



FINANCIAL & RATES

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Balanced Budget Statement¹

The Council is required under the Local Government Act 2002 to ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses. Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.

In year 1 of the Plan, the Council is forecasting that it will not balance its budget. On 15 March 2018 the Council resolved that it is financially prudent to adopt this approach and is operating with due consideration of the factors outlined in this Balanced Budget Statement. These factors are outlined below.

RECEIPT OF CAPITAL INCOME

From time to time Council budgets to receive different types of capital income in the form of financial contributions, reserve contributions and vested assets. These are not used to reduce the amount of rates required for a particular activity but instead are transferred to a capital reserve in order to fund future expenditure.

Funding of depreciation

The balanced budget provisions of the Local Government Act 2002 (s100) allow a council to not fully fund all expenditure (including depreciation) provided it can demonstrate that it is financially prudent to do so. We have previously decided not to fully cash fund the depreciation cost of various assets.

The Council has resolved that it will not cash-fund depreciation on certain assets for a variety of reasons. The most significant of these is where we believe we will receive money from third parties to help fund any asset replacement. The most important of these third parties is the New Zealand Transport Agency (NZTA) which co-invests in the roading network. It has also been assumed with some community assets that third party funding was received to help build or develop the facility.

The other major reason depreciation is not funded is when we do not expect to renew or replace an asset at the end of its useful life.

The Council owns and operates a number of small rural water supplies which are largely self-managed by committees of users. They have been content to meet capital expenditure as it is required and not fund depreciation year by year. Council has raised no objection to this and notes the amounts of depreciation are relatively small. There were low numbers of users on each supply and they understood the consequences and rationale for not funding depreciation.

These rural schemes include: Albury, Ashwick/Opuha, School Road and Kimbell.

Funding of District Planning

In a number of activities the Council has determined it is prudent not to fully fund operating expenses in each year because of past/future year surpluses. This means there may be under funding for two or three years and surplus funding in other years. One example of this expenditure is in reviewing the District Plan and processing of plan changes. The District Plan is a document that has a multi-year lifespan. Plan review and plan changes have the bulk of the expenditure occurring in the first years of review. The Council considers it is more equitable to fund the review of this document including plan changes over the life of the Plan, and not in the year the expenditure is incurred.

Forestry

Forestry investments are long-term in nature. Returns from harvesting are forecast in the period beyond the term of this Plan, which will offset the deficits.

¹ This is a draft statement only and is subject to consultation and subsequent Council resolution.

Forecast statement of comprehensive revenue and expenditure

A forecast for the ten years ending 30 June 2028	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
	(thousands)										
REVENUE											
Rates	8,603	9,296	10,034	10,837	11,595	12,406	13,274	14,203	15,197	16,260	16,937
Subsidies and Grants	1,845	1,811	1,837	1,890	2,010	1,940	1,985	2,007	2,035	2,096	2,107
Investment Income	838	718	761	847	953	1,086	1,183	1,229	1,573	1,743	1,951
Other Income	2,625	3,032	3,168	2,903	3,084	3,128	3,222	3,317	3,416	3,521	3,630
Contributions	854	150	154	1,507	342	2,288	359	175	4,272	186	189
Other Gains and Losses	372	265	204	153	-	200	-	-	-	-	-
Gain on Sale - Assets	8	-	-	-	-	-	-	-	-	-	-
Vested Assets	1,645	-	-	4,291	-	6,889	-	-	8,566	-	-
TOTAL REVENUE	16,790	15,273	16,159	22,428	17,984	27,938	20,023	20,932	35,058	23,805	24,814
EXPENDITURE											
Employment Expenses	3,106	3,440	3,500	3,588	3,677	3,769	3,865	3,961	4,060	4,166	4,275
Members Expenses	381	404	473	424	434	509	456	468	548	492	505
Consultancy Expenses	1,160	1,103	1,062	1,091	930	821	935	832	863	975	901
Administration Expenses	1,202	833	851	982	894	913	1,049	960	983	1,131	1,036
Operational and Maintenance	4,288	4,561	4,714	5,113	5,071	5,280	5,453	5,891	5,888	6,141	6,319
Finance Expense	88	115	244	306	328	330	324	308	383	363	344
Roading	1,220	1,403	1,437	1,473	1,510	1,548	1,587	1,626	1,667	1,710	1,755
Depreciation	3,916	3,919	4,226	4,539	3,936	4,286	4,702	4,992	5,256	5,787	6,076
TOTAL EXPENDITURE	15,361	15,777	16,504	17,515	16,781	17,457	18,372	19,038	19,648	20,765	21,211
Net Surplus/(Deficit) After Taxation	1,429	(505)	(346)	4,913	1,203	10,481	1,652	1,894	15,411	3,040	3,603
OTHER COMPREHENSIVE REVENUE AND EXPENSE											
Item that could not be classified to surplus/deficit	-	-	-	-	-	-	-	-	-	-	-
Financial Assets at fair value through other comprehensive revenue and expense	-	-	468	519	533	568	604	621	662	728	774
Item that will not be reclassified to surplus/(deficit)	-	-	-	-	-	-	-	-	-	-	-
Gain on infrastructural revaluations	0	0	8,132	0	0	12,253	0	0	13,194	0	0
TOTAL OTHER COMPREHENSIVE REVENUE AND EXPENSE	0	0	8,600	519	533	12,821	604	621	13,856	728	774
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	1,429	(505)	8,254	5,432	1,736	23,302	2,256	2,516	29,266	3,768	4,378

Forecast statement of movement in equity

Projects	Annual Plan 2017/18	LTP Budget									
		Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
BALANCE AT 1 JULY	241,208	250,241	249,736	257,991	263,423	265,158	288,460	290,716	293,232	322,498	326,267
Valuation gains/(losses) on financial assets valuation		-	468	519	533	568	604	621	662	728	774
Valuation gains/(losses) on property, plant and equipment valuation	-	-	8,132	-	-	12,253	-	-	13,194	-	-
Net income/(expense) recognised directly in equity	-	-	8,600	519	533	12,821	604	621	13,856	728	774
Total comprehensive revenue, expense and movements for the year	1,429	(505)	(346)	4,913	1,203	10,481	1,652	1,894	15,411	3,040	3,603
Total recognised revenue for the year	1,429	(505)	8,254	5,432	1,736	23,302	2,256	2,516	29,226	3,768	4,378
Owner transactions											
Capital contribution	-	-	-	-	-	-	-	-	-	-	-
Repayment of capital	-	-	-	-	-	-	-	-	-	-	-
Capital contribution	-	-	-	-	-	-	-	-	-	-	-
BALANCE AT 30 JUNE	242,637	249,736	257,991	263,423	265,158	288,460	290,716	293,232	322,498	326,267	330,644

Forecast statement of financial position

A forecast for the ten years ending 30 June 2028	Annual Plan 2017/18	LTP Budget									
		Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
ASSETS											
Current Assets											
Cash and Cash											
Equivalents	3,414	1,626	2,232	6,080	7,863	12,398	14,427	18,308	26,580	31,554	37,671
Receivables and prepayments	2,142	2,250	2,389	2,699	1,794	2,084	2,002	2,096	2,655	2,388	2,492
Inventories	4,922	4,017	3,504	2,922	2,922	2,922	2,922	2,922	2,922	2,922	2,922
Other Financial assets	121	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526	1,526
TOTAL CURRENT ASSETS	10,600	9,419	9,652	13,228	14,105	18,930	20,877	24,853	33,683	38,390	44,611
Non-Current Assets											
Other Financial assets	22,820	20,924	21,392	21,911	22,443	23,011	23,615	24,237	24,898	25,626	26,401
Intangible assets	2,037	-	-	-	-	-	-	-	-	-	-
Forestry assets	4,905	5,432	5,568	5,707	5,850	5,996	6,146	6,299	6,457	6,618	6,784
Property, plant and equipment	205,144	218,266	228,443	230,971	231,023	249,118	248,746	246,617	268,490	266,295	263,692
TOTAL NON-CURRENT ASSETS	234,906	244,622	255,403	258,589	259,316	278,125	278,507	277,153	299,845	298,539	296,876
Total Assets	245,506	254,041	265,055	271,817	273,421	297,055	299,383	302,006	333,528	336,930	341,488
LIABILITIES											
Current Liabilities											
Payables and accruals	2,429	1,097	1,715	2,111	1,754	1,974	1,988	2,300	3,172	3,153	3,719
Employee entitlements	97	312	320	328	336	345	352	361	370	379	389
Provisions	3	-	-	-	-	-	-	-	-	-	-
Borrowings	-	-	-	-	-	-	-	-	-	-	-
TOTAL CURRENT LIABILITIES	2,529	1,410	2,035	2,438	2,090	2,319	2,341	2,661	3,542	3,532	4,108
Non-Current Liabilities											
Employee entitlements	19	22	22	23	23	24	24	25	25	26	27
Provisions	55	57	58	60	61	63	65	66	68	70	73
Borrowings	266	2,817	4,948	5,873	6,088	6,191	6,237	6,022	7,393	7,035	6,635
TOTAL NON-CURRENT LIABILITIES	340	2,895	5,029	5,955	6,172	6,277	6,326	6,113	7,487	7,131	6,735
Total Liabilities	2,869	4,305	7,064	8,394	8,262	8,596	8,667	8,774	11,029	10,663	10,843
NET ASSETS	242,637	249,736	257,991	263,423	265,158	288,460	290,717	293,232	322,499	326,266	330,645
EQUITY											
Accumulated Funds	117,555	123,033	125,014	132,818	132,912	143,300	144,709	145,623	160,292	165,418	154,737
Capital Reserves	3,334	4,504	6,493	9,068	7,547	7,422	6,957	5,521	4,543	6,362	8,130
Operating Reserves	216	538	562	517	559	190	22	12	258	534	915
Special Funds	5,935	5,807	5,961	6,119	6,282	6,448	6,619	6,794	6,974	7,159	7,345
Other Reserves	46	47	47	47	47	47	47	47	47	47	47
Property, Plant and Equipment Reserves	122,651	125,891	134,023	134,023	134,023	146,276	146,276	146,276	159,470	159,470	159,470
TOTAL EQUITY	242,637	249,736	257,991	263,423	265,158	288,460	290,717	293,232	322,499	326,266	330,645

Forecast statement of cashflows

A forecast for the ten years ending 30 June 2028	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was provided from:											
Receipts from rates revenue	8,603	9,296	10,034	10,837	11,595	12,406	13,274	14,203	15,197	16,260	16,937
Subsidies and grants received	1,845	1,811	1,837	1,890	2,010	1,940	1,985	2,007	2,035	2,096	2,107
Receipts from other revenue	3,479	3,182	3,322	4,410	3,426	5,417	3,581	3,492	7,688	3,706	3,819
Interest received	838	718	761	847	953	1,086	1,183	1,229	1,573	1,743	1,951
Property sales	1,500	1,500	717	735	-	600	-	-	-	-	-
Goods and services tax (GST) received	-	-	-	-	-	-	-	-	-	-	-
	16,265	16,508	16,671	18,719	17,984	21,449	20,023	20,932	26,493	23,805	24,814
Cash was applied to:											
Payments to suppliers and employees	11,357	11,744	11,683	12,714	12,099	13,047	13,387	13,663	13,842	14,517	14,480
Net goods and services tax (GST) paid	-	-	-	-	-	-	-	-	-	-	-
Finance costs	88	115	244	306	328	330	324	308	383	363	344
	11,445	11,858	11,927	13,020	12,427	13,377	13,711	13,971	14,225	14,880	14,824
Net cashflow from operating activities	4,820	4,649	4,745	5,699	5,557	8,072	6,312	6,961	12,268	8,925	9,991
CASH FLOWS FROM INVESTING ACTIVITIES											
Purchase of property, plant and equipment	7,065	6,225	6,122	2,776	3,989	3,640	4,330	2,864	5,368	3,593	3,474
	7,065	6,225	6,122	2,776	3,989	3,640	4,330	2,864	5,368	3,593	3,474
Net cashflow from investing activities	(7,065)	(6,225)	(6,122)	(2,776)	(3,989)	(3,640)	(4,330)	(2,864)	(5,368)	(3,593)	(3,474)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was provided from:											
Proceeds from borrowings	266	3,160	2,332	2,869	1,055	801	268	142	1,799	1,668	5
Cash was applied to:											
Repayment of borrowings	-	343	348	1,945	840	699	221	358	427	2,027	404
Net cashflow from financing activities	266	2,817	1,984	924	215	103	47	(216)	1,372	(359)	(399)
Net Cashflows from operating activities	4,820	4,649	4,745	5,699	5,557	8,072	6,312	6,961	12,268	8,925	9,991
Net Cashflows from investing activities	(7,065)	(6,225)	(6,122)	(2,776)	(3,989)	(3,640)	(4,330)	(2,864)	(5,368)	(3,593)	(3,474)
Net Cashflows from financing activities	266	2,817	1,984	924	215	103	47	(216)	1,372	(359)	(399)
Net decrease in cash, cash equivalents and bank overdrafts	(1,979)	1,241	606	3,848	1,783	4,535	2,029	3,882	8,272	4,973	6,118
Cash, cash equivalents & bank overdrafts at the beginning of the year	5,393	385	1,626	2,232	6,080	7,863	12,398	14,427	18,308	26,580	31,554
Cash, cash equivalents & bank overdrafts at the end of the year	3,414	1,626	2,232	6,080	7,863	12,398	14,427	18,308	26,580	31,554	37,671

Forecast summary of capital expenditure

A forecast for the ten years ending 30 June 2028	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
Governance and Corporate Services	645	261	680	81	252	234	188	187	261	176	268
Water supplies	1,315	1,961	889	1,269	590	2,027	689	62	3,927	696	528
Sewerage	1,850	84	1,197	1,699	-	2,098	631	292	3,225	299	168
Stormwater	784	-	-	686	-	2,239	17	-	2,686	18	-
Roading	2,520	2,010	2,054	2,884	2,719	3,760	2,623	2,209	3,734	2,325	2,380
Planning and Regulatory Community and Township Services	46	39	36	-	5	6	-	-	24	-	-
Commercial Activities	913	1,093	711	449	422	164	181	113	77	79	131
Commercial Activities	637	925	555	-	-	-	-	-	-	-	-
Total Capital Expenditure	8,710	6,373	6,122	7,068	3,988	10,528	4,329	2,863	13,934	3,593	3,475

Capital expenditure - Prospective capital expenditure for Group of Activities

Projects	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
MEET ADDITIONAL DEMAND											
Water											
Urban Water											
Vested assets	525	-	-	1,161	-	1,443	-	-	1,799	-	-
Sewerage											
Urban Sewer											
Vested assets	339	-	-	1,699	-	2,098	-	-	2,602	-	-
Stormwater											
Urban Stormwater											
Vested assets	463	-	-	686	-	2,161	-	-	2,686	-	-
Plant	321	-	-	-	-	-	-	-	-	-	-
Roading											
District Rooding											
Vested assets	319	-	-	760	-	1,187	-	-	1,480	-	-
Commercial											
Alps2Ocean Cycleway	526	-	-	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND	2,493	-	-	4,306	-	6,889	-	-	8,567	-	-
IMPROVE LEVEL OF SERVICE											
Water											
Urban Water											
Reticulation - renewal	510	-	-	-	-	-	-	-	-	-	-
Treatment - renewal	0	900	-	-	-	-	-	-	-	-	-
Reticulation - new	0	250	-	-	-	-	-	-	-	-	-
Plant	19	-	-	-	-	-	-	-	-	-	-
Community assets - Water supply	16	-	-	-	-	-	-	-	-	-	-
Allandale Water											
Community assets - Water supply	11	-	-	-	-	-	-	-	-	-	-
Treatment - new	234	-	-	-	-	-	-	-	-	-	-
Sewerage											
Urban Sewer											
Sewer Reticulation - renewal	11	-	924	-	-	-	-	-	-	-	-
Sewer Treatment - new	1,500	-	-	-	-	-	-	-	-	-	-
Stormwater											
Urban Stormwater											
Stormwater Structure - new	-	-	-	-	-	44	17	-	-	18	-
Stormwater Treatment	-	-	-	-	-	33	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE	2,301	1,150	924	-	-	77	17	-	-	18	-
REPLACE EXISTING ASSETS											
Corporate Services											
Information Technology											
Information management programme	150	-	-	-	-	-	-	-	-	-	-
Records management programme	50	-	-	-	-	-	-	-	-	-	-
PC Server	74	-	-	-	-	-	-	-	-	-	-
Network infrastructure	-	10	-	-	-	11	-	-	-	-	13
Software	10	20	10	11	11	11	11	12	12	12	13

Projects	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
		(thousands)									
GIS aerials	61	30	31	32	32	33	34	35	36	37	38
Communications equipment	30	-	-	-	11	-	-	-	-	12	-
Plant & equipment	5	5	5	5	6	6	6	6	6	6	6
Website development	-	30	-	-	-	44	-	-	-	-	50
Plant & Equipment											
Motor vehicles	30	144	115	26	187	123	131	68	201	102	148
Fairlie Building											
Plant & equipment	-	-	-	-	-	-	-	47	-	-	-
Building - other	200	-	514	-	-	-	-	-	-	-	-
Furniture & Fittings - other	5	20	5	5	5	6	6	6	6	6	-
Twizel Building											
Building - other	25	-	-	-	-	-	-	-	-	-	-
Furniture & Fittings - other	5	2	-	2	-	-	-	-	-	-	-
Plant & equipment	-	-	-	-	-	-	-	14	-	-	-
Water											
Urban Water											
Reticulation	-	8	-	-	-	-	-	-	-	-	-
Headworks - renewal	-	70	-	-	-	-	-	-	-	-	-
Treatment - renewal	-	-	360	21	-	-	17	-	42	-	32
Service Connections - renewal	-	20	-	-	-	-	-	-	-	133	136
Reticulation fittings	-	110	-	-	-	-	-	-	-	-	-
Plant	-	25	-	-	-	-	251	6	-	31	6
Reticulation - renewal	-	568	409	86	530	542	421	-	288	295	353
Allandale Water Supply											
Community Assets - water supply	-	10	70	-	3	42	-	56	-	237	-
Ashwick/Opuha Water Supply											
Community Assets - water supply	-	-	51	-	56	-	-	-	-	-	-
Sewerage											
Urban Sewer											
Sewer Reticulation - renewal	-	84	212	15	-	-	631	292	623	299	168
Resource consent costs	-	-	62	-	-	-	-	-	-	-	-
Roading											
District Roading											
Unsealed road metalling	700	650	668	685	703	721	740	760	779	800	820
Sealed road resurfacing	600	500	513	527	758	555	570	584	600	615	631
Footpath - surfacing	166	30	31	32	361	370	380	58	60	62	63
Drainage renewal	62	70	72	74	76	78	80	82	84	86	88
Sealing Past Houses	-	140	144	153	162	155	159	-	-	-	-
Sealed road pavement rehabilitation	268	200	205	211	216	222	228	234	240	246	252
Structures component replacements bridges	60	50	51	53	54	56	57	58	60	62	63
Structures component replacements cattlestops	8	10	-	10	-	11	-	12	-	12	-
Traffic services renewals	72	60	62	63	65	67	68	70	72	74	76
Associated improvements	-	300	308	316	325	333	342	351	360	369	379
Minor improvements	259	-	-	-	-	-	-	-	-	-	-

Projects	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
		(thousands)									
Plant and equipment	6	-	-	-	-	-	-	-	-	-	-
Roading Professional Services											
Plant and equipment	-	-	-	-	-	-	-	-	-	-	7
Regulatory Services											
Civil Defence											
Plant and equipment	11	39	36	-	6	6	-	-	24	-	-
Inspectorate											
Computers	35	-	-	-	-	-	-	-	-	-	-
Community Services											
Waste Management											
Resource Consent	-	90	31	-	11	-	-	-	-	-	13
Plant and equipment	-	60	-	-	-	67	-	-	-	-	-
Fairlie Pensioner Housing											
Plant and equipment	6	-	-	-	-	-	-	-	-	-	-
Buildings	-	-	7	7	26	16	-	-	-	-	-
Twizel Pensioner Housing											
Buildings - Housing	-	-	-	-	8	-	-	-	-	-	-
Furniture & Fittings	-	9	9	-	-	-	-	-	-	-	4
Public Toilets											
Public Toilets	600	-	-	-	-	-	34	35	-	-	-
Recreational Facilities											
District General											
Community Assets	50	-	-	-	-	-	-	-	-	-	-
Fairlie Township											
Community Asset - Public Amenities	-	50	-	-	-	-	-	-	-	-	-
Playground upgrade	-	50	-	-	-	-	57	-	-	-	-
Mackenzie Community Centre											
Buildings	10	20	-	32	-	-	-	-	-	-	-
Furniture & fittings - other	-	-	92	-	-	-	-	-	-	-	-
Fairlie Domain											
Adventure Playground	-	-	31	-	-	-	-	-	-	-	-
Fairlie Swimming Pool											
Plant and equipment	-	-	26	-	70	-	-	-	-	-	-
Fairlie Medical Centre											
Furniture & fittings - other	-	-	-	5	-	11	-	-	-	-	19
Tekapo Township											
Implementation of development plan	158	220	226	232	238	-	-	-	-	-	-
Tekapo Community Hall											
Furniture & fittings - other	-	-	-	-	-	-	17	3	-	-	-
Twizel Township and Twizel Reserves											
Implementation of development plan	-	64	66	67	69	71	73	75	77	79	81
Projects	11	-	-	-	-	-	-	-	-	-	-
Community Asset - Public Amenities	-	-	100	-	-	-	-	-	-	-	-
Twizel Community Centre											
Plant and equipment	-	-	-	-	-	-	-	-	-	-	15
Furniture & fittings	53	-	51	-	-	-	-	-	-	-	-
Community Assets – Buildings	-	30	41	106	-	-	-	-	-	-	-
Twizel Swimming Pool											

Projects	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
		(thousands)									
Plant and equipment	25	-	31	-	-	-	-	-	-	-	-
Community Asset - Public Amenities	-	500	-	-	-	-	-	-	-	-	-
Commercial											
<i>Pukaki Airport Board</i>											
Airport development	111	385	-	-	-	-	-	-	-	-	-
<i>Tourism and Economic Development</i>											
Alps to Ocean	-	540	555	-	-	-	-	-	-	-	-
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS	3,916	5,223	5,198	2,762	3,988	3,562	4,312	2,863	5,367	3,575	3,475
TOTAL CAPITAL EXPENDITURE	8,710	6,373	6,122	7,068	3,988	10,528	4,329	2,863	13,934	3,593	3,475

Forecast summary of depreciation

A forecast for the ten years ending 30 June 2028	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
		(thousands)									
Governance and Corporate Services	170	202	216	284	275	330	333	321	320	363	350
Water supplies	580	628	680	722	749	779	826	856	881	957	984
Sewerage	358	360	370	417	436	447	485	506	523	584	613
Stormwater	87	64	77	85	87	88	117	119	121	157	160
Roading	2,184	2180	2354	2449	1786	2013	2295	2522	2724	3021	3244
Planning and Regulatory	56	5	7	9	9	8	6	6	7	8	8
Community and Township Services	375	390	421	459	478	503	519	540	557	572	590
Commercial Activities	105	89	101	114	115	117	120	121	123	126	128
Total Depreciation	3,915	3,919	4,226	4,539	3,936	4,286	4,702	4,992	5,256	5,787	6,076

Statement of reserves movements

For the ten years ending 30 June 2028			Opening Balance 1 July 2018	Movement into Reserve	Movement out of Reserve	Closing balance 30 June 2028
(thousands)						
Accumulated funds			110,852	43,885	-	154,737
Total accumulated funds			110,852	43,885	-	154,737
Special fund reserves						
Albury water fund	Communities and Towns	To fund Albury Water	40	-	-	40
Ashwick/Opuha water fund	Communities and Towns	To fund Ashwick/Opuha Water	(40)	-	-	(40)
Building maintenance	Communities and Towns	To fund repairs and maintenance of certain council amenity assets	-	-	-	0
Housing replacement	Communities and Towns	To fund district housing	7	-	-	7
Insurance reserve	Governance and Corporate	To fund disaster cover	200	-	-	200
Land subdivision	Communities and Towns	To fund district wide projects	1,330	-	1,540	2,870
Pensioner housing amenities	Communities and Towns	To fund pensioner housing amenities	2	-	-	2
Watertight building reserve	Governance and Corporate	Held to cover increased insurance costs of Riskpool	44	-	-	44
Mackenzie County Scholarship Trust	Governance and Corporate	Held on behalf of Mackenzie County Scholarship Trust	85	-	-	85
Masonic Lodge Scholarship Fund	Governance and Corporate	Held on behalf of Masonic Scholarship Fund	22	-	-	22
Real estate investment	Commercial	Accumulate operating results from Councils Real Estate activities	4,114	-	-	4,114
Strathconan pool capital	Communities and Towns	To fund Strathconan pool capital	1	-	-	1
Total special funds reserves			5,805	-	1,540	7,345
Other reserves						
Albury war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	4	-	-	4
Ashwick/Allandale war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	5	-	-	5
Davidson bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	1	-	-	1
Gillingham bequest: library	Communities and Towns	Bequests for library books	-	-	-	-
Gould bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	2	-	-	2
Paterson ponds	Communities and Towns	Funding of maintenance at Paterson Ponds	10	-	-	10
Enid Hutt Fairlie beautifying fund	Communities and Towns	To fund expenditure in the Fairlie township	25	-	-	25
Total other reserves			47	-	-	47
Property, plant and equipment reserves						
Share revaluation reserve	Commercial	Accumulate changes in value of Councils Share investments	16,087	5,477	-	21,564
Investment revaluation reserve	Commercial	Accumulate movements in Councils long term investments	145	-	-	145
Infrastructural assets revaluation reserves	Infrastructural assets revaluation reserves		-	-	-	-
Land	Governance and Corporate	Accumulate changes in value of Councils land holdings	31,436	4,107	-	35,543

For the ten years ending 30 June 2028			Opening Balance 1 July 2018	Movement into Reserve	Movement out of Reserve	Closing balance 30 June 2028
(thousands)						
Water supplies	Water	Accumulate changes in value of Councils water infrastructure	13,449	1,723	-	15,172
Wastewater schemes	Sewerage	Accumulate changes in value of Councils wastewater infrastructure	7,349	1,601	-	8,950
Stormwater schemes	Stormwater	Accumulate changes in value of Councils stormwater infrastructure	2,641	23	-	2,664
Roading	Roading	Accumulate changes in value of Councils roading infrastructure	45,252	17,708	-	62,960
Plant	Communities and Towns	Accumulate changes in value of Councils plant assets	35	-	-	35
Buildings	Governance and Corporate	Accumulate changes in value of Councils buildings	9,642	2,795	-	12,437
Total revaluation reserves			126,036	35,216	-	159,470
Capital reserves						
Administration	Governance and Corporate	To fund capital replacements of Administration Assets	(50)	23	-	(27)
Allandale water	Water	To Fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement.	(313)	308	419	(424)
Animal control	Regulatory	To fund capital requirements of animal control	(22)	2	-	(20)
Ashwick/Opuha water	Water	To fund capital requirements of the Ashwick/Opuha Water scheme	76	-	108	(32)
Burkes Pass sewer	Sewerage	To fund sewer capital works in Burkes Pass	-	-	-	-
Burkes Pass water	Water	To fund capital requirements of the Burkes Pass Water scheme	-	-	-	-
Civil defence	Regulatory	To fund capital requirements of Civil Defence	22	63	110	(25)
Community facilities	Communities and Towns	To fund capital requirements of community facilities	-	-	-	-
District Council	Governance and Corporate	To fund capital requirements of the Governance Activity	(2)	-	-	(2)
Council building: Fairlie	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie	(160)	1,039	625	254
Council building: Twizel	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel	14	212	18	208
District general	Communities and Towns	To fund capital requirements of the District	(7)	11	-	4
District wide roading	Roading	To fund roading capital works district wide.	(2,236)	23,921	23,259	(1,574)
Downlands water	Water	Councils share of a Joint Venture to fund the capital requirements of the Downlands Water Scheme	93	-	-	93
Eversley sewer	Sewerage	To fund capital requirements of the Eversley water scheme	-	-	-	-
Fairlie medical centre	Communities and Towns	To fund replacement of medical facilities in Fairlie	28	53	-	81
Fairlie pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Fairlie	109	120	56	173
Fairlie roading	Roading	To fund roading projects in Fairlie	-	-	-	-
Fairlie resource recovery park	Communities and Towns	To fund capital upgrades and replacement for Fairlie Recovery Park	-	-	-	-
Fairlie sewer	Sewerage	To fund sewer capital works in Fairlie	-	-	-	-
Fairlie stormwater	Stormwater	To fund stormwater capital works in Fairlie	-	-	-	-
Fairlie township	Communities and Towns	To fund capital works in the Fairlie Township	-	-	107	(107)
Fairlie water	Water	To fund capital requirements of the Fairlie Water scheme	-	-	-	-

For the ten years ending 30 June 2028			Opening Balance 1 July 2018	Movement into Reserve	Movement out of Reserve	Closing balance 30 June 2028
(thousands)						
Forestry	Commercial	To fund the operations of Councils Forestry Assets	5,370	229	-	5,599
Hardfill sites	Communities and Towns	To fund costs arising from operations of the Councils Hardfill sites	-	-	-	-
Inspectorate	Regulatory	Fund the capital requirements of the inspectorate department	-	-	-	-
Information technology department	Governance and Corporate	To Fund capital replacement of Councils IT assets	(353)	915	699	(137)
Kimbell water	Water	To fund capital requirements of the Kimbell Water scheme	19	15	-	34
Lake Tekapo community hall	Communities and Towns	To fund replacement of the Tekapo Community Hall	(41)	67	21	5
Lake Tekapo township	Communities and Towns	To fund capital works in the Tekapo Township	-	238	916	(678)
Mackenzie community centre	Communities and Towns	To fund the capital works at the Fairlie community centre	50	281	145	186
Plant account	Governance and Corporate	To Fund capital replacement of Councils Motor Vehicle assets	76	996	1,246	(174)
Public Toilets	Communities and Towns	To fund replacement of Public Toilets within the district	(1,625)	770	69	(924)
Pukaki airport board	Commercial	To fund the operations of Councils Airport Assets	(111)	-	-	(111)
Real estate	Commercial	To fund subdivision of Councils real estate assets	(1,603)	-	151	(1,754)
Resource planning	Regulatory	To fund capital requirements of the Resource Planning Business unit	(2,163)	1448	-	(715)
Roading professional business unit	Roading	To fund capital requirements of the Rooding Business unit	(20)	34	13	1
Rural fire control	Regulatory	To fund capital requirements of Rural fire	-	-	-	-
Rural roading	Roading	To fund roading projects in Rural area	-	-	-	-
School Road water	Water	To fund capital requirements of the School Road Water scheme	16	7	-	23
Sherwood Downs hall	Communities and Towns	To fund capital requirements of the Sherwood Downs Reserves	19	-	-	19
Sherwood Downs recreation reserve	Communities and Towns	To fund capital requirements of the Sherwood Downs Hall	37	8	-	45
Spur Road water	Water	To fund Spur Road capital debt	(3)	1	-	(2)
Swimming pool: Strathconan	Communities and Towns	To fund replacement of the Fairlie swimming pool	11	85	96	-
Swimming pool: Twizel	Communities and Towns	To fund replacement of the Twizel swimming pool	(204)	456	531	(279)
Tourism and Economic Development			-	135	1,095	(960)
Twizel community centre	Communities and Towns	To fund replacement of the Twizel Events Centre	211	618	243	586
Twizel medical centre	Communities and Towns	To fund replacement of medical facilities in Twizel	-	-	-	-
Twizel pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Twizel	34	72	30	76
Twizel township	Communities and Towns	To fund capital works in the Twizel Township	(331)	876	1,234	(689)
Urban sewerage	Sewerage	To fund District sewer capital works	851	6,878	3,310	4,419
Urban stormwater	Stormwater	To fund District stormwater capital works	614	1,986	113	2,487
Urban water	Water	To fund District water capital works	(2,316)	21,778	16,710	2,752
Waste Management	Communities and Towns	To fund District Solid Waste capital works	(641)	360	-	(281)
Total capital reserves			(4,551)	64,005	51,324	8,204

For the ten years ending 30 June 2028			Opening Balance 1 July 2018	Movement into Reserve	Movement out of Reserve	Closing balance 30 June 2028
(thousands)						
Operating reserve						
Albury hall	Communities and Towns	To fund operations at the Albury Hall	17	-	-	17
Albury community refuse collection	Communities and Towns	Council's refuse collection operations	3	-	-	3
Albury water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	185	-	-	185
Allandale water supply	Water		-	863	726	137
District general	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations	(878)	-	-	(878)
Downlands water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	82	-	-	82
Eversley/Punaroa water races	Water	Accumulate surpluses/deficits to fund Eversley/Puneroa operating activities	(1)	-	-	(1)
Fairlie community refuse collection	Communities and Towns	Council's refuse collection operations	-	-	-	-
Fairlie works and services	Communities and Towns	Accumulate surpluses/deficits from Fairlie Works and Services Rate funded operations	90	-	-	90
Investment	Commercial		(528)	-	-	(528)
Lake Alexandrina refuse collection	Communities and Towns	Council's refuse collection operations	1	-	-	1
Lake Tekapo community refuse collection	Communities and Towns	Council's refuse collection operations	10	-	-	10
Lake Tekapo works and services	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations	425	211	-	636
Other reserves	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts	335	286	-	621
Pukaki airport board	Commercial	To fund the operations of Councils Airport Assets	493	135	-	628
Roading professional services business unit	Roading	Accumulate operating results of Councils Roding Business Unit	(174)	164	47	(57)
Real estate	Commercial	Holds returns from real estate transactions	-	-	-	-
Resource management	Regulatory	Deficit from Plan Change 13	-	3,438	2,875	563
Rural works and services	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations	(78)	-	-	(78)
Tourism and development	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre	(339)	838	1,230	(731)
Twizel community refuse collection	Communities and Towns	Councils refuse collection operations	2	-	-	2
Twizel visitors centre	Communities and Towns	Accumulate surpluses/deficits from Twizel visitor centre operations	-	-	-	-
Twizel works and services	Communities and Towns	Accumulate surpluses/deficits from Twizel Works and Services Rate funded operations	144	160	-	304
Waste management	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation	-	269	360	(91)
Total operating reserves			(211)	6,364	5,238	915

Funding impact statement (whole of Council)

A forecast for the ten years ending 30 June 2028	Annual Plan 2017/18	LTP Budget									
		Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
(thousands)											
Sources of Operating Funding											
General rates, uniform annual general charge, rates penalties	3,110	3,351	3,582	4,452	4,121	4,481	4,981	5,332	5,809	6,269	6,409
Targeted rates	5,543	5,932	6,506	6,441	7,531	7,983	8,353	8,932	9,451	10,056	10,594
Subsidies and grants for operating purposes	790	873	878	901	1,069	1,083	1,111	910	916	941	929
Interest and dividend from investments	772	718	761	847	953	1,086	1,183	1,229	1,573	1,743	1,951
Local authorities fuel tax, fines, infringement fees and other receipts	3,413	3,045	3,114	2,847	3,027	3,070	3,162	3,256	3,353	3,456	3,564
Total Sources of Operating Funding (A)	13,628	13,919	14,842	15,488	16,522	17,518	18,601	19,659	21,102	22,466	23,447
Applications of Operating Funding											
Payments to staff and suppliers	11,356	11,752	12,040	12,680	12,524	12,846	13,350	13,743	14,016	14,622	14,800
Finance costs	88	115	244	306	328	330	324	308	383	363	344
Other operating funding applications	659										
Total Applications of Operating Funding (B)	12,103	11,867	12,284	12,986	12,852	13,176	13,674	14,051	14,399	14,985	15,144
Surplus (deficit) of operating funding (A-B)	1,525	2,052	2,558	2,502	3,670	4,342	4,927	5,608	6,703	7,481	8,303
Sources of Capital Funding											
Subsidies and grants for capital expenditure	1,055	938	958	989	1,120	1,042	1,063	1,097	1,119	1,154	1,178
Development and financial contributions	854	150	154	1,508	162	2,105	171	175	4,272	185	189
Increase (decrease) in debt	-	148	1,984	924	215	103	47	(216)	1,372	(359)	(399)
Gross proceeds from sale of assets	1,500	1,500	717	735	-	600	-	-	-	-	-
Total Sources of Capital Funding (C)	3,409	2,736	3,813	4,156	1,497	3,850	1,281	1,056	6,763	980	968
Application of Capital Funding											
To meet additional demand	321	-	-	-	-	-	-	-	-	-	-
To improve levels of service	526	1,150	924	-	-	78	17	-	1,798	18	-
To replace existing assets	2,301	4,838	5,198	2,777	3,988	3,562	4,312	2,863	3,569	3,575	3,475
Total Application of Capital Funding (D)	3,148	5,988	6,122	2,777	3,988	3,640	4,329	2,863	5,367	3,593	3,475
Increase/(decrease) in reserves	1,786	(1,200)	249	3,881	1,179	4,552	1,879	3,801	8,099	4,868	5,796

A forecast for the ten years ending 30 June 2028	Annual Plan 2017/18	LTP Budget									
		Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
Total Application of Capital Funding (D)	4,934	4,788	6,371	6,658	5,167	8,192	6,208	6,664	13,466	8,461	9,271
Surplus (deficit) of Capital Funding (C-D)	(1,525)	(2,052)	(2,558)	(2,502)	(3,670)	(4,342)	(4,927)	(5,608)	(6,703)	(7,481)	(8,303)
Funding Balance ((A-B)+(C-D))	-	-	-	-	-	-	-	-	-	-	-

Notes to the financial statements – for ten years ending 30 June 2028

NOTE 1 – Statement of accounting policies for prospective financial statements

REPORTING ENTITY

Mackenzie District Council (Council) is a territorial local authority governed by the Local Government Act 2002 and is domiciled and operates in New Zealand.

The principal activity of Mackenzie District Council is the provision of local authority services, including resource management, water, storm water, waste water and roading services, hazard management, recreation and cultural services and building control to ratepayers and other residents of the District.

The prospective financial statements of the Council for the ten years ending 30 June 2028 were authorised for issue by the Council on 19 June 2018.

STATEMENT OF COMPLIANCE AND BASIS OF PREPARATION

The Council and management of Mackenzie District Council are responsible for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and other required disclosures.

Council, who are authorised to do so, believe the assumptions underlying the prospective financial statements are appropriate.

Statement of Compliance

The prospective financial statements of Council have been prepared in accordance with the Local Government Act 2002, which requires compliance with New Zealand generally accepted accounting practice (NZ GAAP).

As the primary objective of Council is to provide goods or services for the community or social benefit rather than making a financial return, the Council and Group are public benefit entities for the purpose of financial reporting.

The prospective financial statements of the Council incorporated within the ten year plan comply with Public Benefit Entity Standards (PBE Standards) and have been prepared in compliance with 'Financial Reporting Standards PBE FRS 42: *Prospective Financial Statements*.

The financial statements have been prepared in accordance with Tier 2 PBE standards with Reduced Disclosure Requirements ("PBE RDR"). The Council qualifies for Tier 2 as it does not have public accountability and is not large according to the PBE Standards.

Measurement Base

The forecast financial statements have been prepared on the basis of assumptions as to future events the Council reasonably expects to occur associated with actions the Council expects to take. They have been prepared in accordance with current accounting policies in this plan. Actual results up until June 2017 have been taken into account in preparation of these prospective financial statements.

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry, assets and financial assets, which have been measured at fair value.

Functional and Presentation Currency

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$'000) unless otherwise stated.

Judgement and Estimations

The preparation of prospective financial statements in conformity with PBE IPSAS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and

expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Cautionary Note

The information in the prospective financial statements is uncertain and the preparation requires the exercise of judgement. Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material. Events and circumstances may not occur as expected or may not have been predicted or Council may subsequently take actions that differ from the proposed courses of action on which the prospective financial statements are based.

The information contained within these prospective financial statements may not be suitable for use in another capacity.

Changes in Accounting Policies

We have increased the useful life of Stormwater Assets Lines and manholes from 100 to 150 years to better reflect the service reduction over time. We have also accounted for Joint Venturing using the equity method effective from 1 January 2019 in PBE IPSAS 36. Apart from this change these have been no other changes in accounting policy.

Assumptions Underlying Prospective Financial Information

The financial information contained within these policies and documents is prospective financial information in terms of PBE FRS 42 *Prospective Financial Statements*. The purpose for which it has been prepared is to enable the public to participate in the decision making processes as to the services to be provided by the Council over the financial years from 1 July 2018 to 30 June 2028, and to provide a broad accountability mechanism of the Council to the Community.

Basis of Consolidation

Consolidated prospective financial statements are prepared adding together like items of assets, liabilities, equity, revenue, and expenses on a line-by-line basis. All significant intragroup balances, transactions, revenue, and expenses are eliminated on consolidation.

Subsidiaries

Previously the Group consisted of the ultimate parent, Council and two subsidiaries including Mackenzie Tourism Development Trust and Mackenzie Holdings Ltd. On the 12th June 2014, Council instructed the Trustees of Mackenzie Tourism Development Trust to dissolve the Trust and Mackenzie Holdings Ltd has been dormant for and exempted under section 7 of the Local Government Act 2002. Therefore consolidated financial statements have not been prepared.

Joint Venture

A joint venture is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. For jointly controlled assets, the Council recognises in its financial statements the assets it controls, the liabilities and expenses it incurs, and the share of income that it earns from the joint venture.

Council has a 4% interest in a jointly controlled asset called the Downlands Water Supply and accounts for its interest in this entity using the equity-method of accounting.

SIGNIFICANT ACCOUNTING POLICIES

1. Goods and Services Tax (GST)

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

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the prospective statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST

2. Revenue Recognition

Revenue is measured at the fair value of consideration received or receivable.

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when the "taxable event" occurs and the asset recognition criteria are met in accordance with PBE IPSAS 23 *Non-exchange Revenue*. The "taxable event" is the event that Government, legislation or other authority has determined will be subject to taxation.

Revenue from water by volume rates is recognised on an accrual basis. Excess water charges are recognised based on the volumes.

Government grants

Council receives government grants from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Sales of goods

Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.

Interest and dividends

Interest revenue is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the interest rate applicable.

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

Development and financial contributions

Development, land subdivision reserve and financial contributions are recognised when the relevant development receives sign-off from the Council in terms of the Resource Management Act 1991.

Provision of services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

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

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

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

Revenue from commission and booking fees

Revenue from commission and booking fees from the sale of tours and accommodation is recognised when the booking is made by the customer, payment has been received and the voucher has been issued.

Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term.

Other grants received

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

Building and resource consent revenue

Revenue from building consents is recognised when payment of the consent is received. Revenue from fees charged for resource consent processing is recognised in proportion to the stage of completion. Work performed is invoiced monthly until completion

Entrance fees

Entrance fees are fees charged to users of the Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.

Landfill fees

Fees for disposing of waste are recognised as waste is disposed of by users.

3. Equity

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities. Public equity is disaggregated and classified into various reserves to identify those portions of equity held for specific purposes.

These components of equity are:

- Operating reserves
- Capital reserves
- Asset revaluation reserve
- Other reserves & special funds reserves
- Accumulated general funds

Operating Reserves

Operating reserves consist of surpluses earned over time, and funds set aside for special purposes. These reserves represent funds available for the use in trading and operation of Council for special purposes. All special purpose funds and assets are separately accounted for and balanced with the cash resources retained by Council for special purposes.

Capital Reserves

Pursuant to the policy for funding of capital expenditure adopted by the Council as part of the long-term council community plan, a Capital Reserve has been created for all activities of Council that involve assets. The movements within the capital reserves involve all capital income received for the activity and any capital expenditure incurred within that activity.

The capital income includes depreciation funded from rates, financial contributions, upgrade contributions and grants. Depending on the movements in the capital reserve, the balance can be in funds or in deficit. An interest component is

applied to the capital reserve depending on whether the particular reserve is in funds or deficit. The Council policy is to charge interest on deficit capital reserves at the average of Councils external bond investment rates and to pay interest for capital reserves with funds at a rate of 25 basis points less than the Official Cash Rate.

Property Revaluation Reserves

The property revaluation reserves recognise any increase or decrease in the carrying value of Council's revalued assets.

Other Reserves & Special Funds Reserves

Other reserves

Other reserves consist of funds which have been received over time by the Council, usually by way of a donation or bequest, the terms of which restrict the use of funds. Each amount has been set up as a trust fund to maintain a degree of independence from general Council funds. All such funds are separately accounted for and are not available for any other purpose.

Restricted reserves

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

Council-created reserves

Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Accumulated General Funds

Accumulated General Funds consist of all other equity transactions not classified as operating reserves, capital reserves, asset revaluation reserves, other reserves or special reserves.

4. Cash and Cash Equivalents

Cash and Cash Equivalents includes, cash in hand, deposits held at call with banks, and other short term highly liquid investments with original maturities of three months or less.

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

5. Trade and Other Receivables

Debtors are amounts due from ratepayers and other customers. If collection is expected in one year or less, they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are stated at their amortised cost which approximates their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts. As there are statutory remedies to recover unpaid rates, penalties and water meter charges, no provision has been made for doubtful debts in respect of rates receivables.

6. Other financial assets

Financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in the surplus or deficit.

Purchases and sales of financial assets are recognised on trade-date, the date on which the Council commits to purchase or sell the asset. Financial assets are de-recognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

Council classifies its financial assets into the following three categories:

- Financial assets at fair value through surplus or deficit;
- Loans and receivables; and
- Available for sale financial assets.

The classification of a financial asset depends on the purpose for which the instrument was acquired.

Financial assets at fair value through surplus or deficit

Financial assets at fair value through surplus or deficit include financial assets held for trading. A financial asset is classified in this category if it is acquired principally for the purpose of selling in the short-term. Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on re-measurement recognised in the prospective surplus or deficit.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance date, which are included in non-current assets.

After initial recognition, they are measured at amortised cost using the effective interest method, less impairment. Gains and losses when the asset is impaired or derecognised are recognised in the prospective surplus or deficit.

Council's loans and receivables are comprised of cash and cash equivalents, trade and other receivables and term deposits.

Fair value through other comprehensive revenue and expenses

Fair value through other comprehensive revenue and expenses are those non-derivative financial assets that are designated as available for sale or are not classified as (a) financial assets at fair value through surplus or (b) loans and receivables above.

They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of the end of the reporting period.

Council includes in this category:

- Investments that it intends to hold long-term but which may be realised before maturity; and
- Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised through prospective other comprehensive revenue and expense, except impairment losses, which are recognised through the prospective surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the prospective surplus or deficit.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment is established when there is objective evidence that the Council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

Impairment losses are recognised in the prospective surplus or deficit.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in surplus/(deficit).

Loans and receivables, and held-to-maturity investments.

Impairment is established when there is objective evidence that the council will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership, or liquidation and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate.

For debtors and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the surplus or deficit. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock and government bonds are recognised directly against the instrument's carrying amount.

Financial assets at fair value through other comprehensive revenue and expense

For equity investments, a significant or prolonged decline in the fair value of the investment below its cost is considered objective evidence of impairment.

For debt investments, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered objective indicators that the asset is impaired.

If impairment evidence exists for investments at fair value through other comprehensive revenue and expense, the cumulative loss (measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in the surplus or deficit) recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

If in a subsequent period the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised, the impairment loss is reversed in the surplus or deficit.

7. Forestry

Forests were valued as at 30 June 2017, by Terry O'Neill (Bachelor of Forestry Science) Forester, Ashburton District Council in accordance with PBE IPSAS 27 *Agriculture*. All forests have been valued at 'fair value' less costs to sell at the point of harvest. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined pre-tax rate of 7.5% (2016 the discount rate was 8%).

Council has a policy to revalue its forests annually. Any increase or decrease in the valuation is recognised in the prospective surplus or deficit.

8. Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use. Inventories are measured as follows:

- Commercial: measured at the lower of cost and net realisable value.
- Non-commercial: measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

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

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year of the write-down.

When land held for development and future resale is transferred from investment property/property, plant, and equipment to inventory, the fair value of the land at the date of the transfer is its deemed cost.

Costs directly attributable to the developed land are capitalised to inventory, with the exception of infrastructural asset costs which are capitalised to property, plant, and equipment.

9. Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are not depreciated or amortised while they are classified as held for sale.

10. Property, Plant and Equipment and Depreciation

Property, plant and equipment consist of:

Operational Assets:

Operational assets are tangible assets that are able to be dealt with as part of the operating strategy. These include operational land, buildings and improvements, furniture and fittings, plant and equipment, computer hardware, motor vehicles, office equipment, resource recovery parks and heritage assets.

Restricted Assets:

Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by Council including roads, footpaths, bridges and culverts, water, sewerage, stormwater, landfills, village projects and the Alps 2 Ocean cycle-way, for example, sewer reticulation includes reticulation piping and sewer pump stations.

Recognition and measurement

Property, plant, and equipment is shown at cost or valuation, less accumulated depreciation and impairment losses.

Initial recognition

Property, plant and equipment are initially shown at cost or at fair value in the case where an asset is acquired at no cost or for a nominal cost. Cost includes any costs that are directly attributable to the acquisition of the items.

Capital work in progress is recognised at cost less impairment and is not depreciated. The total cost of a project is transferred to the relevant asset class at balance date upon completion and then depreciated.

Subsequent measurement

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

Revaluation

The measurement base for each class of asset is described below. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Valuation

Operational assets	Is the class revalued?	Valuation Basis
Buildings	Yes	Fair value
Computer hardware	No	Depreciated historical cost
Furniture and fittings	No	Depreciated historical cost
Heritage assets	No	Deemed cost
Land	Yes	Fair value
Motor vehicles	No	Depreciated historical cost
Office equipment	No	Depreciated historical cost
Plant and machinery	No	Depreciated historical cost

Restricted assets	Is the class revalued?	Valuation Basis
Land	Yes	Fair value

Infrastructural assets	Is the class revalued?	Valuation Basis
Flood protection and control works	No	Not applicable
Landfills	No	Not applicable
Village projects	No	Not applicable
Alps 2 Ocean cycle-way	No	Deemed cost
Land under roads	No	Not applicable
Roads and footpaths	Yes	Optimised depreciated replacement cost
Resource consents	No	Optimised depreciated replacement cost

Infrastructural assets	Is the class revalued?	Valuation Basis
Stormwater	Yes	Optimised depreciated replacement cost
Sewerage	Yes	Optimised depreciated replacement cost
Water supplies	Yes	Optimised depreciated replacement cost

Accounting for revaluations

Council accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the prospective surplus/deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the prospective surplus/deficit will be recognised first in the prospective surplus/deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenditure.

Those asset classes that are revalued are valued on a three yearly valuation cycle on the basis described above. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Additions

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

Additions between valuations are recorded at cost, except for vested assets. Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the actual quantities of infrastructure

Disposals

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

Subsequent costs

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

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

Vested Assets

In addition, infrastructural assets will be vested to Council from developers as the relevant developments have been completed. The Council will record the cost of those vested assets at the current cost when received and the assets will be revalued in line with the Council's other infrastructural assets. These assets will also be subject to depreciation.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational assets	Depreciation method	Life (years)
Buildings	Straight line	25-80
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	5-10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles	Straight line	5

Operational assets	Depreciation method	Life (years)
Office equipment	Straight line	5-10
Light plant and machinery	Straight line	5-10
Plant and machinery	Straight line	5-10
Resource recovery parks	Straight line	2-10

Infrastructural assets	Depreciation method	Life (years)
Flood protection and control works	Not applicable	-
Landfills	Straight line	33-50
Village projects	Straight line	5-80
Alps 2 ocean cycle-way	Straight line	50
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths	Straight line	6-80
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17
Kerb and channelling	Straight line	10-100
Street signs	Straight line	13
Street lighting	Straight line	20-40
Bridges	Straight line	80
Resource consents	Straight line	Over the life of the consent
Stormwater		
Lines	Straight line	150
Manholes	Straight line	150
Open drains	Not depreciated	-
Sewerage		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	80
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	25
Service lines	Straight line	80-100
Hydrants	Straight line	80
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council.

Council does not recognise land under unformed paper roads in the prospective financial statements because there little or no service potential from the majority of these paper roads.

Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

11. Intangible Assets

Software

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

Costs that are directly attributable with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred.

Costs associated with development and maintenance of the Council's website are recognised as an expense when incurred.

Carbon Credits

Carbon Credits acquired by way of a government grant are initially recognised at the date of entitlement at fair value. Subsequent to initial recognition, carbon credits are measured at the original fair value less any accumulated impairment losses.

Carbon credits have an indefinite useful life and are tested for impairment annually or when an indication of impairment exists. The useful life of carbon credits with an indefinite life is reviewed each reporting period to determine whether the indefinite life assessment continues to be supportable.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located.

Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangible Assets. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature, and having no active market for this particular asset type. There is also no recognised valuation methodology.

For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified and the value of the easements cannot be measured reliably.

Resource Consents

It is difficult to determine the fair value of Resource Consents due to their specialised nature and having no active market to compare values against. For these reasons, Council holds resource consents at deemed cost and they are amortised over the life of the consent.

Amortisation

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

The useful lives and associated amortisation values of major classes of intangible assets have been estimated as follows:

Intangible assets	Depreciation method	Life (years)
Computer software	Straight line	3

12. Impairment of property plant and equipment and intangible assets

Council does not hold any cash-generating assets. Assets are considered cash-generating where their primary objective is to generate a commercial return.

Non-cash-generating assets

The carrying amounts of property, plant and equipment are reviewed at least annually to determine if there is any indication of impairment. Where an asset's recoverable service amount is less than its carrying amount, it will be reported at its recoverable amount and an impairment loss will be recognised.

Recoverable service amount is defined as the higher of an asset's fair value less cost to sell and its value in use.

Value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Losses resulting from impairment are reported within the prospective surplus or deficit, unless the asset is carried at a revalued amount in which case any impairment loss is treated as a revaluation decrease and recorded within prospective other comprehensive revenue and expense. Should the impairment loss result in a debit balance in the revaluation reserve, the balance is recognised in the prospective surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve, and subsequently through other comprehensive revenue and expense. However, to the extent that an impairment loss for that class of asset was previously recognised in the prospective surplus or deficit, a reversal of the impairment loss is also recognised in the prospective surplus or deficit.

For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the prospective surplus or deficit.

13. Creditors and other payables

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

14. Employee Entitlements

Short-term employee entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date; to the extent it will be used by staff to cover those future absences. A liability and an expense are recognised for bonuses where Council has a contractual obligation, or where a past practice has created a constructive obligation at balance date.

Long-term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and
- The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, vested long service leave, and non-vested long service leave and retirement gratuities expected to be settled within 12 months of balance date, are classified as a current liability. All other employee entitlements are classified as a non-current liability in the prospective statement of financial position.

15. Provisions

A provision is recognised for future expenditure of uncertain amount or timing when:

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

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

16. Superannuation schemes

Defined contribution schemes

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

Defined benefit schemes

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

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

17. Leases

Finance Leases

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the prospective statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the prospective surplus or deficit over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Operating Leases

An operating lease is a lease that does not transfer substantially all the risks and rewards incidental to ownership of an asset. Lease payments under an operating lease are recognised as an expense in the prospective surplus or deficit on a straight-line basis over the lease term.

Rental revenue from an operating lease is recognised on a straight-line basis over the term of the relevant lease.

18. Borrowings

Borrowings are initially recognised at their fair value plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where the difference to carrying value is material. Amortised cost is calculated by taking into account any issue costs, and any discount or premium on settlement.

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

19. Borrowing costs

All borrowing costs are recognised as an expense in the period in which they are incurred.

20. Grant expenditure

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

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

21. Income tax

Council is exempt from income tax, except for income from council-controlled organisations. Accordingly, no provision has been made for income tax.

22. Statement of Cash Flows

Cash and cash equivalents is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts.

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise activities that change the equity and debt capital structure of the Council.

23. Cost Allocation

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

Cost Allocation Policy

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

Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

All of Council's costs are "direct costs", which are costs charged directly to significant activities. Consequently, Council does not require a cost allocation policy for indirect costs.

There have been no changes to the cost allocation methodology during the year.

24. Listed bonds (held to maturity)

After initial recognition, listed bonds (designated as held to maturity) are measured at amortised cost using the effective interest method.

At year-end, they are assessed for indicators of impairment. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments is considered to be objective evidence of impairment.

Gains and losses when the asset is impaired or derecognised are recognised in the surplus or deficit.

Rating base information

A forecast for the ten years ending 30 June 2028	Annual Plan	LTP Budget									
	2017/18	Y1 - 2019	Y2 - 2020	Y3 - 2021	Y4 - 2022	Y5 - 2023	Y6 - 2024	Y7 - 2025	Y8 - 2026	Y9 - 2027	Y10 - 2028
Projected Number of Rating Units	4,444	4,860	4,900	4,940	4,980	5,020	5,060	5,100	5,140	5,180	5,220

Significant forecasting assumptions

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
<p>Population Growth</p> <p>It is assumed that growth in the district's population will generally be consistent with the medium projections issued by Statistics NZ in December 2016, which are that the district's population will grow by a little over 4 percent from 2018 to 2028 (from 4680 to 4880 people). It is not expected that this level of population growth will have any significant impact on demand for infrastructure or services.</p>	<p>H M L</p> <p>✓</p>	<p>A significant, consistent decline in population may adversely affect Council's ability to set rates at a level affordable to the community.</p> <p>A significant, consistent increase in population could adversely affect Council's ability to deliver some services to existing service levels.</p>	<p>Council will continue to monitor population measures within the district and respond to meet needs where possible.</p>
<p>Demographic Changes</p> <p>Most population growth within the Mackenzie District is expected to be at older ages (55+ years), with the proportion of over 65s living in the district projected to be slightly higher than the NZ average.</p> <p>Twizel and Fairlie have a higher proportion of older people (65+) than other areas in the district and this is not expected to change over the life of the plan.</p>	<p>✓</p>	<p>Changes to the projected demographics may place pressure on some Council services due to increasing demand, which may lead to a lower level of service in these areas or a requirement for additional investment.</p>	<p>Council will continue to monitor demographic changes within the district and respond to meet needs where possible.</p>
<p>Household Changes</p> <p>It is anticipated that changes to household numbers and composition will generally reflect population projections and forecast changes to demographics (that is, an ageing population). This is not expected to create any significant impact on demand for infrastructure and services, given the relatively small increase in total population projected to occur.</p>	<p>✓</p>	<p>Household changes across the district occur at a higher or lower rate than expected.</p> <p>A slower rate of household growth may mean that some service activities have overinvested in infrastructure (too much capacity too soon).</p>	<p>Council will continue to monitor household changes within the district. Where rapid growth occurs, this is likely to be within existing subdivisions where servicing provision has already been made or, where growth requires additional infrastructure, developers can be required to meet this demand through the payment of financial contributions.</p>

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
<p>Dwelling Numbers It is assumed that growth in dwelling numbers will primarily be driven by demand for short-stay visitor and holiday accommodation due to year-on-year increases in both domestic and international visitor numbers to the district. Growth in demand for private holiday accommodation is predicted to have an impact on the availability of residential housing. However, the large proportion of unoccupied dwellings in the district, particularly in Tekapo (75%) and Twizel (66%), is not anticipated to change or increase significantly.</p>	<p style="text-align: center;">H M L</p> <p style="text-align: center;">✓</p>	<p>Dwelling changes across the district occur at a higher or lower rate than expected.</p> <p>A higher or lower rate of dwelling growth may impact on provision of services, such as the issue of resource and building consents.</p>	<p>Council will continue to monitor dwelling growth in the district and adjust provision of supporting services as required.</p>
<p>Tourism Growth It is assumed the average growth in international visitors to Mackenzie District will be at least equivalent to, or greater than, the growth in international visitors forecast for New Zealand over the coming ten years (an average increase of 5.4% per annum). This is based on current data which indicates growth in international visitors to Mackenzie District is occurring at a rate higher than the national average and forecast growth.</p> <p>It is also assumed growth in domestic visitors to Mackenzie District will continue to occur at a rate similar to international visitor numbers. However, there is more uncertainty around this assumption based on the lack of current domestic visitor survey data.</p>	<p style="text-align: center;">H M L</p> <p style="text-align: center;">✓</p>	<p>Change to tourism occurs at a rate significantly above or below the growth levels assumed.</p> <p>Increases in projected visitor numbers may place pressure on supporting services and infrastructure. Conversely, a drop in tourism to the district may mean that service activities have overinvested.</p>	<p>Council will continue to monitor tourism numbers to the country and district and respond to meet needs where possible.</p>
<p>Climate Change It is assumed that climate change is happening, and the Council will take into account the predicted impacts of climate change as it plans, builds and renews its infrastructure. The impacts are expected to be relatively minor within the period covered by the Long Term Plan, but increasing in the future.</p>	<p style="text-align: center;">H M L</p> <p style="text-align: center;">✓</p>	<p>There is a risk that climate change will happen more quickly than expected and require changes to the Council's activities.</p> <p>If climate change happens more quickly, the Council may need to carry out work on its infrastructure assets. Council's business units may not recognise climate change in the delivery of their services. Decisions made now without this consideration may have intergenerational effects on land use decisions, environmental policy and</p>	<p>Council activities will build appropriate mitigation responses into resilient infrastructure development. The Council will continue to monitor climate change science and the response of central government and adapt its response where required.</p>

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
	H M L		
<p>Natural Hazards / Local Natural Disasters It assumed that there will be no major adverse events during the period covered by this Long Term Plan.</p> <p><i>Note: the district is at risk from natural hazards such as flooding, earthquake, and storms. These events can occur at any time, without warning.</i></p> <p>While events may occur at any time, Council's planning will focus on operational resilience and Emergency Management.</p>	<p>✓</p>	<p>infrastructure decisions e.g. relying on undersized assets and resources in highly vulnerable parts of the district.</p> <p>A disaster has the potential to cause a significant, unbudgeted impact on the Council and the community.</p> <p>In the event of a major disaster, Council has assumed additional central government support will be forthcoming. Council would need to borrow additional funds to make repairs and meet the costs of restoration.</p>	<p>The Council seeks to mitigate this risk through its Civil Defence, Risk Management and Insurance Policies. Council keeps appropriate levels of cash reserves (\$3.0m) and sufficient head room in its borrowings to enable it to undertake any repairs on its underground assets. Central government has a role in disaster recovery after a natural disaster.</p>
<p>New Technologies There will be no new technologies deployed within the period covered by the Long Term Plan that will significantly change the demand for or provision of services.</p>	<p>✓</p>	<p>Technologies may become available which significantly change the demand for or provision of services.</p>	<p>Council will regularly monitor existing and proposed technologies as they relate to service provision.</p>
<p>Service Delivery Modes & Contracts It is assumed that there will be no significant changes to current modes of service delivery for each service area or variations in terms of contract prices (above inflation and inventory adjustments) for current operations and maintenance contracts.</p> <p>Council will continue to consider collaboration opportunities and assess changes to service delivery on a case by case basis.</p>	<p>✓</p>	<p>This would require Council to either increase rates and/or operating revenue if efficiencies cannot be found or it may consider reducing levels of service.</p>	
<p>Planning Horizons It is assumed that the planning horizon for growth (30-45 years) and asset lifecycles (30 years plus) are sufficient to inform the ten year forecasts included in the LTP.</p>	<p>✓</p>	<p>The planning horizon for growth and asset life services differ from that assumed.</p>	

Assumption

Legislative Demands

As an organisation that is created and derives its powers from statute, changes to legislation have a direct impact on the way we conduct our business. The speed and scale of review of legislation depends largely on the policy direction and priorities of the government of the day.

While we anticipate changes to the Resource Management Act 1991 and Local Government Act 2002 during the life of this Long Term Plan, we have assumed that these and any other changes to legislation will not have a significant effect on our business.

The LTP assumes that existing legislation will remain in place and that the structure and responsibilities of the Council will remain the same over the period covered by the plan. It also assumes the Council will remain an independent unit of local government during the next 10 years.

The Council sees merit in continuing with shared services where this allows more efficient use of skills and resources.

Legislation Change – Development Contributions

It is recognised that the ability to levy financial contributions under the Resource Management Act 1991 will be revoked, effective from 18 April 2022. Council will then recover development contributions. For financial forecasting purposes the Council has assumed that development contributions will provide a similar level of funding and outcomes to financial contributions when this change occurs.

Level of Uncertainty Risk (High/Medium/Low)

H M L



The impact of government legislation is more or less than expected.

New legislation is enacted that alters the activities Council undertakes or provides.

Impact of variation to assumption

Unrealised impacts of legislative changes may create greater impacts on Council operations, including operating budgets, workloads, time and resource availability. These pressures may lead to additional costs for ratepayers.

Where legislative changes require Council to provide additional services or increased levels of services, this may impact fees and charges for cost-recovery activities.

Management of risk

Most changes to legislation are known in advance, giving councils the ability to prepare for implementation. Council will monitor existing and potential legislative changes as they move through parliamentary process. Where appropriate, Council will submit on legislation to encourage reduced or improved impacts on Council operations and limit costs to ratepayers.

Historical trends have been for services transferred from central government to local government. The cost and impact on our activities as a result of future legislative changes cannot be quantified at this stage as it would be dependent on the specific services affected by the legislative change. Financial uncertainty in this area would generally impact the cost of introducing changes, and the mechanisms required to fund any new services.

Council will review its Development Contributions and Financial Contributions policy prior 18 April 2022. This work will involve clearly determining the demand for services and the costs of meeting that demand.

Council does not recoup costs associated with meeting infrastructure demands of development.

The ability to levy development contributions is not comparable to existing financial contribution provisions.

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
	H M L		
<p>Inflation</p> <p>To develop a consistent approach for local government to account for inflation, the Society of Local Government Managers (SOLGM) contracted Business and Economic Research Limited (BERL) to construct forecasts for inflation. It is assumed that long term inflation will be consistent with BERL's Local Government Cost Index (LGCI) forecasts.</p>	<p style="text-align: center;">✓</p>	<p>Inflationary costs in some areas may increase at a rate different to that forecast.</p>	<p>In preparing the LTP, the Council is required to use best estimates in determining the level of costs to be budgeted in the future. As a result, Council is required to account for the effect of price changes or inflation that is expected to occur over the ten year period.</p> <p>Council has endorsed the rates produced by BERL and has used these rates as the assumption for accounting for inflation for the preparation of the LTP.</p> <p>Some types of costs (eg roading and transport costs) have been subject to fluctuations in recent years, so it is inherently difficult to predict trends with accuracy. However, these costs will be mitigated through the annual plan process where the annual adjustment can be made.</p>
<p>Interest Rates and Borrowing</p> <p>Borrowing costs are assumed to be as included in Financial Forecasts.</p> <p>Council assumptions on interest rates are based on the Official Cash Rate (OCR). That rate will be used for calculating interest rates and will be adjusted annually.</p>	<p style="text-align: center;">✓</p>	<p>Forecast interest rates are higher or lower than forecast.</p> <p>The movement in interest rates has a wide ranging effect on the Council. The Council's cash investments have derived interest at the market rates and the Council's internal financing policy bases the interest paid to or charged to individual communities on the Official Cash Rate.</p> <p>The level of works and services rates levied is dependent in part on the interest rate used in Council's internal funding policy.</p>	<p>Any exposure to interest movement will be managed by a preference for a higher percentage of fixed term rates.</p>
<p>Dividends Received – Alpine Energy Ltd</p> <p>It has been forecast that the dividend flow from Alpine Energy will be set at \$492,000 for the life of the plan due to recent increases and an estimation of the organisations ability to maintain those increases.</p>	<p style="text-align: center;">✓</p>	<p>Variation to dividends received from those assumed will impact on the level of rates required as dividends received from Alpine Energy Limited are used to offset the General Rate.</p>	<p>Council cannot manage this risk because we are a small shareholder in the company.</p>

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
<p>Sale or Transfer of Assets It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Departments.</p>	<p>H M L</p> <p>✓</p>	<p>Should specified returns not be attainable, Council would review its investment. Such a review may have a financial impact.</p>	<p>Any decision to sell or partially sell would be significant and a full proposal with options to be considered would be provided to the community for feedback as part of a special consultation process.</p>
<p>Timing & Level of Capital Expenditure The Long Term Plan assumes that the timing and cost of capital projects and associated operating costs are as determined through the Council's activity management planning process.</p>	<p>✓</p>	<p>If projects do not occur as planned, capital expenditure in any year may differ from that forecast and delay may also change the cost of individual projects.</p>	<p>The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.</p>
<p>NZTA Subsidy The Long Term Plan assumes that the subsidy from New Zealand Transport Agency will be 51% across all activities for the life of the Long Term Plan, and that these subsidy rates will remain at this level until the Funding Assistance Rate is reviewed.</p>	<p>✓</p>	<p>The roading programme could be reduced from what is shown, due to limitations on the amount of work NZTA is prepared to financially support. Expenditure may differ in any year from that forecast.</p> <p>If Council wanted to continue its roading programme, other funding sources such as rates would need to be utilised.</p>	<p>The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.</p>

Assumption	Level of Uncertainty Risk (High/Medium/Low)	Impact of variation to assumption	Management of risk
<p>Income from Property Sales The Long Term Plan assumes no income from new property sales. Council is undertaking a strategic review of development in Year 1 of the LTP and no new property sales are specifically provided for, pending the completion of that work.</p>	<p style="text-align: center;">H M L</p> <p style="text-align: center;">✓</p>	<p>Additional funding may be received from that assumed.</p>	<p>• The funding impact of the One Network Road Classification (ONRC) is as yet unknown.</p>
<p>Resource Consents It is assumed that the conditions of resource consents held by Council will not be changed significantly and that the Council will be able to renew and obtain the necessary resource consents for its planned projects.</p>	<p style="text-align: center;">✓</p>	<p>Projects will cost more if compliance requirements are significant, or may not proceed as planned if consents are not obtained.</p>	<p>The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.</p>
<p>Asset Revaluations The Council has a policy of revaluing its buildings, land and infrastructural assets on a three yearly basis. The Long Term Plan assumes that the book values of the relevant assets as at the revaluation dates will be increased by inflation rates as per the BERL inflation forecasts as described in the Inflation assumption above.</p>	<p style="text-align: center;">✓</p>	<p>There may be a higher or lower asset value and a lower or higher depreciation charge.</p>	<p>The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.</p>
<p>Sources of Funds for the Future Replacement of Assets It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.</p>	<p style="text-align: center;">✓</p>	<p>Depreciation is used to fund renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function.</p>	<p>A particular funding source is not available.</p>

Assumption

Level of Uncertainty Risk (High/Medium/Low)

H M L

Useful Lives of Assets

The useful lives of assets have been assumed as set out in the following table, which matches the depreciation policy under the Statement of Accounting Policies:

Assets last longer than the lives assumed, or assets deteriorate at a faster rate than the lives assumed.

Impact of variation to assumption

Assets require replacement earlier or later in their life cycle.

Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure. In the event of assets wearing out earlier than anticipated, capital projects could be brought forward. This may affect borrowing and depreciation expenses. Negative impacts are likely to be at least partially offset by some assets lasting longer than estimated. Mitigation may also involve reprorisation of the capital expenditure programme.

Management of risk

Operational assets	Depreciation method	Life (years)
Buildings	Straight line	25-80
Computer hardware	Straight line	3-10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	5-10
Heritage assets	Straight line	60-150
Land	Not depreciated	-
Motor vehicles	Straight line	5
Office equipment	Straight line	5-10
Light plant and machinery	Straight line	5-10
Plant and machinery	Straight line	5-10
Resource recovery parks	Straight line	2-10
Flood protection and control works	Not applicable	-
Landfills	Straight line	30-50
Village projects	Straight line	5-80
Alps 2 Ocean cycle-way	Straight line	50
Formation	Not depreciated	-
Surfacing	Straight line	0-17
Land under roads	Not depreciated	-
Roads and footpaths	Straight line	6-80
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Base course	Straight line	75-100
Surfacing	Straight line	0-17

Infrastructural assets	Depreciation method	Life (years)
Kerb and channelling	Straight line	10-100
Street signs	Straight line	13
Street lighting	Straight line	20-40
Bridges	Straight line	80-100
Resource consents	Straight line	Over the life of the consent
Stormwater		
Lines	Straight line	100
Manholes	Straight line	100
Open drains	Not depreciated	-
Sewerage		
Mains	Straight line	60-80
Pumps	Straight line	15
Oxidation ponds	Not depreciated	-
Box culverts	Straight line	100
Manholes	Straight line	80
Water supplies		
Piping mains	Straight line	60-80
Pumps	Straight line	25
Service lines	Straight line	80-100
Hydrants	Straight line	80
Valves and air valves	Straight line	80
Meters	Straight line	25
Reservoirs	Straight line	80

Financial Prudence Benchmarks and Indicators

LONG TERM PLAN DISCLOSURE STATEMENT FOR PERIOD COMMENCING 1 JULY, 2018

WHAT IS THE PURPOSE OF THIS STATEMENT?

The purpose of this statement is to disclose the council's planned financial performance in relation to various benchmarks to enable the assessment of whether the council is prudently managing its revenues, expenses, assets, liabilities, and general financial dealings.

The council is required to include this statement in its long-term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some of the terms used in this statement.

RATES AFFORDABILITY BENCHMARK

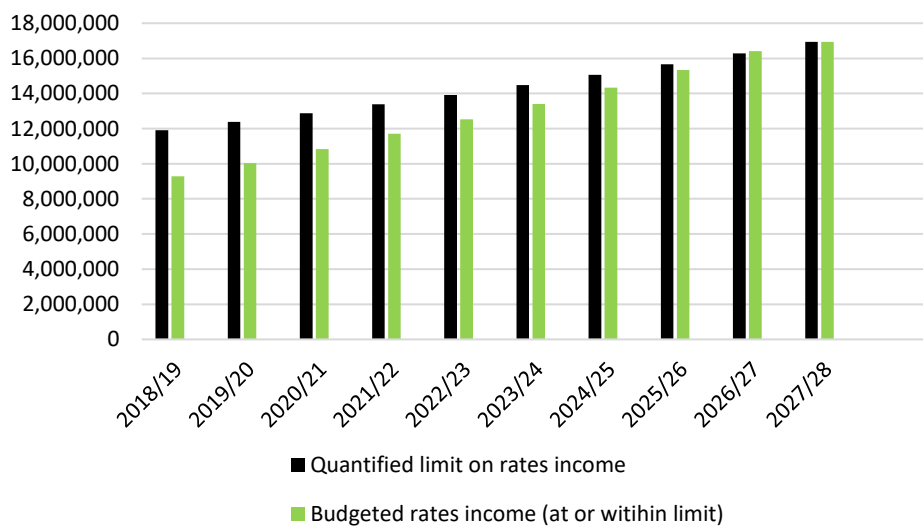
The council meets the rates affordability benchmark if—

- its planned rates income equals or is less than each quantified limit on rates; and
- its planned rates increases equal or are less than each quantified limit on rates increases.

RATES (INCOME) AFFORDABILITY

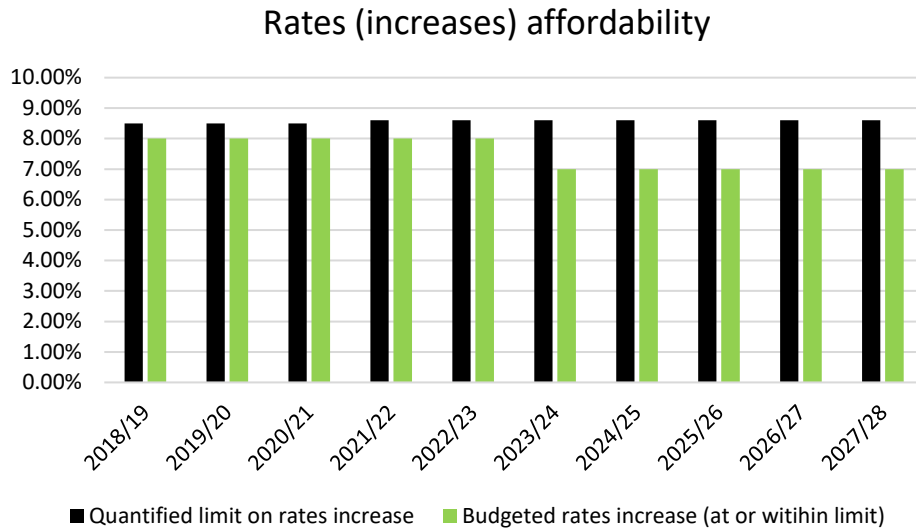
The following graph compares the council's planned rates increases with a quantified limit on rates increases contained in the financial strategy included in this long-term plan. The quantified limit is Council's quantified limit on rates is that total rates will not exceed 0.35% of the total capital value of the district.

Rates (income) affordability benchmark



RATES (INCREASES) AFFORDABILITY

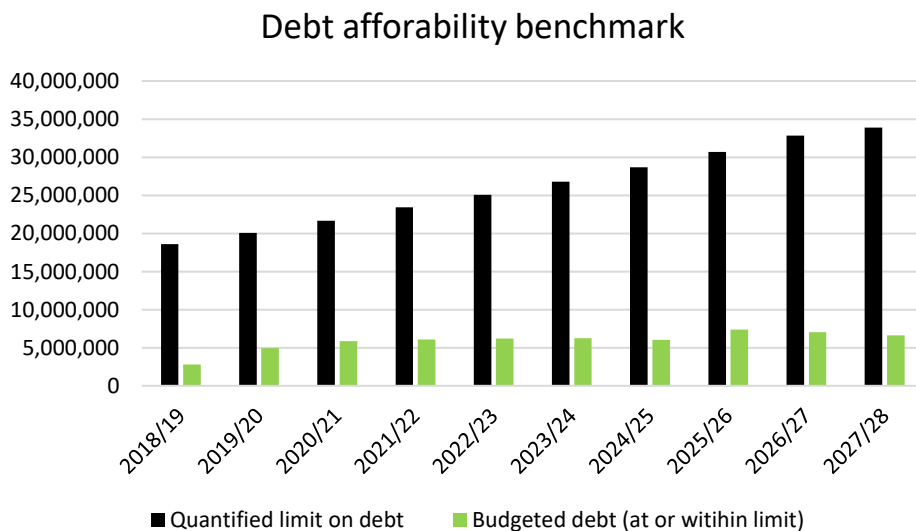
The following graph compares the council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 6% + LGCI in each year over the life of the Plan.



Debt affordability benchmark

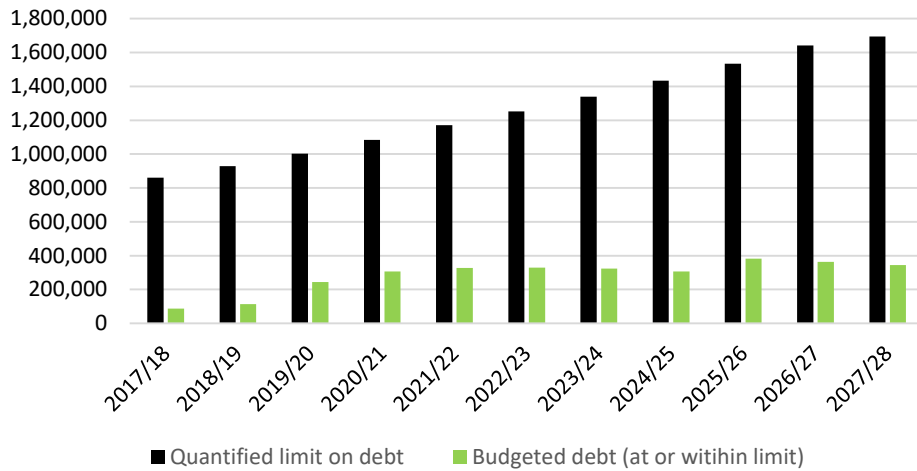
The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graphs compares the council's planned debt with quantified limits on borrowing contained in the financial strategy included in this long-term plan.

Council has two debt affordability limits. The first debt affordability limit is that debt will not be more than two times Council's rates income.



The second debt affordability limit is that financing costs will not be more than 10% of total rate income.

Finance costs % of rates income

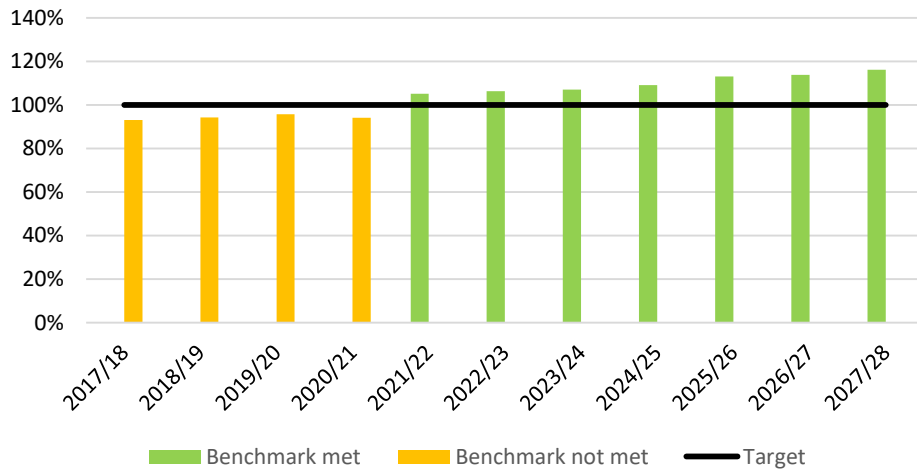


Balanced budget benchmark

The following graph displays the council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

The council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

Balanced budget benchmark



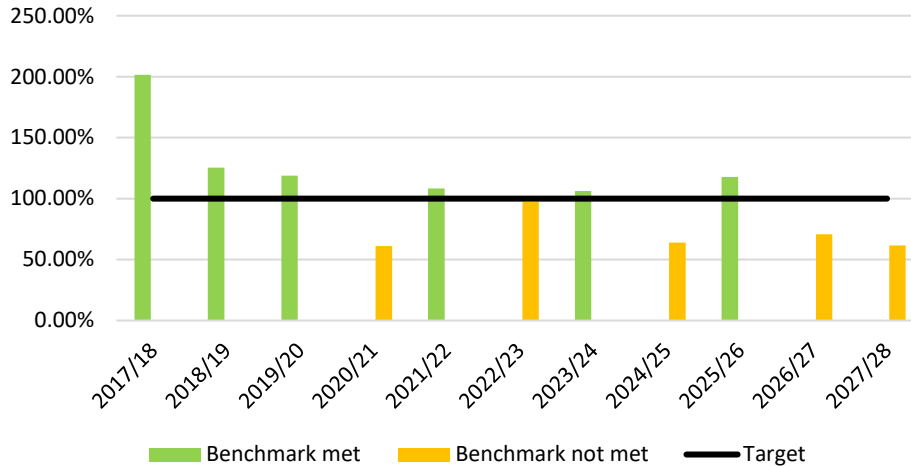
The balanced budget provisions of the Local Government Act 2002 (s100) allow a council to not fully fund all expenditure (which includes depreciation) provided it can demonstrate that it is financially prudent to do so. Our decision to do this contributes to the situation above. Factors affecting the balancing of the budget are receipt of capital income, funding of planning costs, and forestry expenditure and income. Another key factor is the use of the Resource Management Act 1991 financial contributions to fund some development costs included in operating expenditure. This includes spending on the development of sports grounds and reserves which is an allowed use of the contributions collected. Based on this we are not concerned about noncompliance given the short term and narrow focus of this measure.

Essential services benchmark

The following graph displays the council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

The council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

Essential services benchmark

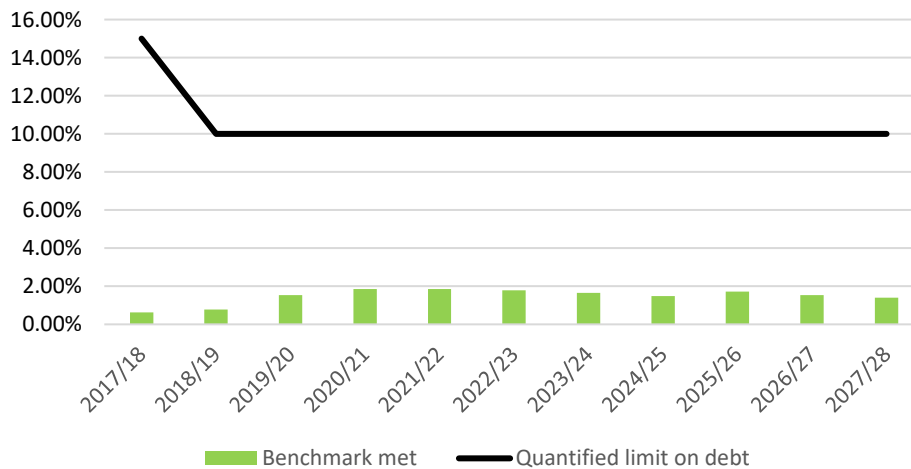


Debt servicing benchmark

The following graph displays the council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects the council's population will grow as fast as the national population is projected to grow, it meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.

Debt servicing benchmark



Rating definitions

The rating definitions following are intended for the full period of the Long Term Plan: 2018-2028.

GENERAL RATE

A general rate will be set on capital value under section 13 of the Local Government (Rating) Act 2002 on all rateable land. The general rate will be set differentially using the following categories based on the use and location of the land:

- Tekapo A
- Ohau A
- Tekapo B
- All other properties.

These categories are defined as follows:

Tekapo A –	All rating units in the former Tekapo ward, used for hydro electric power generation (as more particularly defined on valuation roll number 25300 15901).
Ohau A –	All rating units in the former Twizel ward used for hydro electric power generation (as more particularly defined on valuation roll number 25320 00701A).
Tekapo B –	All rating units in the former Tekapo ward, used for hydro electric power generation (as more particularly defined in valuation roll number 25300 18400).
All other properties –	All rating units in the Mackenzie District other than Ohau A, Tekapo A and Tekapo B.

The relationship between the rates set in the differential categories is as follows:

Category	Factor
Tekapo A	10% of the total rate requirement
Ohau A	10% of the total rate requirement
Tekapo B	10% of the total rate requirement
All other properties	70% of the total rate requirement

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge will be set under section 15 of the Local Government (Rating) Act 2002 as a fixed amount per separately used or inhabited part of a rating unit (SUIP). Its level is designed to obtain a balance between flat charges and rates on capital value that is acceptable to Council. It is not used to fund any special portion of the general expenditure of Council. The general rate and uniform annual general charge are used to fund the general activities of Council, including but not limited to the following:

- Administrative, technical and regulatory activities and associated overhead costs
- Civil defence
- Planning
- Cemeteries
- Public toilets
- Part of the solid waste management costs
- Part of the Alps to Ocean Activity
- Other general expenses.

TARGETED RATES

Sections 16-19 of the Local Government (Rating) Act 2002 authorise Council to set targeted rates to fund functions that are identified in its Long Term Plan as being functions for which targeted rates may be set. Schedule three of the Local Government (Rating) Act 2002 lists factors that may be used to calculate the liability of targeted rates and section 18 provides

that rates may be set per rating unit. The Council may select one or more of these factors for each targeted rate. If differential rating is being used, the Council must use the matters contained in Schedule two of the Local Government (Rating) Act 2002 to define the differential categories.

Lump Sum Contributions - Except in respect of the Eversley reserve sewerage rate, the Council does not accept lump sum contributions for any targeted rates.

Works and Services Targeted Rates

The following targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund Council's works and services activities. The works and services which may be provided to each community include:

- Social services and information provision
- Village and township maintenance
- Parks and reserves
- Swimming pools
- Community halls

Twizel Works and Services Rate

This targeted rate will be assessed on every rating unit in the Twizel community area of benefit (as defined on a map held by Council) and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement (excluding capital improvement work in the Twizel community area of benefit which is funded by Twizel Improvement rate); and
- A rate in the dollar based on the capital value of the land to fund the balance of the targeted rate requirement (excluding capital improvement work in the Twizel community area of benefit which is funded by Twizel Improvement rate).

Currently the 2018/19 split of the rate requirement is 10% fixed charges and 90% rate in the dollar of capital value.

Fairlie Works and Services Rate

This targeted rate will be assessed on every rating unit in the Fairlie community (as defined on a map held by Council) and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate in the dollar based on the capital value of the land to fund the balance of the targeted rate requirement.

Currently the 2018/19 split of the rate requirement is 10% fixed charges and 90% rate in the dollar based on capital value.

Lake Tekapo Works and Services Rate

This targeted rate will be assessed on every rating unit in the Lake Tekapo community (as defined on a map held by Council) and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the capital value of the land to fund the balance of the targeted rate requirement.

Currently the 2018/19 split of the rate requirement is 48% fixed charges and 52% rate in the dollar based on capital value.

Rural Works and Services Rate

This targeted rate will be assessed on every rating unit in the rural community (as defined on a map held by Council, excluding Mount Cook Village) and will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the capital value of the land to fund the balance of the targeted rate requirement, set differentially using the following categories based on the use and location of the land:
 - Ohau A;
 - Tekapo A;
 - Tekapo B;
 - All other rural properties.

Ohau A – All rating units in the former Twizel ward used for hydroelectric power generation (as more particularly defined on valuation roll 25320 00701A).

Tekapo A –	All rating units in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300-15901).
Tekapo B –	All rating units in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300 18400).
All other rural properties	All rating units in the rural area other than Ohau A, Tekapo A and Tekapo B and Mount Cook Village).

Rural area is defined as the area of the District excluding the community areas of benefit of Twizel, Tekapo, Fairlie and Mount Cook Village (as defined on a plan held by Council).

The relationship between the rates set in the differential categories is as follows:

Category	Factor
Ohau A	20% of the balance of the targeted rate requirement
Tekapo A	20% of the balance of the targeted rate requirement
Tekapo B	20% of the balance of the targeted rate requirement
All other rural properties	40% of the balance of the targeted rate requirement

Currently the 2018/19 split of the rate requirement is 49% fixed charges and 51% rate in the dollar based on capital value.

URBAN SEWERAGE RATES

Sewage Treatment Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo and Burkes Pass communities to fund the cost of sewage treatment. (as defined on maps held by Council)

The targeted rate will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit which is connected to a community sewerage scheme.
- An additional targeted rate will be assessed on every rating unit which is connected of a fixed amount per water closet or urinal after the first (rating units comprising a single household are treated as having one water closet or urinal). This rate will be set at 25% of the fixed amount.

Notes: For the purposes of the targeted rates for sewage treatment:

- The sewerage service is treated as being provided if the rating unit is connected to a public sewerage drain;
- A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

Sewerage Infrastructure Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo and Burkes Pass communities to fund the Council's sewerage infrastructure services. This includes sewer maintenance, depreciation and the servicing of loans. (as defined on maps held by Council).

The targeted rate will be:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit which is connected or capable of being connected to a community sewerage scheme
- An additional targeted rate will be assessed on every rating unit connected to a community sewerage scheme of a fixed amount per water closet or urinal after the first (rating units comprising a single household treated as having one water closet or urinal). This rate will be set at 25% of the fixed amount).

Notes: For the purposes of the targeted rate for sewerage infrastructure:

- The sewerage infrastructure service is treated as being provided if the rating unit is connected to or able to be connected to a public sewerage drain and is within 30 metres of such a drain;
- A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

Eversley Reserve Sewerage Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to repay a loan made by council to Eversley Reserve ratepayers to fund on-property sewerage infrastructure for rating units in the Eversley Reserve area of benefit(excluding those rating units that opted to pay a lump sum contribution).

The targeted rate will be a fixed amount per rating unit in the Eversley Reserve (excluding those rating units which have opted to pay the lump sum contribution). (as defined on a map held by Council).

URBAN STORMWATER RATE

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel and Lake Tekapo communities to fund the costs of Council's urban stormwater reticulation (as defined on maps held by Council)

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit which is within the communities of Fairlie, Twizel and Lake Tekapo.

URBAN WATER SUPPLY RATES

Water Treatment Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo and Burkes Pass communities to fund the costs of Council's urban water treatment. (as defined on maps held by Council).

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit which are connected to a council community water supply (except those rating units receiving a metered water supply).

Water Infrastructure Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo and Burkes Pass communities to fund the Council's urban water supply infrastructure services. This includes maintenance, depreciation and the servicing of loans. (as defined on maps held by Council)

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit which is connected or capable of connection to a council community water supply (except those rating units receiving a metered water supply).

Note: Any rating unit to which water can be, but is not supplied (being a property situated within 100 metres of any part of an urban communities' waterworks) is treated as being capable of connection.

Metered Water Rate

A targeted rate under section 16 of the Local Government (Rating) Act 2002 will be assessed on every rating unit in each of the following communities where water is supplied and measured by meter.

- Fairlie Community
- Twizel Community
- Lake Tekapo Community
- Burkes Pass Community
- Rural Community

The targeted rate will be a fixed amount per metered supply to any rating unit which is serviced by a council water meter.

Note: Rating units are considered to be serviced if rating unit receives a water supply.

RURAL WATER SUPPLY RATES

The following targeted rates will be assessed under the Local Government (Rating) Act 2002 to fund the rural water supplies.

Note: Rating units are considered to be supplied if the rating unit receives a water supply, or any part of the rating unit lies within the defined area of benefit for that supply (as defined on maps held by council).

Allandale Water Supply

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit supplied with water by the Allandale rural water supply to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per unit of water supplied.

Ashwick/Opuha Water Supply

A targeted rate for water supply under section 16 of the Local Government (Rating) Act 2002 assessed on every rating unit within the defined area of benefit for the Ashwick/Opuha rural water supply to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per rating unit.

Fairlie Water Race

A targeted rate for a water supply under section 16 of the Local Government (Rating) Act 2002 assessed on every rating unit within the defined area of benefit for the Fairlie water race to partly fund the costs of maintenance, depreciation and the servicing of loans.

A targeted rate will be assessed on every rating unit as a fixed amount per rating unit
An additional targeted rate will be a fixed amount per hectare within the rating unit..

Spur Road Water Supply

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit supplied with water by the Spur Road rural water supply to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per unit of water supplied.

Note: For the purposes of the Allandale and Spur Road rural water supplies, a unit of water allows for a supply of 1,820 litres per day.

Downlands Water Supply

A targeted rate for water supply under section 16 of the Local Government (Rating) Act 2002 on every rating unit serviced by Downlands water supply within the Mackenzie District to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per rating unit.

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit serviced by Downlands water supply within the Mackenzie District to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per unit of water.

Note: For the purposes of the Downlands water supply, a unit of water allows for a supply of 1,000 litres per day.

DISTRICT ROADING RATE

A targeted rate will be assessed under Section 16 of the Local Government (Rating) Act 2002 to fund the costs of all roading in the Mackenzie District, both subsidised and non-subsidised.

The targeted rate will be assessed on every rating unit in the Mackenzie District (excluding Mount Cook Village) and will be made up of two components:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the capital value of the land to fund the balance of the targeted rate requirement, set differentially using the following categories based on the use and location of the land:
 - Ohau A;
 - Tekapo A;
 - Tekapo B;
 - All other district properties.
 -

These categories are defined as follows:

Tekapo A –	All rating units in the former Tekapo Ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300 15901).
Ohau A –	All rating units in the former Twizel Ward used for hydroelectric power generation (as more particularly defined on valuation roll number 25320 00701A).
Tekapo B –	All rating units in the former Tekapo Ward, used for hydroelectric power generation (as more particularly defined in valuation roll number 25300 18400).
All other district properties -	All rating units in the Mackenzie District other than Tekapo A, Ohau A, Tekapo B and Mount Cook village.

The relationship between the rates set in the differential categories is as follows:

Category	Factor
Tekapo A	10% of the total capital value rate requirement
Ohau A	10% of the total capital value rate requirement
Tekapo B	10% of the total capital value rate requirement
All other district properties	70% of the total capital value rate requirement

Currently the 2018/19 split of the rate requirement is 35% fixed charges and 65% rate in the dollar based on capital value.

TWIZEL IMPROVEMENT RATE

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund capitalised improvement work in the Twizel community area of benefit.

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

SOLID WASTE RATE

Urban Solid Waste Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to partly fund the cost of all solid waste activity undertaken by Council. It will be assessed on every rating unit in each of the following waste collection areas:

- Twizel waste collection area
- LakeTekapo waste collection area
- Fairlie waste collection area
(as defined on maps held by Council)

And on those rating units within one kilometre of the collection route on State Highway 8 from Cave in the east to Twizel in the west that have opted to receive the service.

The targeted rate will be a fixed amount per separately used and inhabited part (SUIP) of a rating unit to which the Council provides the service.

TOURISM AND PROMOTION RATE

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the costs of Mackenzie District tourism and promotion activities.

Fixed Amount

The first targeted rate will be assessed as a fixed amount per separately used and inhabited part (SUIP) of a rating unit on every rating unit in the Mackenzie District.

Differential Rate

The second targeted rate will be assessed on rating units in the following categories (defined on the basis of the use to which the land is put), and set differentially:

The Categories for the rate are:

Group A

- Commercial businesses
- Industrial land properties

Group B

- Commercial accommodation business
- Secondary accommodation properties

Definitions Used

All properties	All rateable properties in the Mackenzie District
Group A	
Commercial Business	All rating units within the Mackenzie District identified as where the principal user of the land is identified as being a trading entity engaged in commercial business activities (excluding commercial accommodation providers)
Industrial land Properties	All rating units within the Mackenzie District with a property land use code beginning with I in the Council's Rating Information Database
Group B	
Commercial Accommodation Businesses	All rating units within the Mackenzie District identified as accommodation providers for short term (less than 30 consecutive days occupancy by the same occupier) paying guests and where the principal use of the land is commercial accommodation business.
Secondary Accommodation Properties	All other rating units within the Mackenzie District identified as accommodation providers for short term (less than 30 consecutive days occupancy by the same occupier) paying guests, but where the principal use of the land is not commercial accommodation business.
Property land use codes	
Each rating assessment has a property land use code that broadly describes the nature of this property.	
The property land use code is based on the highest and best use or the use for which the property would be sold given current economic conditions.	
This differs from Land Use Data which is based on current actual use and zoning.	
The coding is alpha-numeric and has two six characters.	
Property land use codes are maintained by Council's current valuation service provider "Quotable Value Ltd".	

The targeted rate will be:

Group A

Commercial business - A rate on the rateable capital value of the land of all Commercial business properties (excluding commercial accommodation businesses and secondary accommodation properties)

Industrial land - A fixed amount per rating unit for Industrial land properties (excluding commercial businesses, commercial accommodation businesses and secondary accommodation properties).

Group B

Commercial accommodation businesses - A rate on the rateable capital value of the land of all commercial accommodation businesses (excluding commercial business properties and industrial land properties).

Secondary accommodation properties - A rate on the rateable capital value of the land of all secondary accommodation properties (excluding commercial business and industrial land properties).

The amount per dollar of capital value for secondary accommodation properties is half of that for commercial accommodation properties

The relationship between the rates set is as follows:

All Properties	10% of the total rates requirement
Group A	30% of the total rate requirement set as follows: 5.04% Industrial Land properties 24.96% Commercial Businesses
Group B	60% of the total rate requirement set differentially as follows: 20.01% Commercial Accommodation businesses 39.99% Secondary Accommodation properties

Currently the 2018/19 split of the rate requirement is 15% fixed charges and 85% rates in the dollar based on capital value.

ECONOMIC DEVELOPMENT RATE

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the cost of economic development activities undertaken by Council.

The targeted rate will be assessed on every rating unit in the District and will be made up of two components:

- A fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the land use on the rateable capital value of the land to fund the balance of the targeted rate requirement, on rating units in the commercial business, industrial land properties as defined below.

Categories

- Commercial Businesses
- Industrial land properties

Currently the 2018/19 split of the rate requirement is 65% fixed charges and 35% rate in the dollar based on capital value.

ALPS TO OCEAN RATE

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to partly fund the cost of Alps to Ocean activity. It will be assessed on every rating unit in the Mackenzie District:

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit.

RURAL CATTLE STOP MAINTENANCE RATE

A targeted rate will be assessed under Section 16 of the Local Government (Rating) Act 2002 to fund the cost of the maintenance and upgrade costs of cattle stop structures and approaches (10 meters either side of the transverse centre line running through the middle of the cattlestop) on council road and the outer boundary of a rating unit.

The targeted rate will be a fixed amount per cattle stop, or part thereof on those rating units units benefitting if the cattle stop encroaches more than one rating unit.

DEFINITIONS USED

Separately Used or Inhabited Part of a Rating Unit (SUIP)

Where uniform annual general charges and targeted rates are assessed on each separately used or inhabited part of a rating unit, the following definition will apply.

A separately used or inhabited part of a rating unit includes any part of a rating unit that is used or inhabited 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 can be separately used or inhabited by the ratepayer. This definition includes separately used parts, whether or not actually inhabited at any particular time, which are provided by the owner for rental (or some other form of occupation) on an occasional or long term basis by someone other than the owner.

For the purposes of this definition, vacant land and vacant premises offered or intended for use or habitation by a person other than by the owner and usually used as such are defined "used". For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Examples of separately used or inhabited parts include:

- Residential property that contains two or more units that can be separately inhabited, including flats or houses each of which is or can be separately inhabited;
- Commercial or other non-residential property containing separate residential accommodation;
- Commercial premises that contain separate shops, kiosks or other retail or wholesale outlets, each of which is operated as a separate business or is capable of operation as a separate business;
- Farm property with more than one dwelling;
- Council property with more than one lessee.

Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations. These specific instances are:

- Where a residential property contains not more than one additional separately inhabited part and where members of the owner's family inhabit the separate part on a rent-free basis.
- Individual storage garages/partitioned areas of a warehouse.
- Bed and breakfast home stays

Rating for 2018/19 year

The revenue and financing mechanisms to be used to cover the estimated expenses of the Council are covered in the Council's Revenue and Financing Policy. The method and impact of both general and targeted rates are covered in the Funding Impact Statement.

General Rates		
	Factor	Value
General Rate		
Tekapo A	0.010650 per dollar of capital value	\$367,449.73
Ohau A	0.001235 per dollar of capital value	\$367,449.73
Tekapo B	0.001874 per dollar of capital value	\$367,449.73
All Other Properties	0.0007558 per dollar of capital value	\$2,572,148.00
Total Expected Rates (including GST)		\$3,674,497.26
Total Expected Rates (excluding GST)		\$3,195,215.01
Uniform Annual General Charge		
Fixed Charge	\$24.91 per SUIP	\$117,983.00
Total Expected Rates (excluding GST)		\$102,593.00

Targeted Rates – Works and Services Rates		
	Factor	Value
Twizel Works and Services Rate		
Fixed Charge	\$32.70 per SUIP	\$59,632.10
Capital Value Rate	0.000704 per dollar of capital value	\$536,688.90
Total Expected Rates (including GST)		\$596,321.00
Total Expected Rates (excluding GST)		\$518,540.00
Fairlie Works and Services Rate		
Fixed Charge	\$52.09 per SUIP	\$30,552.07
Capital Value Rate	0.0017446 per dollar of capital value	\$274,968.69
Total Expected Rates (including GST)		\$305,520.76
Total Expected Rates (excluding GST)		\$265,670.23
Lake Tekapo Works and Services Rate		
Fixed Charge	\$186.69 per SUIP	\$145,158.33
Capital Value Rate	0.0002870 per dollar of capital value	\$157,254.87
Total Expected Rates (including GST)		\$302,413.20
Total Expected Rates (excluding GST)		\$262,968.00
Rural Works and Services Rate		
Fixed Charge	\$14.54 per SUIP	\$21,336.22
Ohau A	0.000014 per dollar of capital value	\$4,441.41
Tekapo B	0.000022 per dollar of capital value	\$4,441.41
Tekapo A	0.000128 per dollar of capital value	\$4,441.41
All other rural properties	0.0000047 per dollar of capital value	\$8,882.84
Total Expected Rates (including GST)		\$43,543.29
Total Expected Rates (excluding GST)		\$37,863.73

Targeted Rates – Urban Sewerage Rates		
	Factor	Value
Sewage Treatment Rate		
Sewage Treatment Fixed Charge	\$29.62 per connected SUIP	\$79,324.65
Additional Charge	\$7.40 for each additional water closet	\$5,206.83

Targeted Rates – Urban Sewerage Rates

	Factor	Value
Total Expected Rates (including GST)		\$84,531.48
Total Expected Rates (excluding GST)		\$73,505.64
Sewerage Infrastructure Rate		
Sewerage Infrastructure Fixed Charge	\$188.63 per connectable SUIP	\$604,968.06
Additional Charge	\$47.15 for each additional water closet	\$33,153.45
Total Expected Rates (including GST)		\$638,121.51
Total Expected Rates (excluding GST)		\$554,888.27
Eversley Reserve Sewerage Rate		
Fixed Charge	\$938.28 per rating unit	\$12,198.00
Total Expected Rates (excluding GST)		\$10,606.00

Targeted Rates – Urban Stormwater Rate

	Factor	Value
Stormwater Rate		
Fixed Charge	\$45.61 per SUIP	\$144,900.00
Total Expected Rates (excluding GST)		\$126,000.00

Targeted Rates – Urban Water Rates

	Factor	Value
Water Treatment Rate		
Fixed Charge	\$90.65 per connected SUIP	\$239,096.50
Total Expected Rates (excluding GST)		\$207,910.00
Water Infrastructure Rate		
Fixed Charge	\$307.10 per connectable SUIP	\$975,836.62
Total Expected Rates (excluding GST)		\$848,553.58
Water Meter Rate		
Fixed Charge	\$397.76 per metered supply	\$81,739.89
Total Expected Rates (excluding GST)		\$71,078.16

Targeted Rates – Rural Water Supply Rates

	Factor	Value
Allandale Water Supply		
Fixed Charge	\$228.10 per unit	\$124,768.00
Total Expected Rates (excluding GST)		\$108,493.91
Ashwick/Opuha Water Race		
Fixed Charge	\$283.00 per rating unit	\$12,752.35
Total Expected Rates (excluding GST)		\$11,089.00
Spur Road Water Supply		
Fixed Charge	\$86.22 per unit	\$5,776.00
Total Expected Rates (excluding GST)		\$5,022.61
Downlands Water Supply		
Fixed Charge	\$429.00 per serviced rating unit	\$25,310.00
Total Expected Rates (excluding GST)		\$22,009.00
Downlands Water Supply		
Fixed Charge	\$172.00 per unit	\$37,324.00
Total Expected Rates (excluding GST)		\$32,455.65

Targeted Rates – Rural Water Supply Rates

	Factor	Value
Fairlie Water Race – Per Rating Unit		
Fixed Charge	\$30.00 per rating unit	\$915.00
Total Expected Rates (excluding GST)		\$796.00
Fairlie Water Race – Per Hectare		
Fixed Charge	\$3.99 per hectare	\$2,526.00
Total Expected Rates (excluding GST)		\$2,196.52

Targeted Rates – Rooding

	Factor	Value
District Rooding Rate		
Fixed Charge	\$58.43 per SUIP	\$271,500.00
Tekapo A	0.004459 per dollar of capital value	\$153,850.00
Ohau A	0.000517 per dollar of capital value	\$153,850.00
Tekapo B	0.000784 per dollar of capital value	\$153,850.00
All other district properties	0.000321 per dollar of capital value	\$1,076,950.00
Total Expected Rates (including GST)		\$1,810,000.00
Total Expected Rates (excluding GST)		\$1,573,913.04

Targeted Rates – Other

	Factor	Value
Twizel Improvement Rate		
Fixed Charge		\$107,694.05
Total Expected Rates (excluding GST)	\$59.15 per SUIP	\$93,647.00
Solid Waste Rate		
Fixed Charge	\$328.91 per serviced SUIP	\$872,285.00
Total Expected Rates (excluding GST)		\$758,508.70
Tourism and Promotion Rate		
Fixed Charge	\$5.65 per SUIP	\$26,795.00
Fixed Charge: Industrial Land Properties	\$100.00 per rating unit	\$13,500.00
Capital Value Rate: Commercial Businesses	0.000533 per dollar of capital value	\$66,885.00
Capital Value Rate: Commercial Accommodation	0.000503 per dollar of capital value	\$53,615.23
Capital Value Rate: Secondary Accommodation	0.000251 per dollar of capital value	\$107,154.77
Total Expected Rates (including GST)		\$267,950.00
Total Expected Rates (excluding GST)		\$233,000.00
Economic Development Rate		
Fixed Charge	\$10.00 per SUIP	\$47,360.00
Capital Value Rate	0.000106 per dollar of capital value	\$25,090.00
Total Expected Rates (including GST)		\$72,450.00
Total Expected Rates (excluding GST)		\$63,000.00
Alps to Ocean Rate		
Fixed Charge		\$115,000.00
Total Expected Rates (excluding GST)	\$24.28 per SUIP	\$100,000.00
Rural Cattle Stop Maintenance Rate		
Fixed Charge	\$400.00 per cattle stop	\$18,400.00
Total Expected Rates (excluding GST)		\$16,000.00

Rating impact on sample properties

	2017/18 Financial Year		2018/19 Financial Year	
	Capital Value	Rates	Capital Value	Rates
Fairlie				
A property on Denmark Street	\$ 170,000.00	\$ 1,814.47	\$ 215,000.00	\$ 1,772.70
A property on Gray Street	\$ 210,000.00	\$ 1,985.28	\$ 265,000.00	\$ 1,951.00
A property on Regent Street	\$ 250,000.00	\$ 2,100.19	\$ 315,000.00	\$ 2,054.90
Lake Tekapo				
A property on Scott Street	\$ 360,000.00	\$ 1,905.79	\$ 580,000.00	\$ 2,091.90
A property on Hamilton Drive	\$ 485,000.00	\$ 2,372.63	\$ 730,000.00	\$ 2,480.20
A property on Sams Place	\$ 610,000.00	\$ 2,328.34	\$ 980,000.00	\$ 2,637.80
Twizel				
A property on Hopkins Road	\$ 215,000.00	\$ 1,735.97	\$ 345,000.00	\$ 1,820.60
A property on Dusky Place	\$ 250,000.00	\$ 1,947.82	\$ 390,000.00	\$ 1,998.90
A property on Glen Lyon Road	\$ 410,000.00	\$ 2,182.15	\$ 520,000.00	\$ 2,132.60
Rural Properties				
Rural Property on Nelson Rd	\$ 930,000.00	\$ 1,928.15	\$ 1,010,000.00	\$ 2,003.90
Rural Property on Manuka Terrace	\$ 1,740,000.00	\$ 2,075.30	\$ 2,090,000.00	\$ 2,399.80
Rural Property on Rollesby Valley Rd	\$ 2,750,000.00	\$ 3,166.31	\$ 3,010,000.00	\$ 3,395.50
Rural Property on Clayton Settlement Rd	\$ 3,560,000.00	\$ 3,941.33	\$ 3,880,000.00	\$ 4,337.20
Rural Property on Mt Nissing Rd	\$ 4,620,000.00	\$ 5,186.49	\$ 5,050,000.00	\$ 5,603.40
Rural Property on Nixons Rd	\$ 4,030,000.00	\$ 4,549.13	\$ 5,750,000.00	\$ 6,361.60
Rural Property on Mt Nissing Rd	\$ 6,400,000.00	\$ 7,109.41	\$ 7,000,000.00	\$ 7,713.90
Rural Property on Middle Rd	\$ 7,125,000.00	\$ 7,892.59	\$ 7,800,000.00	\$ 8,579.80
Rural Property on Clayton Rd	\$ 9,375,000.00	\$ 10,323.30	\$ 10,300,000.00	\$ 11,285.50
Rural Property on Clayton Rd	\$ 11,950,000.00	\$ 13,995.87	\$ 13,100,000.00	\$ 15,228.40

Note: the above sample properties have been selected as properties with a single dwelling with indicative rates shown.