council-controlled organisations).
- Fund prudent ARTA capital expenditure and renewals, first from annual income earned by ARH, and then ARH capital as necessary, and then debt.
- Apply at least 85% of the funds it obtains from ARH to transport and stormwater capital expenditure and operating expenditure consistent with the requirements of the Local Government (Auckland) Amendment Act 2004.
- Apply any further funding available from ARH (up to 15%) only to the acquisition of other long-life regional assets.
- Fund parkland acquisitions from debt and available funding in the Parkland Purchase Reserve. Debt for parkland acquisitions post November 2005 will have a term of up to 50 years.
- Generally fund all other ARC capital expenditure and renewals from annual income (rates, user charges, administrative charges and sponsorship funds).
- Match the profile of debt repayment to the average life of any non-land assets financed by debt.
- Fund all other services and debt repayment from rates.
- The ARC will advocate to central government for increased levels of funding as well as alternative sources of funding.

Reason for Departure from the LTCCP 2006-16

There is no significant variation from the Funding Impact Statement, contained within the revenue and Financing policy in the LTCCP 2006-16. However, the allocation of the total

rates collected has changed as a result of changes in the activities forecast across the ARC for the 2007/08 year. Overall the rating requirement is the same.

Estimate of Projected Valuation (EPV)

The date of a rating unit's most recent revaluation for rating purposes depends on the local council area in which it is situated. Different local councils have different revaluation dates, and so this date is not the same throughout the region. Particularly during periods when values have been changing quickly, this can have unintended consequences in terms of the impact of regional council rates between districts. In order to smooth the differences between areas which have recently undergone revaluations and those which have not, the Council has obtained an "estimates of projected valuation (EPV)", as provided for in s131 of the Local Government (Rating) Act 2002. The council has nominated 1 September 2006 as the date in respect of which the projected valuation is to be made. This means that for those local council districts that did not have a general revaluation as at 1 September 2006, the Council has obtained a certificate from a registered valuer showing the extent and nature of changes to rateable value in that district between the date of its last revaluation and 1 September 2006 in the form of EPV factors for each.

The Papakura District and Franklin District have undergone a general revaluation for the 2007/08 rating year. As a result the (EPV) factors for both districts are set at 1.00. The factors for the other five local councils reflect that they were last revalued one year (Manukau City, North Shore City and Auckland City), and two years (Rodney District and Waitakere City) prior to the projected valuation date.

The Council has decided to use separate EPV factors for business properties, and for properties with other land uses (including residential and rural). Because changes in value are

not uniform across all property types, it is considered fairer and more representative of actual valuation movements if separate factors are calculated for business properties and properties with other land uses. The EPV factors are used as the basis for establishing differentials which apply to all of the Council's value-based rates.

Table 1: Estimate of Projected Valuation Factors

Valuation	Land Use	Auckland City	Franklin District	Manukau City	North Shore City	Papakura District	Rodney District	Waitakere City
Capital Value	Business	1.14	1.00	1.08	1.13	1.00	1.23	1.31
	Other	1.07	1.00	1.10	1.07	1.00	1.24	1.21
Land Value	Business	1.23	1.00	1.09	1.16	1.00	1.36	1.41
	Other	1.12	1.00	1.09	1.11	1.00	1.34	1.41

General and Targeted Rates

General Rates

The general rate will be used to fund (or part-fund) a range of Council activities, including:

- Activities relating to the Regional Growth Strategy, stormwater management, coastal management, land management, natural heritage conservation, cultural heritage conservation, planning for the future, pollution response, resource consent management and compliance, (costs that cannot be recovered through direct charging or annual fees), economic development, democracy services, Te hononga Māori/Māori relations, sustainable schools and communities, managing regional parks, visitor services, hazards management, civil defense and the Harbourmaster.
- Transport activities, including transport strategy and approximately 17% of ARTA's operating activities set out in ARTA's land transport programme.

The general rate will be set on the following basis:

- The Council will set a general rate based on the capital value of each rating unit in the region.
- A business differential of 1.6 will be applied to the general rate.
- A differential based on the estimate of projected value within each territorial authority district will be applied to the general rate.
- Table 2 shows the estimated rate (in cents per dollar of capital value and dollars per \$100,000 of capital value) for the general rate for 2007/08.

Table 2: General Rate

General Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Auckland City	0.044350	0.025861	\$44.35	\$25.86
Auckland City Offshore Islands	0.011088	0.006465	\$11.09	\$6.47
Franklin District	0.038790	0.024244	\$38.79	\$24.24
Manukau City	0.042048	0.026664	\$42.05	\$26.66
North Shore City	0.044006	0.025956	\$44.01	\$25.96
Papakura District	0.038790	0.024244	\$38.79	\$24.24
Rodney District	0.047848	0.030123	\$47.85	\$30.12
Rodney District Offshore Islands	-	0.007531	-	\$7.53
Waitakere City	0.050739	0.029343	\$50.74	\$29.34

The general rate is intended to raise \$80.93m (including GST).

Targeted Rates

The Council proposes setting targeted rates in three areas of activity: biosecurity, parkland purchase and transport.

Biosecurity Rate

The Council is setting a targeted rate to fund its biosecurity activities, which include plant and animal pest control programmes, providing information, surveillance, enforcement of pest control provisions, and carrying out responsibilities under the Biosecurity Act.

The biosecurity rate will be based on:

- The land value of each rating unit in the region, as biosecurity activities relate more closely to land.
- A business differential of 1.6 will be applied to the biosecurity rate.
- A differential based on the estimate of projected value within each territorial authority district will be applied to the biosecurity rate.

Table 3: Biosecurity Rate

Biosecurity Rate	(Cents per dollar of land value)		(Dollars per \$100,000 of land value)	
	Business	Other	Business	Other
Auckland City	0.005872	0.003341	\$5.87	\$3.34
Auckland City Offshore Islands	0.001468	0.000835	\$1.47	\$0.84
Franklin District	0.004784	0.002990	\$4.78	\$2.99
Manukau City	0.005238	0.003249	\$5.24	\$3.25
North Shore City	0.005528	0.003307	\$5.53	\$3.31
Papakura District	0.004784	0.002990	\$4.78	\$2.99
Rodney District	0.006486	0.004013	\$6.49	\$4.01
Rodney District Offshore Islands	-	0.001003	-	\$1.00
Waitakere City	0.006759	0.004203	\$6.76	\$4.20

The biosecurity rate is intended to raise \$5.67m (including GST).

Table 3 shows the estimated rate (in cents per dollar of land value and dollars per \$100,000 of land value) for the biosecurity rate for 2006/07 2007/08.

Parkland Purchase Rate

With continuing population growth in the region and an ever-increasing demand for open spaces for recreation and leisure, the Council is setting a targeted rate for parkland purchases. The parkland purchase rate will fund specific parkland purchase activities, including the repayment of parkland purchase loans (capital and interest repayments relating to parkland purchases).

- The parkland purchase rate will be based on the capital value of each rating unit in the region.
- A business differential of 1.6 will be applied to the parkland purchase rate.
- A differential based on the estimate of projected value within each territorial authority district will be applied to the parkland purchase rate.

Table 4: Parkland Purchase Rate

Parkland Purchase Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Auckland City	0.003046	0.001776	\$3.05	\$1.78
Auckland City Offshore Islands	0.000761	0.000444	\$0.76	\$0.44
Franklin District	0.002664	0.001665	\$2.66	\$1.67
Manukau City	0.002888	0.001831	\$2.89	\$1.83
North Shore City	0.003022	0.001782	\$3.02	\$1.78
Papakura District	0.002664	0.001665	\$2.66	\$1.67
Rodney District	0.003286	0.002069	\$3.29	\$2.07
Rodney District Offshore Islands	-	0.000517	-	\$0.52
Waitakere City	0.003484	0.002015	\$3.48	\$2.02

The parkland purchase rate is intended to raise \$5.56m (including GST).

Table 4 shows the estimated rate (in cents per dollar of capital value and dollars per \$100,000 of capital value) for the parkland purchase rate for 2007/08.

Transport Rate

The Council is setting a targeted rate to provide the required funding for most of the transport activities that are now undertaken by the Auckland Regional Transport Authority (ARTA), including the majority of costs associated with rail, ferry and bus contracts and public transport marketing. Transport activities undertaken by ARTA are a major area of activity with funding for transport making up approximately half of the Council's total rate requirement.

Targeted transport rates will be levied on all rating units within the targeted transport rating areas. There are three levels of targeted transport rates and four targeted transport rating areas. Areas of the region receiving public transport services are divided into three levels, and 80% of transport rates are divided between these levels based on the level of public

transport accessibility in each area. These areas are:

- Inner Urban Area: better public transport services – differential of 1.25 (ratepayers in this area pay one and a quarter times more than ratepayers in the Metropolitan Area A for a property of the same value).
- Metropolitan Area A: reasonable public transport services – differential of 1.
- Settlement Area A: low levels of service – differential of 0.5 (ratepayers in this area pay half as much as ratepayers in the Metropolitan Area A for a property of the same value).

The transport targeted rate has been phased in (for some areas) over the last three years. Most transport rateable areas are now assessed at the full level of Inner Urban, Metropolitan A and Settlement Area A rates. However, the Council will continue to set the level of transport rates for Riverhead and Waiheke at one-third of the Settlement Area A transport rate. Waiuku will move into Settlement Area A from 1 July 2007.

Every three years the boundaries of the rating areas will be reviewed to take into account changes in public transport service levels:

- Targeted transport rates will be based on capital value.
- A business differential of 1.6 will apply to transport rates applying to all business rating units in the targeted transport rating areas.
- A differential based on the estimate of projected value within each territorial authority district will be applied to the transport rate.

The transport rating boundaries were reviewed in the 2006/07 year, and changes to the transport rating boundaries be considered for the 2008/09 Annual Plan.

The estimated targeted transport rate (in cents per dollar of capital value and dollars per \$100,000 of capital value) for 2007/08 is set out in the tables below.

The targeted transport rate is intended to raise \$60.69m (including GST).

The following map on page 108 illustrates the parts of the region included within the Inner Urban, Metropolitan Area A, Settlement Area A and Settlement Area C areas.

Table 5: Inner Urban Area Rate

Inner Urban Area Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Auckland City	0.043086	0.025124	\$43.09	\$25.12
Manukau City	0.040849	0.025904	\$40.85	\$25.90
North Shore City	0.042752	0.025216	\$42.75	\$25.22
Papakura District	0.037684	0.023553	\$37.68	\$23.55
Waitakere City	0.049293	0.028507	\$49.29	\$28.51

Table 6: Metropolitan Area A Rate

Metropolitan Area A Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Auckland City	0.034469	0.020099	\$34.47	\$20.10
Manukau City	0.032679	0.020723	\$32.68	\$20.72
North Shore City	0.034202	0.020173	\$34.20	\$20.17
Papakura District	0.030147	0.018842	\$30.15	\$18.84
Rodney District	0.037188	0.023412	\$37.19	\$23.41
Waitakere City	0.039434	0.022806	\$39.43	\$22.81

Rating Process

Due Dates for Payment of Rates

Section 24 of the Local Government (Rating) Act 2002 empowers councils to adopt a due date for payment of rates.

All rates will be payable on:

- 3 September 2007 for ratepayers in Area 1, which is proposed as the land situated in North Shore City and Rodney District.

Table 7: Settlements Area A Rate (refer to pg.165 of the LTCCP)

Settlements Area A Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Franklin District	0.015074	0.009421	\$15.07	\$9.42
Manukau City	0.016340	0.010362	\$16.34	\$10.36
Rodney District	0.018594	0.011706	\$18.59	\$11.71

Table 8: Settlements Area C Rate (refer to pg.165 of the LTCCP)

Settlements Area C Rate	(Cents per dollar of capital value)		(Dollars per \$100,000 of capital value)	
	Business	Other	Business	Other
Auckland City	0.005745	0.003350	\$5.75	\$3.35
Franklin District	0.0	0.0	\$0.0	\$0.0
Rodney District	0.006198	0.003902	\$6.20	\$3.90

The targeted transport rate is intended to raise \$60.70m (including GST).

- 17 September 2007 for ratepayers in Area 2, which is proposed as the land situated in Manukau City and Waitakere City.
- 1 October 2007 for ratepayers in Area 3, which is proposed as the land situated in Auckland City (excluding CBD), Papakura District and Franklin District.
- 15 October 2007 for ratepayers in Area 4, which is proposed as the land situated in Auckland City CBD.

The following suburbs are included in the Auckland Central Business District: Auckland Central; Freemans Bay; Grafton; Grey Lynn; Herne Bay; Newmarket; Newton; Parnell; Point Chevalier; Ponsonby; Westmere.

Early Payment of Rates

Section 55 of the Local Government (Rating) Act 2002 empowers councils to adopt a policy for early payment of rates. Ratepayers will qualify for a discount of 2.5 percent on the rates assessed in the 2007/08 financial year if those rates are paid in full, together with any outstanding prior years' rates and penalties, on or before three weeks prior to the due date of the rates assessment.

Penalties

Sections 57 and 58 of the Local Government (Rating) Act 2002 empower councils to impose penalties on unpaid rates.

The Council may apply a 10% penalty:

- On rates assessed in the 2007/08 financial year which are unpaid by the due date; and
- On rates and penalties assessed in previous years which remain unpaid as at 1 July 2007, or five days after the rates resolution (whichever is later), and again six months after that date, on such rates and penalties which are still unpaid.

Payment of Rates

Rates may be paid by any of the following methods:

- By direct debit; either
 - the total rates in one lump sum prior to the due date for payment; or
 - in equal (or as equal as possible) amounts each month or fortnight so that the total rates are paid by 30 June 2008, and provided that the direct debit is established prior to the due date for payment.
- By post (by cheque, Visa or MasterCard only), using the prepaid envelope provided.
- By telephone/internet banking.
- In person at any NZ Post or Books & More outlet throughout New Zealand by cash, cheque or EFTPOS (no credit cards).
- In person at our Council office at 21 Pitt Street, Auckland between the hours of 8am and 5pm, Monday to Friday by cash, cheque or EFTPOS or by credit card (via the ARC's secure website).
- By Visa or MasterCard via our website www.arc.govt.nz.
- By automatic payment in equal (or as equal as possible) amounts each month or fortnight so that the total rates are paid by 30 June 2008, and provided the automatic payment authority is established prior to the due date for payment.

Prospective Funding Impact Statement - Operating Revenue - Dollars in Thousands

Plan 2007	For the year ending 30 June	Plan 2008	LTCCP Forecast 2008	Variance 2008
67,586	General Rate	71,936	72,702	(765)
	Targeted Rates:			
4,099	• Biosecurity	5,039	4,494	545
50,746	• Passenger Transport	53,954	53,851	102
4,090	• Parkland Purchase	4,940	4,816	124
	ARH Distribution:			
15,980	• ARTA Operating Expenditure	14,988	17,739	(2,751)
42,709	• ARTA Capital Expenditure	61,197	70,104	(8,907)
1,396	• CCO Monitoring	1,431	1,432	(1)
5,753	• Stormwater	6,675	5,630	1,045
50	• Other	9,550	50	9,500
13,304	Service Fees	14,685	13,763	922
7,461	Facilities	9,392	7,305	2,087
12,789	Other	6,471	3,775	2,696
225,963	Total Operating Revenue	260,258	255,661	4,597
92,571	Operational Expenditure	104,655	92,627	12,028
368	Interest	624	1,031	(407)
6,872	Depreciation	6,998	7,305	(307)
127,023	Grant Expenditure	152,264	156,412	(4,148)
226,834	Total Operating Expenditure	264,541	257,375	7,166
(871)	Operating Surplus / (Deficit)	(4,283)	(1,714)	(2,569)

Prospective Funding Impact Statement - Capital Expenditure* - Dollars in Thousands

Plan 2007	For the year ending 30 June	Plan 2008	Forecast 2008	Variance 2008
-	Land	19,500	12,001	7,499
1,165	Land Improvements	1,413	1,564	(151)
1,019	Bridges, Structures & Dams	767	436	331
1,012	Buildings	1,519	641	878
851	Roads	996	762	234
513	Plant & Equipment	503	424	79
297	Furniture and Equipment	160	288	(128)
2,410	Software and Hardware	3,462	2,519	943
623	Vehicles	520	938	(418)
7,890	Total Net Capital Expenditure	28,839	19,573	9,266
	Funded by			
7,133	Rates	7,029	7,423	(394)
-	ARH Distributions	9,500	-	9,500
-	Service Fees	700	-	700
328	Reserves	965	-	965
429	Borrowings	10,645	12,150	(1,505)
7,890	Total Net Capital Expenditure	28,839	19,573	9,266

* The above capital expenditure excludes ARTA capital expenditure

