



# Mackenzie District Council

Annual Plan

2017 – 2018

“Fostering Our Community”

# Council Directory

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# INTRODUCTION

Introduction from the Mayor and Chief Executive Officer

How Your Rates are Spent

Key Projects for 2017/18

# Introduction from the Mayor and Chief Executive Officer

It is a pleasure to introduce this 2017/18 Annual Plan for the Mackenzie District Council. The document is our second Annual Plan to be produced under the provisions of the 2014 Local Government Act amendments. The changes to the Act are significant in relation to the consultation requirements for Local Government. The provisions allow a more focused community discussion through the Long Term Plan process and streamline the implementation of subsequent Annual Plans as long as they maintain the direction set by the Long Term Plan process. Our view is that these are positive changes.

The objectives and overall implementation provisions of this Annual Plan are essentially unchanged from year two of the Long Term Plan. Council has considered the effect of all changes and determined them to be minor in their specific and cumulative effects, as such the decision has been made to not re-consult as part of the Plan process. We look forward to continuing to implement the goals that our community has sought.

Council's overriding objective for the Long Term Plan was to ensure that the District's affairs were managed in a prudent and responsible manner. The Annual Plan delivers this, with an average rates rise of 6% which is at the rates cap set in the Council's Financial Strategy.

The key focus areas for 2017/18 are to progress the District Plan Review, reduce our unsealed road maintenance backlog, continue with water main replacements and further develop our community and reserve facilities.

Mackenzie District Council staff continue to work towards completing a review of many of the provisions within the Mackenzie District Plan. A recently released decision on Council's Plan Change 13 has allowed staff to integrate this decision with aspects of the Rural Chapter that are subject to the District Plan Review process.

Council will continue consulting with those affected by the District Plan Review moving forward, and welcome the opportunity to receive feedback. Once notified the community will also have the opportunity to make submissions on the Plan, and attend hearings to present your views to the hearing panel, prior to a decision being made.

The Mackenzie District Council has recently been the fortunate recipient of two Government grant funds, from the Ministry of Business and Innovation's Tourism Infrastructure Fund, the first being for \$405,000 and the second grant for \$642,000. These funds will be used to further develop infrastructure that supports community and visitor enjoyment of our district.

The plan also includes allowance for staff and resources to meet the demand that will arise as a result of the strong development levels we are experiencing at the moment.

Overall this plan reflects a continuation of the very strong progress that is being made within our district. We are confident that the plan maintains appropriate financial control to strengthen the district while also allowing for proper maintenance of our asset base and supporting the exciting growth opportunity.



G. B. Smith

Mayor  
Graham Smith

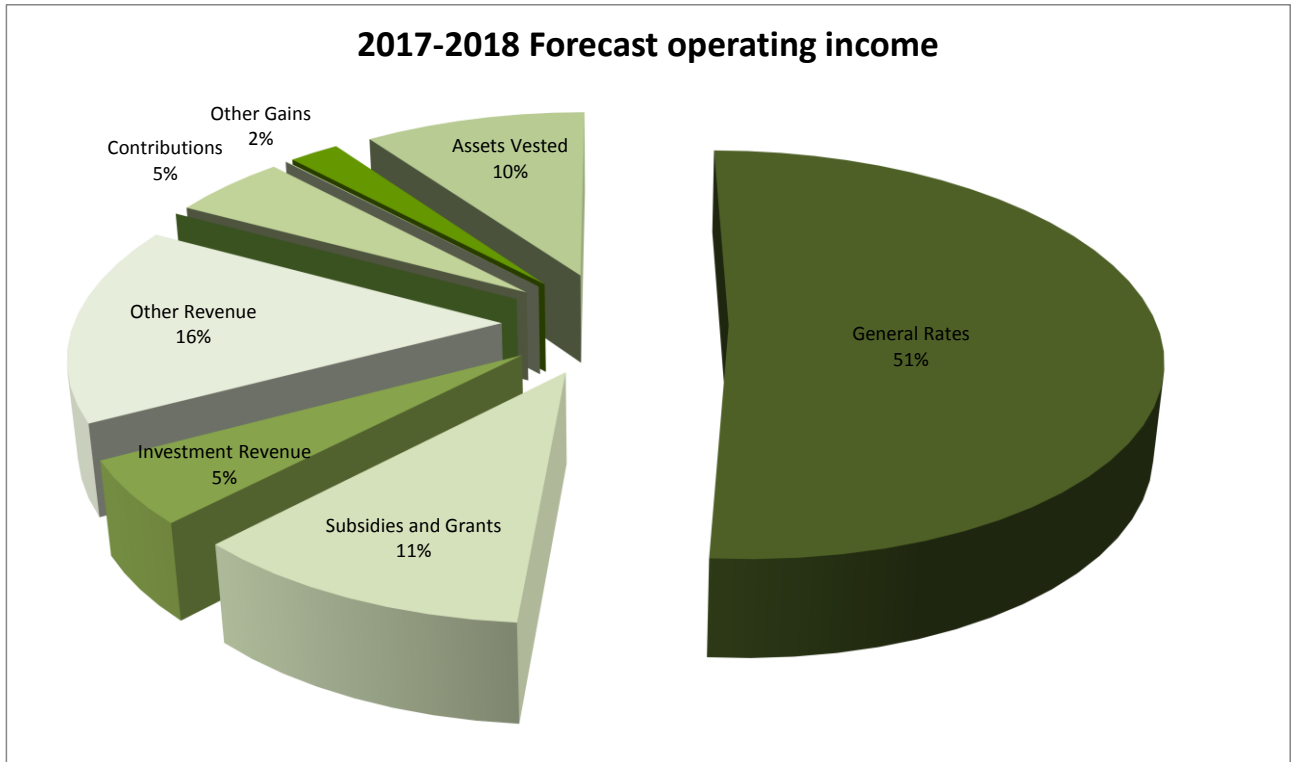


Wayne Barnett

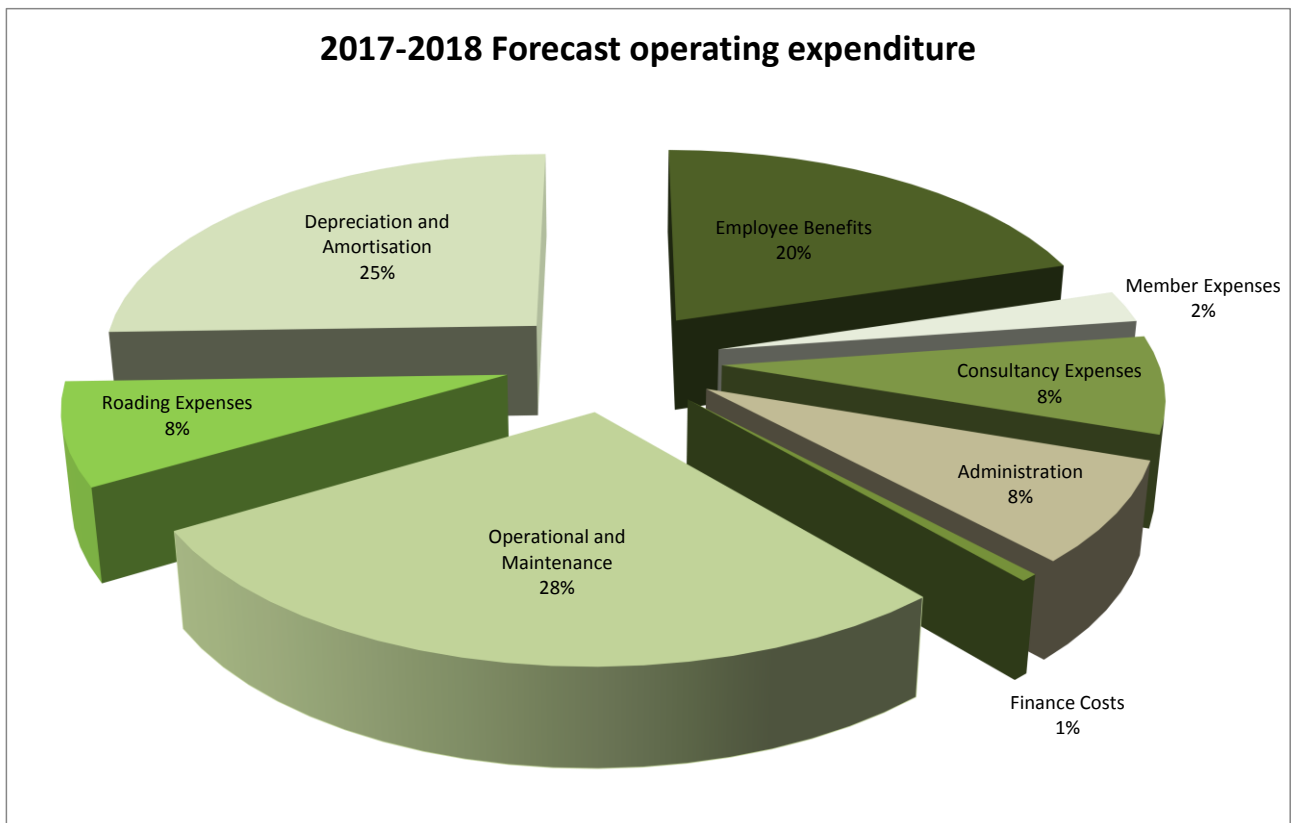
Chief Executive Officer  
Wayne Barnett

## How Your Rates Are Spent

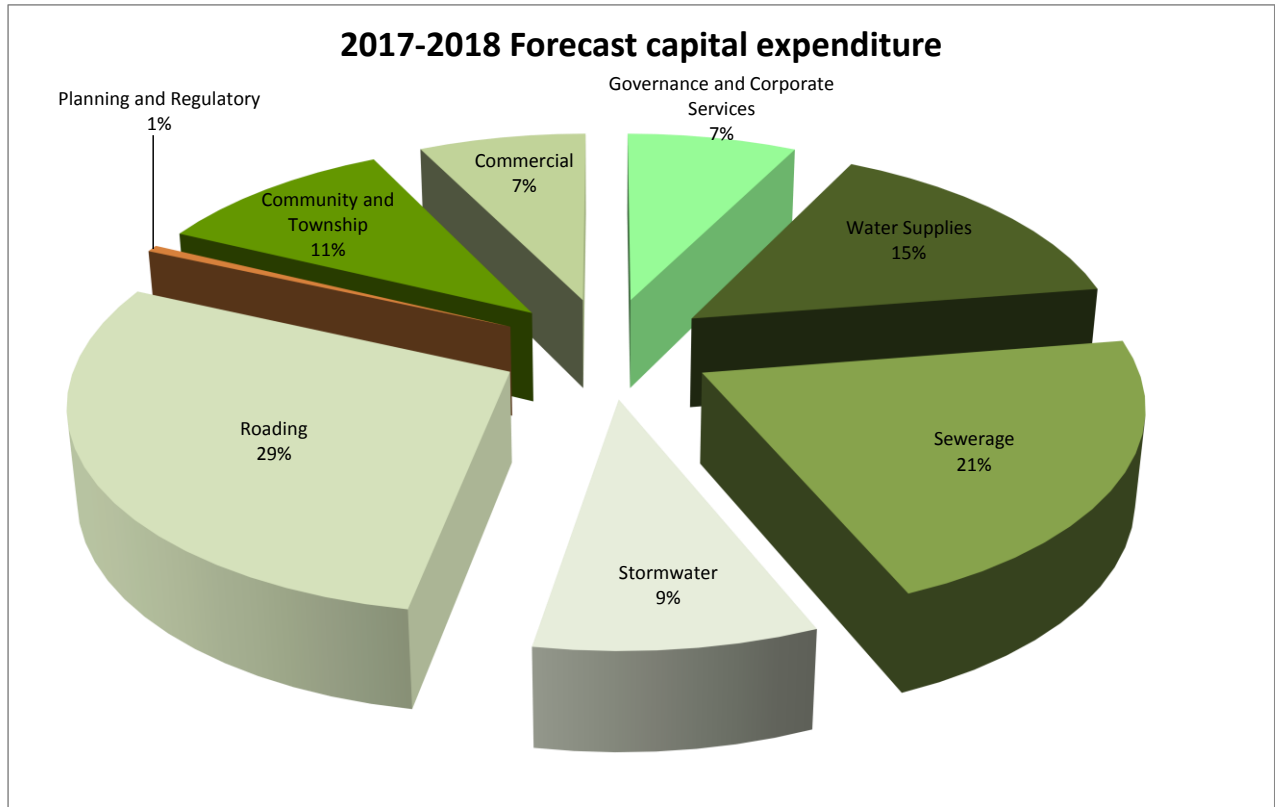
**Forecast Operating Income for the 2017/18 year (\$16.790 million)**



**Forecast Operating Expenditure by Activity for the 2017/18 year (\$15.361 million)**



**Forecast Capital Expenditure for the 2017/18 year (\$8.710 million)**





# Key Projects for 2017/18

## Tekapo Lakefront Development

Council's commercial land development project at the Tekapo lakefront is well advanced. The first two stages are now complete and title has been issued for seven new allotments. Five sites have been sold and one is subject to a conditional Sale and Purchase Agreement. Council has decided to hold the remaining site until on-site construction is substantially advanced.

Work is progressing on the development of Council owned land at Lakeside Drive. Physical work is scheduled for completion in July 2017. This work will enable Council to fulfil its obligations under the Sale and Purchase Agreement it has with the hotel developer, Tekapo Lake Resort Ltd.

## Public Facilities Infrastructure

The District is presently undergoing a period of growth, which brings benefits and opportunities to our community. With that growth has come an increase in demand for the use of Council facilities and services. The Council considers it has an important role in maintaining levels of service to our communities and visitors, and continues to focus on providing a high standard of facilities.

Projects for the upcoming year include the installation of additional toilets at Lake Ruataniwha, and an upgrade of the existing toilets at Lake Wardell. The Council has also planned to replace the current public toilets in Tekapo with new toilets in the western carpark area, and upgrade the disposal system for the public toilets at the Lake Pukaki lookout. As a result of the recent approval of co-funding applications from the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund, the Council will use this co-funding towards these projects as well as carrying out some additional programmes. These are the installation of a new public toilet at Burkes Pass, a new waste compacting bin and an upgrade to the effluent dump station at Tekapo, a new waste compacting bin at Lake Alexandrina, and some provision for toilets and services upgrades at the Pines campground area at Lake Pukaki. These projects are yet to be finalised.

The Council was only recently advised of the co-funding decision at the time of writing this plan and therefore these arrangements were not able to be included in the financial information.

## Tekapo Domain and Greenways Projects

Attractive and vibrant townships are important to our communities, businesses and visitors. Further improvements are planned for Tekapo in the 2017/18 year, involving the landscaping of the central greenway/viewing corridor area in the township through to the Domain. Design and development work for the balance of the Domain will also be undertaken.

## Design Work for the Upgrade of Fairlie Water Supply

Safe and sustainable infrastructure including community water supplies is a key outcome for Council. Fairlie's drinking water supply will be upgraded in 2018/19, and the preparation and design work for this significant project will be undertaken in this annual plan year.

## Twizel and Fairlie Water Supply Pipe Upgrade Work

The Council's Infrastructure Strategy identifies one of the biggest issues facing the Council in the next 30 years is the need to replace asbestos cement and concrete water pipes in each of the three towns. This is a significant programme of work and the Council is committed to the upgrades to provide safe and reliable drinking water supplies to its communities. Included in the 2017/18 programme are planned pipe upgrades in Twizel and Fairlie.

## Tekapo Sewage Disposal Upgrade

The Tekapo wastewater system has previously experienced issues in relation to the disposal of treated effluent during winter freezing periods. The Council has initiated investigations at the site and will complete its review of disposal options and undertake an upgrade of the disposal system in the 2017/18 period. This will ensure that the system complies with appropriate environmental standards and will enable the Council to meet its obligations in respect of resource consents.

## District Plan Review

Under the Resource Management Act 1991 (RMA), every district council must have a District Plan. The Mackenzie District Plan was adopted in 2004 and much of it is due for review. The Council has initiated the review programme, and proposes to consult on draft provisions and commence the formal public submissions process in 2017/18. This will provide the opportunity for the community and stakeholders to have their say.



## Roadings

The Council views the roading network as vital infrastructure, underpinning the district's economic wellbeing and supporting significant activities such as farming and tourism. The provision of road services is the biggest single cost item for the Council. In its Long Term Plan the Council set out an ongoing programme of works to address a backlog of maintenance requirements on the district's roads. This programme of work will continue, to maintain the network to required levels of service.

## Council's Financial Strategy

The budgets and programmes in this Annual Plan will comply with the limits on rates and debt set in the Council's Financial Strategy.

	Financial Strategy Limits (year 3)	Annual Plan 2017/18
<b>Rates</b>	6%	6%
<b>Debt</b>	\$948,000	\$266,000



# COUNCIL ACTIVITIES

Introduction

Roading

Water Supplies

Sewerage

Stormwater

Regulatory Services

Community and Township Services

Governance and Corporate Services

Tourism, Economic Development and  
Commercial Activities

## Council Activities – Introduction

Council activities are grouped into eight categories:

- Roding
- Water Supplies
- Sewerage
- Stormwater
- Regulatory Services
- Community and Township Services
- Governance and Corporate Services
- Tourism, Economic Development and Commercial Activities

Each of these activities is summarised in the following pages, and includes comments where there are changes from year 3 (2017/18) of the Long Term Plan 2015-25 (LTP).

# Roading

## What we do

Council owns and maintains 731 kilometres of local roads within the district, made up of 212 km sealed and 519 km unsealed roads. State highways within the district are owned and maintained by the New Zealand Transport Agency (NZTA), and roading in Mt Cook Village is administered by the Department of Conservation. Rural roads make up 92% of the district's roading network.

Roading assets administered by Council also include footpaths, bridges, streetlights, signage and other assets associated with transportation. The total replacement cost for Council's roading assets is \$84.9m (July 2013 valuation).

In 2016 Council developed a Transportation Strategy which provides overall strategic direction for all of Council's roading activities.

The Council is proud to support the Aoraki Mackenzie International Dark Sky Reserve. As part of its asset management role, Council ensures compliance with lighting standards for all new subdivisions, and is working on a programme of gradual replacement of street lighting to protect the night sky.

## Plans for the Year

The roading activity is largely 'business as usual', based on our NZTA approved programme. The Council will continue to fund above the NZTA programme, as signalled in the LTP.

The Council will continue its resealing and re-metalling works, which involve initially addressing the most urgent sites in need of maintenance on both the sealed and unsealed network.

To maintain current service levels on its unsealed roads the Council needs to apply approximately 21,000m<sup>3</sup> of wearing course and maintenance metal annually, which will continue in 2017/18. Maintenance of the current levels of service on the sealed network involves resealing 111,000m<sup>2</sup> (approximately 19km) per annum. The budgeted cost for this is \$1.28m, of which metalling is \$596,000 and sealing is \$684,000.

In addition to reseals, there are sections of road requiring pavement rehabilitation. The Council has provided for ongoing rehabilitation requirements in the 2017/18 year of \$175,000.

## Footpaths, Streetlights and Drainage Assets

Footpath works will reduce as the roll out of Ultra-Fast Broadband (UFB) has been announced for Tekapo and Twizel. The existing surfaces will be maintained for safety only in these towns until the UFB project is completed. Renewals of existing surfaces will continue in Fairlie, prioritised in areas of greatest need.

The Council's street lighting programme will be increased to change out current light fittings to LEDs, to make the most of a favourable subsidy rate from NZTA until the end of the 2017/18 year. This will reduce maintenance costs and will be more energy efficient.

The Council's drainage work programme is business as usual, as per the LTP.

## Variances to the Long Term Plan 2015-2025

### Changes to Roding Business Unit Costs

An additional \$71,000 is budgeted for the Roding Business Unit in 2017/18. This reflects corrections in allocating staff time to this area and a requirement for increased consultancy support for upcoming commitments including the National Land Transport Programme, better business case development, and collaboration work. Some of the costs will be offset by an increase in funding from NZTA and a reduction in employment expenses elsewhere. The remainder will be funded from the roading rate, which will increase by 0.75 per cent overall.

### Reduction in Proposed Borrowing

The amount of proposed borrowing has been reduced by \$100,000 in 2017/18 (from \$900,000 to \$800,000). This will reduce annual repayments required from roading ratepayers by \$5000 over the 20 years from 2017/18.



## Increased Interest and Depreciation Costs

Interest and depreciation costs have increased from that anticipated in year 3 of the LTP. This is due to an increase in assets vesting in Council including the Tekapo Footbridge, which were not contemplated when the LTP was adopted. It also includes unbudgeted roading developments in Tekapo.

While these matters are identified as variances from the programme set out in year 3 of the LTP, they do not constitute significant or material differences.

## Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b>		
<ol style="list-style-type: none"> <li>1. A thriving economy</li> <li>2. Safe, effective and sustainable infrastructure</li> <li>3. A fit and healthy community</li> <li>4. An attractive and highly valued natural environment</li> </ol>		
<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Targets 2017/18</b>
Council provides safe, smooth, quality sealed roads in order to reduce travel times and vehicle wear.	The average quality of ride on a sealed local road network, measured by smooth travel exposure.*	90% for rural and 75% for urban roads.
	The percentage of the sealed local road network that is resurfaced.*	≥4%
	The percentage of the unsealed road network renewed using wearing course and stabilisation techniques.	≥2%
	The percentage of road users satisfied with the roading network.	≥80%
Council provides a safe and efficient roading network.	The change from the previous financial year in the number of fatalities and serious injury crashes on the local road network, expressed as a number.*	Change from previous financial year= 0 (equates to a total target of ≤2 fatality and serious injury crashes)
	The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the LTP.*	≥75% of service requests relating to roads and footpaths will be responded to within 10 working days.
Footpaths are maintained in good condition and are fit for purpose	The percentage of footpaths that fall within the level of service or service standard for the condition of footpaths that is set out in the LTP.*	≥75% of the total length of footpaths are at or above the 'average condition rating'. Condition rating will be undertaken at not less than 5 years frequency.

\*Mandatory Performance Measure

## Roading Activity Funding

### Forecast Financial Summary

Notes	Annual Plan	LTP Budget	Budget	Variance from
	2016/2017	2017/2018	2017/2018	LTP
	\$000's	\$000's	\$000's	
REVENUE				
Targeted rates	1,154	1,371	1,152	(219)
Subsidies and grants	1,553	1,525	1,826	301
Other revenue	26	26	26	0
Financial/upgrade contributions	0	0	0	0
Internal interest income	0	24	0	(24)
Internal income	0	0	0	0
Assets vested	2,673	318	318	0
TOTAL REVENUE	5,406	3,264	3,322	
EXPENDITURE				
Personnel costs	172	158	193	(35)
Consultancy expenses	100	98	140	(42)
Administration	3	0	0	0
Roading expenses	1,193	1,220	1,220	0
Interest on capital reserves	20	1	60	(59)
Internal expenses	19	16	16	0
Finance costs	36	69	69	0
Depreciation	1,995	1,844	2,184	(340)
TOTAL EXPENDITURE	3,538	3,406	3,882	
OPERATING SURPLUS/(DEFICIT)	1,868	(142)	(560)	



**Forecast Funding Impact Statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	1,154	1,371	1,152
Subsidies and grants for operating purposes	697	908	771
Fees and charges	0	0	0
Internal charges and overheads recovered	0	24	59
Local authorities fuel tax, fines, infringement fees, and other receipts	26	44	26
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,877</b>	<b>2,348</b>	<b>2,008</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	1,468	1,506	1,553
Finance costs	36	69	69
Internal charges and overheads applied	39	17	17
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,543</b>	<b>1,592</b>	<b>1,639</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>334</b>	<b>756</b>	<b>369</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	855	617	1,055
Development and financial contributions	0	0	0
Increase (decrease) in debt	738	796	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>1,593</b>	<b>1,413</b>	<b>1,055</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	2,673	0	0
- To improve the level of service	0	0	0
- To replace existing assets	2,124	2,197	2,201
Increase (decrease) in reserves	(2,870)	(28)	(777)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>1,927</b>	<b>2,169</b>	<b>1,424</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(334)</b>	<b>(756)</b>	<b>(369)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.



**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	334	756	369
Less:			
Depreciation	1,995	1,844	2,184
Add:			
Vested Assets	2,673	318	318
Capital Portion NZTA Funding	855	617	1,055
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>1,868</b>	<b>(153)</b>	<b>(442)</b>

## Forecast Capital Expenditure

### Projects

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's

### MEET ADDITIONAL DEMAND

#### *District Roading*

Vested assets	2,673	318	319
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND	2,673	318	319

### REPLACE EXISTING ASSETS

#### *District Roading*

Unsealed road metalling	596	0	700
Sealed road resurfacing	684	524	600
Footpath - surfacing	242	166	166
Drainage renewal	105	62	62
Sealed road pavement rehabilitation	176	357	268
Structures component replacements bridges	20	744	60
Structures component replacements cattlestops	6	7	8
Traffic services renewals	40	72	72
Associated improvements	0	0	0
Minor improvements	250	259	259
Plant and Equipment	5	5	6
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS	2,124	2,196	2,201

### TOTAL CAPITAL EXPENDITURE

4,797	2,514	2,520
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# Water Supplies

## What we do

The Water Supplies activity aims to provide for the safe and effective treatment, storage and distribution of water to urban and rural parts of the district.

There are community water supplies in the townships of Twizel, Tekapo, Fairlie and Burkes Pass, a small stand-alone water supply at Pukaki Airport, and rural schemes at Allandale, Kimbell and Albury. The Council manages the four urban schemes, the Pukaki Airport supply, and the rural scheme at Allandale.

Management of the Albury water supply is undertaken by the Albury Rural Water Supply Society Inc. under a formal agreement with the Council. Management of a small piped stock water scheme, Kimbell Rural, for which Council holds resource consent to take water, is carried out by the consumers.

There are two public stock water race systems in the District. They are Ashwick Opuha and School Road.

The water supply asset includes all Council owned pipelines, valves, hydrants, treatment facilities, and related infrastructure.



## Plans for the Year

The Council's 2015 Infrastructure Strategy identified one of the biggest issues facing the Council in the next 30 years is the need to replace asbestos cement and concrete water pipes in each of the three towns. This is a significant programme and \$450,000 is budgeted for this important work in the 2017/18 year. Replacement of asbestos cement pipe in Rata Road and Ben Ohau Road in Twizel will be undertaken in 2017/18. Pipe renewals will also be undertaken in Kirke Street and Doon Street in Fairlie, to replace ageing concrete pipes.

Design work for the new Fairlie water treatment plant will be undertaken in the 2017/18 year, with construction planned for the following year. There will be some minor upgrade work to equipment at the Tekapo treatment facility. Scada telemetry equipment will be installed at the Tekapo intake to measure flows, and at the Fairlie reservoir to measure levels and outflows. Rural water supplies will continue to be operated as they are at present.

## Variances from the Long Term Plan 2015-2025

### Combined Urban Water Supply Operating Cost Variances

The Council's budgeted income from water meters shows a slight increase by \$28,000. This more accurately reflects actual income received from meters. Operating costs for the combined urban water supplies are increased for the 2017/18 year from that anticipated in year 3 of the LTP. These will increase by \$165,000 due to increased insurance, contractor and depreciation costs, and increased electricity charges for running an additional pump at The Drive in Twizel.

### Fairlie Water Treatment Plant

The construction of a new treatment plant to upgrade Fairlie's drinking water supply was planned for 2017/18, but this has been delayed due to the need to undertake further investigation work. Construction is now planned for 2018/19. Design work for the new treatment plant will be undertaken in 2017/18 at a cost of \$234,000, with \$2m held over for construction in 2018/19.

### Fairlie and Twizel Pipe Renewal Work

The capital expenditure for planned pipe renewal work in the District has been increased by \$135,000. This budget has been refined from that reported in the LTP based on accurate scoping of work on known tender prices for similar type of opencast trenching. If pipe bursting techniques are suitable for the proposed works savings could be achieved.

### Allandale Water Supply Costs

The annual contractor budget has been increased by \$24,000 from 2017/18 onwards to reflect the actual costs for repair and maintenance of the supply.

### Increased Interest and Depreciation Costs

Interest and depreciation costs have increased from that anticipated in year 3 of the LTP. This is due to an increase unbudgeted development in Tekapo which was not contemplated when the LTP was adopted.

While these matters are identified as variances from the programme set out in year 3 of the LTP, they do not constitute significant or material differences.

### Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b>		
1. A thriving economy 2. Safe, effective and sustainable infrastructure 3. An attractive and highly valued natural environment		
<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Targets 2017/18</b>
Water supplies are available and reliable	The percentage of real water loss from the networked reticulation system.* <sup>1</sup>  The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system: <ul style="list-style-type: none"> <li>a) Attendance for urgent call- outs: from the time that the Council receives notification to the time that the service personnel reach the site, and</li> <li>b) Resolution of urgent call-outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption, and</li> <li>c) Attendance for non-urgent call-outs: from the time that the Council receives notification to the time that the service personnel reach the site, and</li> <li>d) Resolution of non-urgent call- outs: from the time that the Council receives notification to the time that service personnel confirm resolution of the fault or interruption.*</li> </ul>	Estimated target: less than 25%   a) 2 hours  b) 12 hours  c) 72 hours  d) 120 hours
	The average consumption of drinking water per day per resident within the District.*	Less than 1.3m <sup>3</sup> per person per day within urban schemes.
Water is safe to drink	The extent to which the drinking water supplies comply with the drinking water standards for protozoal compliance*	3 of 4 supplies comply: Fairlie upgrade completed in 2017/18.
	The extent to which the drinking water supplies comply with the drinking water standards for bacteria compliance*	≥ 95% compliance for all 4 supplies
Residents are satisfied with the water supply provided.	The total number of complaints received about any of the following: <ul style="list-style-type: none"> <li>a) Drinking water clarity</li> <li>b) Drinking water taste</li> <li>c) Drinking water odour</li> <li>d) Drinking water pressure or flow</li> <li>e) Continuity of supply; and</li> <li>f) Council's response to any of the above.</li> </ul> Expressed per 1000 connections to the networked reticulation system.*	Less than 5 complaints per 1000 connections within urban schemes.
	% of ratepayers satisfied with the water supply service.	80%

\* Mandatory Performance Measure

<sup>1</sup> There are known and recorded pumped volumes supplied to each scheme. However at present the district's urban schemes are each made up of non-metered and metered supplies, and are a mix of on-demand and restricted supply. This means that there is currently no way to measure a difference between supply and consumption. The Council is able to make a coarse estimate only.

## Water Supplies Activity

### Forecast Financial Summary

	Notes	Annual Plan	LTP Budget	Budget	Variance from
		2016/2017	2017/2018	2017/2018	LTP
		\$000's	\$000's	\$000's	
REVENUE					
Targeted rates		984	1,010	1,183	173
Investment revenue		2	1	2	1
Other revenue		161	166	191	25
Financial/upgrade contributions		0	342	342	0
Other gains		0	0	0	0
Internal interest income		2	4	2	(2)
Internal income		3	3	3	0
Assets vested		91	525	525	0
TOTAL REVENUE		1,243	2,051	2,248	
EXPENDITURE					
Personnel costs		11	11	17	(6)
Consultancy expenses		14	2	0	2
Administration		83	39	40	(1)
Operational and maintenance		475	494	568	(74)
Interest on capital reserves		62	104	152	(48)
Internal expenses		3	3	3	0
Finance costs		11	19	19	0
Depreciation		515	504	580	(76)
TOTAL EXPENDITURE		1,174	1,176	1,379	
OPERATING SURPLUS/(DEFICIT)		69	875	869	

## Forecast Funding Impact Statement for 2017-18

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	984	1,010	1,183
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	5	7	5
Local authorities fuel tax, fines, infringement fees, and other receipts	163	167	193
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,152</b>	<b>1,184</b>	<b>1,381</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	583	547	626
Finance costs	11	19	19
Internal charges and overheads applied	65	107	155
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>659</b>	<b>673</b>	<b>800</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>493</b>	<b>511</b>	<b>581</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	342	342
Increase (decrease) in debt	0	152	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>0</b>	<b>494</b>	<b>342</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	91	0	0
- To improve the level of service	1,078	2,868	790
- To replace existing assets	0	11	0
Increase (decrease) in reserves	(676)	(1,874)	133
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>493</b>	<b>1,005</b>	<b>923</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(493)</b>	<b>(511)</b>	<b>(581)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	493	511	581
Less:			
Depreciation	515	504	580
Add:			
Vested Assets	91	525	525
Financial Contributions	0	342	342
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>69</b>	<b>875</b>	<b>869</b>



## Forecast Capital expenditure

Projects	Notes	2017	2018	
		LTP Budget	LTP Budget	Budget
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
<i>Urban Water</i>				
Vested assets		91	525	525
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		91	525	525
IMPROVE LEVEL OF SERVICE				
<i>Urban Water</i>				
Town Reticulation - renewal		975	374	510
Community assets - Water supply		0	16	16
Plant		33	19	19
Service Connections		60	0	0
Allandale - Reticulation extension		10	0	0
Treatment - new		0	2,459	234
<i>Allandale Water</i>				
Community assets - Water supply		0	11	11
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		1,078	2,879	790
TOTAL CAPITAL EXPENDITURE		1,169	3,404	1,315

# Sewerage

## What we do

The Council is responsible for the management of wastewater (sewage) collection, treatment and disposal services for its urban communities. Sewerage services are provided to support the development of the district and to protect the physical environment and the health of the community.

There are community sewerage systems in the townships of Fairlie, Burkes Pass, Tekapo and Twizel. In each case, effluent is collected and treated by way of an oxidation pond system and then discharged to ground. The sewerage asset includes all Council-owned pipelines, manholes, treatment facilities and related infrastructure.



## Plans for the Year

The Tekapo wastewater system has previously experienced issues from the disposal of treated effluent during winter freezing periods. The Council has initiated investigations at the site, and in the upcoming year will complete its review of disposal options and undertake design processes for the upgrade. This will ensure that the system complies with appropriate environmental standards and will enable the Council to meet its obligations in respect of resource consents.

Council will proceed with the Twizel wastewater treatment and disposal system upgrade in the upcoming year at a cost of \$1m. Other planned works include the installation of Scada telemetry at the Pukaki Airport sewer pump station, and a new aerator will be installed at the Fairlie treatment plant.

The inspections of sewer mains in Fairlie and Tekapo continues, with a planned programme of replacement starting in 2017/18.

## Variances from the Long Term Plan 2015-2025

### Tekapo Wastewater Treatment Plant Works

As noted above, in 2015/16 the Council initiated a programme of investigation of the wastewater disposal system in Tekapo as the site was experiencing issues during winter freezing periods. However work on a new disposal system has not been able to be completed as programmed. The Council has provided \$500,000 in the 2017/18 Annual Plan to complete the investigations and for design of the upgraded system.

### Twizel Wastewater Treatment Upgrade

The Council had planned to upgrade and consolidate the Twizel wastewater treatment and land disposal system in the 2015/16 year, however those works were delayed. These works are now programmed for the 2017/18 year. The initial budget in the LTP for these works was \$720,000, but is now costed at \$1m.

These works will be funded from the Council's capital reserves, resulting in a loss of interest income of \$34,000 from that budgeted. This loss of income will be made up by rates.

### Eversley Sewer Rates

The rates requirement for the Eversley sewer scheme has been reduced by \$3000, due to the receipt of lump sum payments. This reduces the rates required from Eversley ratepayers.

While these matters are identified as variances from the programme set out in year 3 of the LTP, they do not constitute significant or material differences. They relate to the timing of projects already planned, rather than new or significant projects.

## Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b> <ol style="list-style-type: none"> <li>1. Safe, effective and sustainable infrastructure</li> <li>2. A fit and healthy community</li> <li>3. An attractive and highly valued natural environment</li> </ol>		
Levels of Service	Performance Measure	Targets 2017/18
Sewage is managed without risk to public health	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system.*	≤5
Safe discharge of wastewater	Compliance with the Council's resource consents for discharge from its sewerage system measured by the number of: <ol style="list-style-type: none"> <li>a) abatement notices</li> <li>b) infringement notices</li> <li>c) enforcement orders, and</li> <li>d) convictions</li> </ol> received by the Council in relation those resource consents.*	a) Nil b) Nil c) Nil d) Nil
Sewage is able to be disposed of without significant disruption	Where the Council attends to sewerage overflows resulting from a blockage or other fault in the Council's sewerage system, the following median response times measured: <ol style="list-style-type: none"> <li>a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and</li> <li>b) resolution time: from the time that the territorial authority receives notification to the time that service personnel confirm resolution of the blockage or other fault.*</li> </ol>	a) ≤1 hour b) ≤4 hours
Sewage is able to be disposed of without significant disruption	The total number of complaints received by the Council about any of the following: <ol style="list-style-type: none"> <li>a) sewage odour</li> <li>b) sewerage system faults</li> <li>c) sewerage system blockages, and</li> <li>d) the Council's response to issues with its sewerage system, expressed per 1000 connections to the Council's sewerage system.*</li> </ol>	≤50
Sewage is managed without risk to public health	Percentage of ratepayers satisfied with the sewage treatment and disposal service.	85%

\* Mandatory Performance Measure

## Sewerage Activity

### Forecast Financial Summary

Notes	TRUE	LTP Budget	Budget	Variance from
	2016/2017	2017/2018	2017/2018	LTP
	\$000's	\$000's	\$000's	
REVENUE				
Targeted rates	562	579	599	20
Other revenue	6	6	12	6
Financial/upgrade contributions	0	205	205	0
Internal interest income	35	43	9	(34)
Assets vested	149	339	339	0
TOTAL REVENUE	752	1,172	1,164	
EXPENDITURE				
Consultancy expenses	10	0	0	0
Administration	41	11	11	0
Operational and maintenance	199	239	239	0
Interest on capital reserves	6	6	4	2
Depreciation	344	363	358	5
TOTAL EXPENDITURE	600	619	612	
OPERATING SURPLUS/(DEFICIT)	152	553	552	

**Forecast Funding Impact Statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	562	579	599
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	35	43	9
Local authorities fuel tax, fines, infringement fees, and other receipts	6	6	12
<b>TOTAL OPERATING FUNDING (A)</b>	<b>603</b>	<b>628</b>	<b>620</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	250	250	250
Finance costs	0	0	0
Internal charges and overheads applied	6	6	4
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>256</b>	<b>256</b>	<b>254</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>347</b>	<b>372</b>	<b>366</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	205	205
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>0</b>	<b>205</b>	<b>205</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	149	0	0
- To improve the level of service	1,000	11	1,511
- To replace existing assets	11	0	0
Increase (decrease) in reserves	(813)	566	(940)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>347</b>	<b>577</b>	<b>571</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(347)</b>	<b>(372)</b>	<b>(366)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	347	372	366
Less:			
Depreciation	344	363	358
Add:			
Vested Assets	149	339	339
Financial Contributions	0	205	205
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>152</b>	<b>553</b>	<b>552</b>

**Forecast Capital Expenditure**

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017 \$000's	2017/2018 \$000's	2017/2018 \$000's
MEET ADDITIONAL DEMAND				
Urban Sewer				
Vested assets		149	339	339
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		149	339	339
IMPROVE LEVEL OF SERVICE				
Urban Sewer				
Sewer Reticulation - renewal		1,000	11	11
Sewer Treatment - new		0	0	1,500
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		1,000	11	1,511
REPLACE EXISTING ASSETS				
Urban Sewer				
Sewer Reticulation - new		11	0	0
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		11	0	0
TOTAL CAPITAL EXPENDITURE		1,160	350	1,850



# Stormwater

## What we do

Council is responsible for the management of \$3.48m worth of stormwater assets. Stormwater management is the smallest of the 3 Waters activities. The stormwater network provides drainage away from the road corridor and homes to minimise the incidence of flooding.

There are simple networks in Fairlie, Tekapo and Twizel only. They discharge to ground or to water after flowing through some form of treatment facility such as a swale or larger vegetated treatment area.



## Plans for the Year

Environment Canterbury's Land and Water Regional Plan requires our urban networks to each have a Stormwater Management Plan. These key documents will be completed in 2017/18 for Fairlie, Twizel and Tekapo and lodged with Environment Canterbury for approval. It is likely this process will identify the need for improving the discharge quality on some outlets in each town, which will be programmed in subsequent years.

Other than that, the Council's stormwater activity is 'business as usual' as per the Long Term Plan.

## Variances to the Long Term Plan 2015-2025

The Council had planned to install Humeceptor treatment equipment at various sites planned in year 3 of the LTP. However as described above the Council will develop the Stormwater Management Plans for each town's stormwater system in the upcoming year. Consideration of options and the installation of treatment systems will be undertaken in subsequent years, following the development of the Stormwater Management Plans.

Depreciation costs have increased from that anticipated in year 3 of the LTP, due to an increase unbudgeted development in Tekapo which was not contemplated when the LTP was adopted.

Other than that, there are no variances from year 3 of the Long Term Plan for this activity.

## Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b>		
1. Safe, effective and sustainable infrastructure 2. An attractive and highly valued natural environment		
<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Targets 2017/18</b>
System adequacy – the stormwater system is adequately sized and maintained.	The number of flooding events that occur in the district.*  For each flooding event, the number of habitable floors affected (per 1000 properties connected to the Council's stormwater system)*	Less than or equal to two flooding events.  Less than or equal to two per flooding event, per 1000 properties connected to the stormwater system.
Discharge compliance – The stormwater system is managed in accordance with consent conditions.	Compliance with the Council's resource consents for discharge from its stormwater system, measured by the number of abatement notices, infringement notices, enforcement orders, and convictions*	Nil abatement notices Nil infringement notices Nil enforcement orders Nil convictions
Response times – Flooding events from the stormwater system are promptly attended to.	The median response time to attend a flooding event, measured from the time that the Council receives notification to the time that service personnel reach the site.*	Two hours, including travel time to remote parts of the district.
Customer satisfaction – The stormwater system is managed to an appropriate quality of service.	The number of complaints received by the Council about the performance of its stormwater system, expressed per 1000 properties connected to the stormwater system.*	Less than five complaints per 1000 properties connected to the stormwater system.

\* Mandatory Performance Measure

## Stormwater Activity

### Forecast Financial Summary

	Annual Plan	LTP Budget	Budget	Variance from
Notes	2016/2017	2017/2018	2017/2018	LTP
	\$000's	\$000's	\$000's	
<b>REVENUE</b>				
Targeted rates	99	170	195	25
Financial/upgrade contributions	0	57	57	0
Internal interest income	12	11	7	(4)
Assets vested	232	463	463	0
<b>TOTAL REVENUE</b>	<b>343</b>	<b>701</b>	<b>722</b>	
<b>EXPENDITURE</b>				
Consultancy expenses	6	86	86	0
Administration	10	1	1	0
Operational and maintenance	29	29	29	0
Depreciation	67	66	87	(21)
<b>TOTAL EXPENDITURE</b>	<b>112</b>	<b>182</b>	<b>203</b>	
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>231</b>	<b>519</b>	<b>519</b>	

**Forecast Funding impact statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	99	170	195
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	12	11	7
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
<b>TOTAL OPERATING FUNDING (A)</b>	<b>111</b>	<b>181</b>	<b>202</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	45	115	115
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>45</b>	<b>115</b>	<b>115</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>66</b>	<b>66</b>	<b>87</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	57	57
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>0</b>	<b>57</b>	<b>57</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	232	321	321
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	(166)	(198)	(177)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>66</b>	<b>123</b>	<b>144</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(66)</b>	<b>(66)</b>	<b>(87)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	66	66	87
Less:			
Depreciation	67	66	87
Add:			
Vested Assets	232	463	463
Financial Contributions	0	57	57
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>231</b>	<b>519</b>	<b>519</b>

**Forecast Capital Expenditure**

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017	2017/2018	2017/2018
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
<i>Urban Stormwater</i>				
Vested assets		232	463	463
Plant		0	321	321
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		232	784	784
TOTAL CAPITAL EXPENDITURE		232	784	784

# Regulatory Services

## What we do

The Regulatory Services group of activities includes environmental and planning functions, building control, public health and liquor licensing, rural fire, civil defence and animal control.

## Plans for the Year

### Bylaws and Policy

In the 2017/18 year, the Council will develop a Local Approved Products Policy to manage whether and where 'legal highs' may be sold. It will also continue to review any Council policies and bylaws that are due for renewal.

### Resource Management and Planning

The Council continues with the review of the District Plan. Public notification of proposed provisions is due in the 2017/18 year. There will also be ongoing work in relation to Plan Change 13 (landscape management in the Mackenzie Basin) as this progresses through the High Court. The Council will also complete the processing of Plan Change 17 relating to indigenous vegetation rules in the 2017/18 year.

Resource consent numbers increased in the 2016/17 year, and these higher levels of consents are also likely to occur in the 2017/18 year.

### Building Control

Building control work is expected to continue to increase steadily over the year as outlined in the LTP.

### Animal Control, Health & Liquor Regulation

The Council has planned to continue its current services in respect of dog and animal control. Health and liquor functions will remain contracted to Timaru District Council. Timaru District Council has sub-contracted the Food Act regulatory functions to Food and Health Limited.

### Civil Defence and Rural Fire

The Council's civil defence function will continue to be managed as an essential part of Council's responsibilities. A change in organisational structure means the Council will no longer provide the rural fire function from 2017/18 onwards, which will result in a decrease in funding for this activity (with the exception of insurance costs).

## Variances to the Long Term Plan 2015–2025

### Health & Liquor Regulation Contract Costs

An increase in contract costs to provide inspection and enforcement services has been budgeted for in the 2017/18 year. This was not anticipated in the LTP. The total budget requirement for this contract has had to be increased by \$35,000 for the 2017/18 year. This is made up of \$19,000 from user fees, with the balance required from the general rate.

### Increases in Budgeted Income and Expenditure for Planning

Activity in the District has meant that the planning area has experienced an increase in activity from that anticipated at the time the LTP was produced. For the 2017/18 year, budgeted income from LIM and resource consent processing has increased by \$133,000 to reflect increases in these activities. Reserve contributions are also now budgeted to increase by an additional \$130,000 to reflect growth.

The budget for employment expenses has increased by \$70,000 for the 2017/18 year due to salary movement and a shift of administration support to this area. A minor portion of this will be funded from general rates with the majority being funded from user charges.

Budgeted consultancy expenses have also been increased by \$72,000 to support Plan Change 13 and the District Plan Review, and to cover the actual cost of legal fees. The consultancy budget includes the provision for monitoring and enforcement activity— for example, of freedom camping. This will be funded from the general rate.



## Increases in Budgeted Income and Expenditure for Building

For the 2017/18 year, budgeted income from the building activity will increase by \$187,000 to reflect a higher level of building activity than forecast in the Long Term Plan.

The increases in building activity have meant that there is increased requirements to service this activity, including employment expenses, outsourcing costs, additional tools and equipment costs. These costs are recovered from user charges.

## Rural Fire Savings

Because this activity will cease, there will be in a decrease in the rural rate funding requirement of \$90,000. It is likely the Council will still have to pay an insurance levy, so \$10,000 has been budgeted for this purpose from general rates although the actual amount is yet to be confirmed. Capital expenditure of \$66,000 was budgeted for this activity in year 3 of the LTP, but this has now been removed as it is no longer required.

## Civil Defence Radio Upgrade

Capital expenditure of \$11,000 is provided for the 2017/18 year to pay for upgrades of radio base units and hand-held radios. There will be no cost to ratepayers for this in 2017/18, with interest costs of \$150 to be incurred in the following year.

These changes are not considered material changes from year 3 of the LTP. There are no significant variances from the programme set out in year 3 of the LTP for the regulatory services area.

## Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b> <ol style="list-style-type: none"> <li>1. A thriving economy.</li> <li>2. Safe, effective and sustainable infrastructure.</li> <li>3. A fit and healthy community.</li> <li>4. An attractive and highly valued natural environment.</li> </ol>		
Levels of Service	Performance Measure	Targets 2017/18
To effectively manage environmental issues within the District.	The percentage of those surveyed that are satisfied by the belief that the Council are adequately managing resource management issues in the District.	≥80% positive feedback to a customer survey.
To provide a customer focused service for processing resource consents while achieving our obligations under the Resource Management Act 1991.	Non-notified consents are processed within the statutory timeframe of 20 working days.	≥95% compliance.
	The percentage of applicants for resource consents that are satisfied with the quality of the service they receive.	≥80% positive feedback to a customer survey.
To provide a customer focussed building control service that achieves our obligations under the Building Act 2004.	Building consents are processed within the statutory timeframe of 20 working days.	95% compliance
	The percentage of applicants for building consents that are satisfied with the quality of the service they receive.	≥80% positive feedback to a customer survey.
To provide a safe environment for dogs and the public to co-exist.	The percentage of those surveyed that believe the Council is adequately managing dog control issues in the District.	≥80% positive feedback to a customer survey.
For the Council to be prepared to respond to a civil defence emergency.	Council staff and volunteers are familiar with their roles and are adequately trained.	Training is attended as required, and the Council will participate in one training exercise per year.
For the public to be adequately prepared for a civil defence emergency.	The percentage of the community surveyed that believe they are adequately prepared for a civil defence emergency.	≥80% favourable response from a customer survey.



## Regulatory Services Activity

## Forecast Financial Summary

Notes	Annual Plan	LTP Budget	Budget	Variance from
	2016/2017	2017/2018	2017/2018	LTP
	\$000's	\$000's	\$000's	
REVENUE				
General rates	448	412	597	185
Targeted rates	168	159	0	(159)
Other revenue	720	656	1,010	354
Gain on sale of assets	0	0	0	0
Reserve contributions	120	120	250	130
Internal interest income	0	0	0	0
TOTAL REVENUE	1,456	1,347	1,857	
EXPENDITURE				
Personnel costs	675	769	977	(208)
Consultancy expenses	505	244	512	(268)
Administration	79	82	60	22
Operational and maintenance	348	224	182	42
Interest on capital reserves	73	61	51	10
Internal expenses	33	41	41	0
Depreciation	44	28	56	(28)
TOTAL EXPENDITURE	1,757	1,449	1,879	
OPERATING SURPLUS/(DEFICIT)	(301)	(102)	(22)	

**Forecast Funding impact statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	448	412	597
Targeted rates	168	159	0
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	720	656	1,010
<b>TOTAL OPERATING FUNDING (A)</b>	<b>1,336</b>	<b>1,227</b>	<b>1,607</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	1,607	1,319	1,731
Finance costs	0	0	0
Internal charges and overheads applied	106	103	93
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>1,713</b>	<b>1,422</b>	<b>1,824</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(376)</b>	<b>(194)</b>	<b>(217)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	120	120	250
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>120</b>	<b>120</b>	<b>250</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	8	66	46
Increase (decrease) in reserves	(264)	(140)	(13)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>(256)</b>	<b>(74)</b>	<b>33</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>376</b>	<b>194</b>	<b>217</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	(376)	(194)	(217)
Less:			
Depreciation	44	28	56
Add:			
Reserve Contributions	120	120	250
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(301)</b>	<b>(102)</b>	<b>(22)</b>

**Forecast Capital Expenditure**

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017 \$000's	2017/2018 \$000's	2017/2018 \$000's
REPLACE EXISTING ASSETS				
Regulatory Services				
Civil Defence				
Plant & equipment		0	0	11
Rural Fire				
Plant & equipment		8	8	0
Vehicles		0	58	0
Inspectorate				
Computers		0	0	35
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		8	66	46
TOTAL CAPITAL EXPENDITURE		8	66	46

# Community and Township Services

## What we do

The Council provides township amenity areas and recreational facilities including the district's pools, parks, reserves, libraries, community centres and halls.

It also provides a range of services including pensioner housing, cemeteries, medical centres, public toilets and grants to the Resource Centres in Fairlie and Twizel. Council also administers and distributes grants from Sport New Zealand and Creative New Zealand.

The Council has historically provided solid waste collection services and operated a number of landfills. All landfills in the district have now been closed. The kerbside collection and operation of the three Resource Recovery Parks are managed by contractors.



## Plans for the Year

### Twizel

The activities planned for Twizel in 2017/18 include ongoing maintenance of facilities and reserves. \$100,000 has been budgeted for Twizel township projects. Planned projects include the resurfacing of the tennis courts and maintenance works on the Twizel pool.

### Lake Tekapo

Works are ongoing in respect of redeveloping community facilities at Tekapo in association with the Tekapo Lakefront development. Planned works include the upgrade of the toilet complex on Lakeside Drive to include new toilets and shower facilities, an upgrade of the effluent dump station and the installation of a new compacting waste disposal station. Improvements to the viewing corridor through the town centre will be undertaken, including demolition of the old public toilets and landscaping works. The Council has budgeted \$250,000 for township projects in Lake Tekapo.

### Fairlie

Fairlie has a budget of \$30,000 for township projects in the 2017/18 year. As well as continued maintenance of township facilities and reserves, projects include design work to be undertaken for the refurbishment of the community centre, and landscape improvements in Riddle Street.

## District Wide

### Housing

Ongoing maintenance of the district's housing stock is provided for in the budgets, although the costs of this maintenance have risen from that anticipated in year 3 of the LTP (refer 'Variances' section below). Some investigation and planning work will be undertaken as a basis for the provision of new pensioner housing units in Twizel, which are proposed for the following 2018/19 year.

### Solid Waste

Solid waste management activities will occur as planned in the LTP. There are no changes planned for solid waste services in the district. However the costs of providing this service have risen – this is explained further in the 'Variance' section below.

A new compacting waste disposal station will be installed at Lake Alexandrina.

## Variances from the Long-Term Plan 2015–2025

The recent availability of funding from the Ministry of Business, Innovation and Employment (MBIE) to assist councils with infrastructure to service growing numbers of tourists has meant the Council has embarked on projects that were not anticipated at the time the LTP was developed. This funding has allowed the Council to address the appropriate provision of services to visitors.

### Public Toilets

The Council had planned to replace the current public toilets in Tekapo with new toilets in the western carpark area. As a result of the recent approval of co-funding applications from the Ministry of Business, Innovation and Employment's Tourism Infrastructure Fund, the Council will use the co-funding towards this project. The co-funding does not appear in the financial information in this

plan as the decision was only received at the time of writing. The additional public toilet projects that have received co-funding are the installation of a new toilet at Burkes Pass, and some provision for toilets and services upgrades at the Pines campground area at Lake Pukaki. These projects are yet to be finalised.

The project to build new toilets at the Tekapo eastern carpark was planned for year 3 of the LTP, but this project was brought forward a year to 2016/17 to meet demand and has been completed.

### **Lake Pukaki Disposal Field Upgrade**

The public toilet disposal field at Lake Pukaki lookout is not able to cope with present levels of demand and requires an upgrade. A budget of \$200,000 is included in 2017/18 to undertake this work. However as noted above, recently the Council was advised it has been successful in obtaining approval for co-funding of this project from MBIE's Tourism Infrastructure Fund. The upgrade will proceed in the 2017/18 year but the co-funding for this project is not reflected in the financial information in this plan.

### **Solid Waste Cost Changes**

The overall cost of dealing with the District's solid waste is now budgeted to be higher than anticipated in the LTP for 2017/18. This is due to rising volumes and operating costs, including an increase in the solid waste levy to the Ministry for the Environment (from \$10,000 to \$20,000), cartage costs and disposal fees. The Council has also budgeted for an expected reduction of \$9,000 in income from recyclable materials. Income from other activities including gate fees is now expected to be \$19,600 higher than what was planned for in the LTP. Overall, to cover costs for solid waste, an additional \$19,000 from general rates will be required and the targeted fixed rate (per ratepayer who uses the service) will increase from \$321 to \$340, which is a 5.6% increase from the LTP budget for 2017/18.

### **Mackenzie Community Centre**

Theatre improvements are planned for the 2017/18 year, with the actual programme of specific works yet to be finalised. Additional costs of \$27,000 for these improvements will be funded by the Fairlie works and services rate, but the cost will not impact on the rate until the following year (2018/19).

### **Tekapo Community Centre**

There are no additional works or improvements proposed for the Community Centre, but the budget has been increased by \$9000 in 2017/18 to reflect the increased costs of operations and maintenance (gardening/deck improvements), and additional internal interest. The increased budget also reflects reduced income from hall hire.

### **Twizel Events Centre**

Income from Centre hire and savings on cleaning contractor costs have reduced operating costs by \$35,000 from what was budgeted for the centre for 2017/18. This will reduce the rates requirement for the Twizel works and services rate.

### **Swimming Pool Costs**

The maintenance costs for the pools in Fairlie and Twizel will be \$9500 less than budgeted in the Long Term Plan for 2017/18, as painting the pools will be deferred until 2018/19. New capital expenditure of \$25,000 has been budgeted for pump and pipeline maintenance at the Twizel pool. However further investigation is being carried out at the time of writing this plan, and ongoing work is likely to be required. This will be the subject of a separate consideration by Council following investigations and costings being completed.

### **Freedom Camping Facilities and Areas**

Council has budgeted capital expenditure of \$50,000 to consider provision for freedom camping facilities and areas. There will be no funding impact from this in the 2017/18 year.

### **Pensioner Housing**

The cost of Council's pensioner housing activity will increase due to increased insurance and rates costs, refurbishment requirements, and a \$7,400 reduction in the amount of income received. This will be funded through the general rate.

### **Fairlie and Tekapo Township Costs**

Council has increased the operations and maintenance budget for Fairlie township by \$11,000 to maintain the current levels of service for gardening, landscaping and trees. This will be funded through the Fairlie works and services rate.

Council will capitalise the costs for Tekapo domain and greenway projects in 2017/18, which were previously categorised as operational costs. This will result in a \$157,000 reduction in the Tekapo works and services rate. Funding of depreciation and interest for this will not be incurred until 2018/19.

These changes are not considered a material change from year 3 of the LTP. There are no significant variances from the programme set out in year 3 of the LTP for this area.

### Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b>		
1. A thriving economy 2. Safe, effective and sustainable infrastructure 3. A fit and healthy community 4. A supportive and contributing community 5. An attractive and highly valued natural environment		
Levels of Service	Performance Measure	Targets 2017/18
Township services and facilities are provided and maintained to an acceptable level	Average customer satisfaction rating for township services and facilities.	84% or above
Engage the community to achieve waste reduction	The percentage of solid waste from the district resource recovery diverted from landfills.	>37%
Waste is handled hygienically	Compliance with resource consent conditions.	100% compliance

### Community and Township Services Activity

#### Forecast Financial Summary

		Annual Plan	LTP Budget	Budget	Variance from
	Notes	2016/2017	2017/2018	2017/2018	LTP
		\$000's	\$000's	\$000's	
REVENUE					
General rates		534	701	691	(10)
Targeted rates		1,866	2,084	2,020	(64)
Subsidies and grants		18	19	19	0
Investment revenue		0	0	0	0
Other revenue		446	524	553	29
Gain on sale of assets		0	0	0	0
Financial/upgrade contributions		0	0	0	0
Internal interest income		11	19	9	(10)
TOTAL REVENUE		2,875	3,347	3,292	
EXPENDITURE					
Personnel costs		145	134	148	(14)
Consultancy expenses		32	60	58	2
Administration		221	307	307	0
Operational and maintenance		2,170	2,437	2,410	27
Interest on capital reserves		75	101	84	17
Internal expenses		8	9	6	3
Depreciation		346	330	375	(45)
TOTAL EXPENDITURE		2,997	3,378	3,388	
OPERATING SURPLUS/(DEFICIT)		(122)	(31)	(96)	

**Forecast Funding impact statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	534	701	691
Targeted rates	1,866	2,084	2,020
Subsidies and grants for operating purposes	18	19	19
Fees and charges	0	0	0
Internal charges and overheads recovered	11	19	9
Local authorities fuel tax, fines, infringement fees, and other receipts	446	524	553
<b>TOTAL OPERATING FUNDING (A)</b>	<b>2,875</b>	<b>3,347</b>	<b>3,292</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,568	2,939	2,923
Finance costs	0	0	0
Internal charges and overheads applied	83	110	90
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>2,651</b>	<b>3,049</b>	<b>3,013</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>224</b>	<b>298</b>	<b>279</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	200	0	0
- To improve the level of service	0	0	0
- To replace existing assets	451	431	913
Increase (decrease) in reserves	(427)	(133)	(634)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>224</b>	<b>298</b>	<b>279</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(224)</b>	<b>(298)</b>	<b>(279)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.



**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	224	298	279
Less:			
Depreciation	346	330	375
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>(122)</b>	<b>(31)</b>	<b>(96)</b>

## Forecast Capital Expenditure

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017	2017/2018	2017/2018
		\$000's	\$000's	\$000's
REPLACE EXISTING ASSETS				
Community Services				
Pensioner Housing				
Plant and Equipment - Fairlie		22	0	6
Plant and Equipment - Twizel		9	0	0
Public Toilets				
Buildings		400	368	600
Recreational Facilities				
District General				
Community Assets		0	0	50
Tekapo Township				
Implementation of development plan		0	0	158
Twizel Township and Twizel Reserves				
Projects		20	11	11
Mackenzie Community Centre				
Buildings		0	0	10
Twizel Community Centre				
Furniture & fittings		0	53	53
Twizel Swimming Pool				
Plant & equipment		0	0	25
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		451	432	913
TOTAL CAPITAL EXPENDITURE		451	432	913

# Governance and Corporate Services

## What we do

The Governance and Corporate Services activity supports and guides all the activities carried out by the Mackenzie District Council. The activity enables the Council to function and provide stable, transparent, effective, efficient and accountable local governance to the District.

The activity includes all work associated with the elected Council and Community Boards in Twizel, Tekapo and Fairlie. Elected members, being the community's representatives, make decisions within the framework of the Local Government Act 2002 (LGA) on behalf of, and in the interests of, the community. Council and Community Boards are elected every three years.



The Council's Finance and Administration areas manage the commercial activities of the Council and provide accounting, secretarial and administrative support to all other activities of Council. The changes outlined below reflect increased activity to enable better support for the operation of the organisation, and improved responses to requirements for services, legal compliance, and planning and funding matters.

## Plans for the Year

### Preparing the 2018-28 Draft Long Term Plan

Council will be fully engaged with preparation of its draft 2018-28 Long Term Plan, which will require additional staff time and consultancy support.

### Office Renovations

Council intends to renovate its Fairlie offices in the 2017/18 year to provide for increased office space, better support for functional areas, and improved public access and service. A budget of \$200,000 of capital expenditure has been allocated for this.

### IT Improvements

Council will invest in improving its information technology to cater for changing expectations and requirements for technology and information management. This includes making improvements to or replacing our document management system, replacement of our phone system, and digitising our property file records.

### Administrative Improvements

Council plans to improve its health and safety systems and procedures in the 2017/18 year. It also plans to introduce up to date systems for managing, storing and making available public records and responding to increased requests for information.

## Variances from the Long-Term Plan 2015–2025

### Administrative and Corporate Expenses

Costs in Council's administration area have increased over what was anticipated in the LTP. This is due to a number of factors including increased staffing requirements, reallocation from other budget areas following restructuring, and improved provision for significant areas of Council activity to meet obligations for long term planning, risk management, and corporate functions such as annual planning, health and safety, and records and information management. General administration expenses have also increased such as bank charges, postage and freight costs, and telephone charges. These costs of \$340,000 will be funded through the general rate.

### CEO Department Budgets

While the employment expense budget in the CEO department has reduced by \$24,000 in 2017/18 due to cost being reallocated to the administration area, the budget for other costs has increased – including staff training, consultancy to provide support and legal advice for development of the 2018-28 Long Term Plan, and administrative expenses. This has resulted in an increase of \$50,000 over what was budgeted in the LTP. \$20,000 of this is to be funded from the sale of carbon (recognising that the LTP costs will end in the 2017/18 year) and the balance funded from general rates.

## IT Capital Expenditure

The Council had budgeted \$165,000 for 2017/18 in the LTP for IT infrastructure replacement. This budget has increased by \$234,000 to fund the additional cost of a new document management system, replacement of the phone system and digitisation of property file records. These were not included as projects in the LTP. Increased interest costs of \$5,000 for this capital expenditure will be funded through general rates.

## Finance Administration Budgets

The budget for the Council's financial administration activities has increased by \$107,000 in 2017/18. This increased budget includes additional employment and consultancy costs to ensure our financial planning and administration obligations are met. However, increased budgeted income of \$16,000 from rates penalties, and a reduction in insurance and bank charge costs (which have been moved to the administration budget), have offset overall costs by \$53,000. The increased funding requirement from general rates for this activity is therefore \$49,000 in 2017/18.

## Council Buildings

Council has budgeted an additional \$200,000 capital expenditure for building renovations for the Fairlie office building in 2017/18, which was not included in the LTP. Depreciation and interest costs for this expenditure will not be incurred until 2018/19.

The budget for operating and maintaining the Twizel office building has been increased by \$7000 in 2017/18, which will be funded through general rates. Council is now planning capital expenditure of \$28,000 of furniture and fittings for the building, which will be funded from surpluses.

## Council Cars

Budgeted capital expenditure for new Council vehicles will be \$47,000 less in 2017/18 than budgeted in the LTP as some were upgraded earlier than anticipated.

These changes are not considered material variances from year 3 of the LTP.

## Levels of Service, Performance Measures and Targets for 2017/18

Community Outcomes		
<ol style="list-style-type: none"> <li>1. A thriving economy</li> <li>2. Safe, effective and sustainable infrastructure</li> <li>3. A fit and healthy community</li> <li>4. A supportive and contributing community</li> <li>5. An attractive and highly valued natural environment</li> <li>6. A democracy which upholds the rights of the individual</li> </ol>		
Levels of Service	Performance Measure	Targets 2017/18
Prepare key accountability documents in accordance with good practice.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.	The annual report is prepared within statutory timeframes and with an unmodified audit opinion.
	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.	The annual plan is prepared within statutory timeframes and with an unmodified audit opinion.
Represent and govern the district on behalf of the community	The percentage of residents across the district who say they are satisfied with the performance of the councillors and Mayor in the annual ratepayer survey.	60% or above
Build strong iwi relationships and encourage Maori to contribute to the decision-making process	Number of face-to-face meetings held each year between council representatives and Papatipu Runanga, or Te Runanga o Ngai Tahu.	2 or more
Provide opportunities for the community to engage with elected members	Number of public forums held each year with communities and groups	40 or more*

\*Note: this includes both formal and informal meetings, workshops and drop-in sessions.

## Governance and Corporate Services Activity

### Forecast Financial Summary

	Annual Plan	LTP Budget	Budget	Variance from
Notes	2016/2017	2017/2018	2017/2018	LTP
	\$000's	\$000's	\$000's	
REVENUE				
General rates	2,884	2,706	2,977	271
Targeted rates	26	26	31	5
Subsidies and grants	0	0	0	0
Investment revenue	0	0	0	0
Other revenue	126	177	171	(6)
Gain on sale of assets	50	0	8	8
Financial/upgrade contributions	0	0	0	0
Internal interest income	1	2	0	(2)
Internal income	117	143	138	(5)
Assets vested	0	0	0	0
TOTAL REVENUE	3,204	3,054	3,325	
EXPENDITURE				
Personnel costs	1,511	1,503	1,723	(220)
Member expenses	330	335	341	(6)
Consultancy expenses	277	185	258	(73)
Administration	456	451	632	(181)
Operational and maintenance	366	315	334	(19)
Interest on capital reserves	6	9	19	(10)
Internal expenses	58	77	74	3
Finance costs	0	0	0	0
Funded depreciation*	156	177	186	(9)
TOTAL EXPENDITURE	3,160	3,052	3,567	
OPERATING SURPLUS/(DEFICIT)	44	2	(242)	

**Forecast Funding Impact Statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	2,884	2,740	3,027
Targeted rates	26	26	31
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	118	145	138
Local authorities fuel tax, fines, infringement fees, and other receipts	126	143	121
<b>TOTAL OPERATING FUNDING (A)</b>	<b>3,154</b>	<b>3,054</b>	<b>3,317</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	2,940	2,789	3,288
Finance costs	0	0	0
Internal charges and overheads applied	64	86	94
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>3,004</b>	<b>2,875</b>	<b>3,382</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>150</b>	<b>179</b>	<b>(65)</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	18	0	0
- To replace existing assets	212	247	645
Increase (decrease) in reserves	(80)	(68)	(710)
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>150</b>	<b>179</b>	<b>(65)</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(150)</b>	<b>(179)</b>	<b>65</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	150	179	(65)
Add:			
Gain on Sale of Assets	50	0	8
Less:			
Depreciation	156	177	186
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>44</b>	<b>2</b>	<b>(242)</b>

## Forecast Capex Expenditure

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017	2017/2018	2017/2018
		\$000's	\$000's	\$000's
IMPROVE LEVEL OF SERVICE				
Corporate Services				
Information Technology				
Web site development		18	0	0
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE				
		18	0	0
REPLACE EXISTING ASSETS				
Corporate Services				
Information Technology				
Information Management System		10	8	150
Records Management Programme		0	74	50
PC Server		0	0	74
Software		0	19	10
GIS aerials		0	61	61
Communications equipment		0	0	30
Plant & equipment		0	3	5
Plant & Equipment				
Motor vehicles		135	77	30
Fairlie Building				
Building - other		61	0	200
Furniture & Fittings - admin		3	3	0
Furniture & Fittings - other		0	0	5
Twizel Building				
Building - other		0	0	25
Furniture & Fittings - other		2	2	5
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS				
		212	247	645
TOTAL CAPITAL EXPENDITURE		230	247	645



# Tourism, Economic Development and Commercial Activities

## What we do

The Council's tourism and economic development activity consists of:

- Promotion of the Mackenzie District as a tourist destination.
- Economic development services including business support, training and events; promotion of education opportunities; website and visitor/attraction promotion.
- Employing Tourism Waitaki to operate and manage the Alps 2 Ocean cycle trail tourism business and operations (in conjunction with the Waitaki District Council).



The Council's commercial activities are:

- Cash & Equity Investments
- Forestry Investments
- Real Estate including Tekapo Lakefront Development
- Rental Properties
- Pukaki Airport

## Plans for the Year

### Tourism & Economic Development

The Council will continue with contracts with providers for this work in the 2017/18 year, as follows:

- Memorandum of Understanding with Christchurch and Canterbury Tourism (CCT) to provide destination marketing services for the Mackenzie District for the 2017/18 year;
- Contract for Service Agreement between Tourism Waitaki, Mackenzie District Council and Waitaki District Council for Alps2Ocean business and marketing services for 2017/18;
- Memorandum of Understanding with the South Canterbury Chamber of Commerce for the provision of business support services for 2017/18.

The long term maintenance of the Alps2Ocean cycleway will continue to be shared between the Mackenzie and Waitaki District Councils and work will be undertaken on track and signage maintenance as well as the maintenance and cleaning of facilities along the way. The Council will start construction works to off-road sections of the cycleway on Hayman Road, within current budgets.

Visitor numbers rose significantly again in 2016/17, and this trend is forecast to continue over 2017/18. The Council will continue to monitor the effects on the increased tourism and visitor activity on its assets and services, as well as the economic benefits for the district. The destination marketing services provided by CCT include provision of a locally based marketing coordinator, industry communications and training, and marketing through web-based and trade events.

The MOU with the Chamber of Commerce has the objective '*to facilitate and support smart sustainable business development in the Mackenzie District, contributing to individual business, regional and national growth*'. Services that are provided include business start-up information, planning advice, mentoring, business planning, marketing advice, and referrals.

### Commercial Activities

The Council's commercial activities will continue as set out in year 3 of the LTP, with the exceptions outlined below. Forestry assets will continue to be maintained. No harvesting is planned in the 2017/18 year. Pukaki Airport will continue with its land sales programme, with additional plans to re-seal the runway at a cost of \$111,000.

Council's commercial land development project at the Tekapo lakefront is well advanced. The first two stages are now complete and title has been issued for seven new allotments. Five sites have been sold and one is subject to a conditional Sale and Purchase Agreement. Council has decided to hold the remaining site until on-site construction is substantially advanced.

Work is progressing on the development of Council owned land at Lakeside Drive. Physical work is scheduled for completion in July 2017. This work will enable Council to fulfil its obligations under the Sale and Purchase Agreement it has with the hotel developer, Tekapo Lake Resort Ltd.

## Variances from the Long-Term Plan 2015–2025

### Forestry

Our forestry activity has a large reserve balance, which is created through revaluations. The Council has decided not to pay internal interest income into this in 2017/18, as budgeted for in year 3 of the LTP. This will increase the general rate offset by \$71,000. The offset was previously applied to the four works and services rates, but the Council has decided to instead offset against the general rate.

Forestry rental charges have been increased from \$32,000 per annum to \$64,000 per annum from 2017/18, backdated for a period of 9 years. Carbon credits will be sold to provide funds for the increased rental. This will increase the general rate offset by \$256,000. The offset was previously applied to the four works and services rates, but the Council has decided to instead offset against the general rate.

### Pukaki Airport

The Pukaki Airport Committee proposes to spend \$111,000 resealing the runway. This expenditure was not anticipated in year 3 of the LTP. There is also an increase in the fees for the Committee members of \$19,000, and an additional \$50,000 for sales promotion activities. Revenue is increased by \$40,000 over that planned in the LTP from rental activity.

### Information Centre and Postal Services

An increase of \$10,000 from that budgeted in year 3 of the LTP is required in information centre staffing to meet demand. Operational costs are also increased by \$17,000 to reflect the Postal Services operation in Twizel that was not contemplated at the time the LTP was produced. This is offset by an increase in revenue of \$78,000 from the service.

### Changes to Real Estate Income and Expenses

Rental income is now budgeted to be \$38,000 higher than anticipated in year 3 of the LTP. This will be used to offset rates.

Land sales have shown an increase in income of \$290,000 to be received in 2017/18, from that anticipated in year 3 of the LTP. Associated legal and consultancy costs for this activity are expected to be \$40,000 higher than budgeted. This will be funded through the capital reserve (from land sales), with no impact on general rates.

### Changes to Investment Income

Because of lower interest rates than anticipated in 2015, there will be a reduction in interest income from external sources of \$116,000 less than anticipated in the LTP. However net interest income from interest on capital reserves is \$160,000 above that anticipated.

These changes are not considered material changes from year 3 of the LTP. There are no significant variances from the programme set out in year 3 of the LTP.

## Levels of Service, Performance Measures and Targets for 2017/18

<b>Community Outcomes</b>		
1. A thriving economy 2. Safe, effective and sustainable infrastructure		
<b>Levels of Service</b>	<b>Performance Measure</b>	<b>Targets 2017/18</b>
Investments – the community expects the investments of the council to be managed wisely.	Council's cash investment portfolio independently reviewed each quarter, and performance of investments against the Bancorp Ltd benchmark portfolio.	Council's cash investment portfolio independently reviewed each quarter and investments out-perform the Bancorp Ltd benchmark portfolio.
Real Estate	Council to undertake a review of its real estate and surplus land, including the Tekapo Lakefront Development.	Review completed by 2017/18.
To foster the economic development of the district as a whole.	Percentage of ratepayers satisfied with the Council's tourism promotion and economic development	≥80%

## Tourism, Economic Development and Commercial

### Forecast Financial Summary

Notes	Annual Plan	LTP Budget	Budget	Variance
	2016/2017	2017/2018	2017/2018	
	\$000's	\$000's	\$000's	
REVENUE				
General rates	(964)	(1,037)	(1,205)	
Targeted rates	362	454	363	91
Investment Income	769	854	836	18
Other Income	212	527	662	(135)
Other Gains and Losses	1,449	83	372	(289)
Internal interest income	204	302	545	(243)
Internal income	0	967	0	967
	2,032	2,150	1,573	
Less used to offset rates	0	0	0	
TOTAL REVENUE	2,032	2,150	1,573	
EXPENDITURE				
Personnel costs	44	38	48	(10)
Member expenses	20	21	40	(19)
Consultancy expenses	79	70	106	(36)
Administration	109	91	151	(60)
Operational and maintenance	477	509	526	(17)
Real estate cost of sales	0	0	0	0
Interest on capital reserves	26	123	206	(83)
Assets impairment	74	0	0	0
Depreciation	84	83	90	(7)
TOTAL EXPENDITURE	913	935	1,167	
OPERATING SURPLUS/(DEFICIT)	1,119	1,215	406	

**Forecast Funding Impact Statement for 2017-18**

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	(964)	(1,037)	(1,205)
Targeted rates	362	454	363
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	204	1,269	545
Local authorities fuel tax, fines, infringement fees, and other receipts	981	1,380	1,498
<b>TOTAL OPERATING FUNDING (A)</b>	<b>583</b>	<b>2,065</b>	<b>1,201</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	729	730	870
Finance costs	0	0	0
Internal charges and overheads applied	26	123	206
Other operating funding applications	0	0	0
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>755</b>	<b>853</b>	<b>1,076</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>(172)</b>	<b>1,212</b>	<b>125</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	0	0
Gross proceeds from sale of assets	4,103	1,500	1,500
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>4,103</b>	<b>1,500</b>	<b>1,500</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	0	526	526
- To improve the level of service	0	0	0
- To replace existing assets	0	0	111
Increase (decrease) in reserves	3,931	2,186	988
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>3,931</b>	<b>2,712</b>	<b>1,625</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>172</b>	<b>(1,212)</b>	<b>(125)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

**Reconciliation Surplus of Operating Funding to Cost of Service Statement Net Operating Surplus**

<b>Surplus (deficit) of operating funding</b>	(172)	1,212	125
Less:			
Depreciation	84	83	90
Asset Impairment	74	0	0
Add:			
Other Gains	1,449	83	372
<b>OPERATING SURPLUS/(DEFICIT)</b>	<b>1,119</b>	<b>1,215</b>	<b>406</b>

**Forecast Capex Expenditure**

Projects	Notes	Annual Plan	LTP Budget	Annual Plan
		2016/2017	2017/2018	2017/2018
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
<i>Commercial</i>				
Alps 2 Ocean Cycleway		0	526	526
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	526	526
REPLACE EXISTING ASSETS				
<i>Pukaki Airport Board</i>				
Airport development		0	0	111
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		0	0	111
TOTAL CAPITAL EXPENDITURE		0	526	637

## Council Controlled Organisations

### **Mackenzie Holdings Limited**

The Mackenzie District Council holds 100% ownership of Mackenzie Holdings Limited.

Mackenzie Holdings Limited is now a dormant company from the Inland Revenue Department and Companies Office perspectives. Council resolved on 12 June 2014 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Holdings Ltd's status as a Council Controlled Organisation.

### **Mackenzie Tourism and Development Trust**

The Mackenzie District Council holds 100% ownership of Mackenzie Tourism & Development Trust.

Mackenzie Tourism & Development Trust is now a dormant organisation from the Inland Revenue Department. Council resolved on 13 June 2013 to exempt the Company under Sec 7 of the Local Government Act 2002 from the requirements of that Act in relation to Mackenzie Tourism and Development Trust status as a Council Controlled Organisation.





# FINANCIAL & FUNDING

Forecast Statement of Comprehensive Income

Forecast Statement of Changes in Equity

Forecast Statement of Financial Position

Forecast Statement of Projected Cash Flows

Forecast Summary of Capital Expenditure

Forecast Summary of Depreciation

Forecast Statement of Reserves Movements



# Forecast Statement of Comprehensive Income

	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>REVENUE</b>			
Rates	8,123	8,634	8,603
Fees, charges and targeted water supply	0	0	0
Subsidies and Grants	1,571	1,544	1,845
Investment Revenue	771	855	838
Other Revenue	1,697	2,083	2,625
Contributions	120	724	854
Gain on Sale of Assets	50	0	8
Other Gains	1,449	83	372
Assets Vested	3,145	1,646	1,645
<b>TOTAL REVENUE</b>	<b>16,926</b>	<b>15,569</b>	<b>16,790</b>
<b>EXPENDITURE</b>			
Employee Benefits	2,558	2,613	3,106
Member Expenses	350	356	381
Consultancy Expenses	1,023	746	1,160
Administration	1,002	983	1,202
Finance Costs	47	88	88
Operational and Maintenance	4,064	4,247	4,288
Roading Expenses	1,193	1,220	1,220
Depreciation and Amortisation	3,551	3,395	3,916
Asset Impairment	74	0	0
<b>TOTAL EXPENDITURE</b>	<b>13,862</b>	<b>13,648</b>	<b>15,361</b>
<b>Net Surplus/(Deficit) After Taxation</b>	<b>3,064</b>	<b>1,921</b>	<b>1,429</b>
<b>OTHER COMPREHENSIVE REVENUE AND EXPENSE</b>			
<i>Item that will not be reclassified to surplus/(deficit)</i>			
Gain on infrastructure revaluations	0	7,195	0
<b>Total Other Comprehensive Revenue and Expense</b>	<b>0</b>	<b>7,195</b>	<b>0</b>
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>3,064</b>	<b>9,116</b>	<b>1,429</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

## Forecast Statement of Changes in Equity

	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>BALANCE AT 1 JULY</b>	209,456	212,520	241,208
Property, plant and equipment			
Valuation gains/(losses) taken to equity	0	7,194	0
Net income/(expense) recognised directly in equity	0	7,194	0
Total comprehensive revenue and expense for the year	3,064	1,921	1,429
Total recognised revenue for the year	3,064	1,921	1,429
<b>BALANCE AT 30 JUNE</b>	<b>212,520</b>	<b>221,636</b>	<b>242,637</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

# Forecast Statement of Financial Position

	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>ASSETS</b>			
<b>Current Assets</b>			
Cash and cash equivalents	7,169	4,132	3,414
Receivables and prepayments	1,656	1,695	2,142
Inventories	4,064	4,064	4,922
Other Financial assets	1,035	1,035	121
<b>TOTAL CURRENT ASSETS</b>	<b>13,924</b>	<b>10,926</b>	<b>10,600</b>
<b>Non-current Assets</b>			
Other Financial assets	11,271	11,271	22,820
Intangible assets	440	515	2,037
Forestry assets	2,347	2,408	4,905
Property, plant and equipment	183,688	196,667	205,144
<b>TOTAL NON-CURRENT ASSETS</b>	<b>197,746</b>	<b>210,861</b>	<b>234,907</b>
<b>Total Assets</b>	<b>211,670</b>	<b>221,787</b>	<b>245,506</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables and accruals	1,926	1,974	2,429
Employee entitlements	159	162	97
Provisions	0	0	3
<b>TOTAL CURRENT LIABILITIES</b>	<b>2,085</b>	<b>2,136</b>	<b>2,529</b>
<b>Non-current Liabilities</b>			
Employee entitlements	0	0	19
Provisions	63	65	55
Borrowings	959	1,907	266
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>1,022</b>	<b>1,972</b>	<b>340</b>
<b>Total Liabilities</b>	<b>3,107</b>	<b>4,108</b>	<b>2,869</b>
<b>NET ASSETS</b>	<b>208,563</b>	<b>217,679</b>	<b>242,637</b>
<b>EQUITY</b>			
Accumulated Funds	107,608	102,811	117,555
Capital Reserves	(1,490)	(1,692)	(3,334)
Operating Reserves	(8,338)	(1,527)	(216)
Special Funds	6,097	6,097	5,935
Other Reserves	42	42	46
Property Revaluation Reserves	104,644	111,948	122,651
<b>TOTAL EQUITY</b>	<b>208,563</b>	<b>217,679</b>	<b>242,637</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

# Forecast Statement of Cash Flows

Annual Plan	LTP Budget	Annual Plan
2016/2017	2017/2018	2017/2018
\$000's	\$000's	\$000's

## CASH FLOWS FROM OPERATING ACTIVITIES

### Cash was provided from:

Receipts from rates revenue	8,146	8,634	8,603
Subsidies and grants received	1,573	1,544	1,845
Receipts from other revenue	1,502	2,807	3,479
Interest received	662	855	838
Property sales	1,628	1,500	1,500
	13,511	15,340	16,265

### Cash was applied to:

Payments to suppliers and employees	10,500	12,556	11,357
Net goods and services tax (GST) paid	1	2	0
Finance costs	42	88	88
	10,543	12,646	11,445

### Net cashflow from operating activities

<b>2,968</b>	<b>2,694</b>	<b>4,820</b>
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## CASH FLOWS FROM INVESTING ACTIVITIES

Purchase of property, plant and equipment	2,691	6,679	7,065
	2,691	6,679	7,065

### Net cashflow from investing activities

<b>(2,691)</b>	<b>(6,679)</b>	<b>(7,065)</b>
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## CASH FLOWS FROM FINANCING ACTIVITIES

### Cash was provided from:

Proceeds from borrowings	854	948	266
	854	948	266

### Net cashflow from financing activities

<b>854</b>	<b>948</b>	<b>266</b>
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Net Cashflows from operating activities	2,968	2,694	4,820
Net Cashflows from Investing Activities	(2,691)	(6,679)	(7,065)
Net Cashflows from Financing Activities	854	948	266
Net decrease in cash, cash equivalents and bank overdrafts	1,131	(3,037)	(1,979)
Cash, cash equivalents and bank overdrafts at the beginning of the year	6,038	7,169	5,393
<b>Cash, cash equivalents and bank overdrafts at the end of the year</b>	<b>7,169</b>	<b>4,132</b>	<b>3,414</b>

The accompanying Statement of Accounting Policies and Notes form an integral part of these financial statements.

# Forecast of Capital Expenditure

## Forecast Capital Expenditure for Group of Activities

Projects	Notes	2017	2018	
		LTP Budget \$000's	LTP Budget \$000's	Budget \$000's
MEET ADDITIONAL DEMAND				
Water				
Urban Water				
Vested assets		91	525	525
Sewerage				
Urban Sewer				
Vested assets		149	339	339
Stormwater				
Urban Stormwater				
Vested assets		232	463	463
Plant		0	321	321
Roading				
District Roading				
Vested assets		2,673	318	319
Commercial				
Alps 2 Ocean Cycleway		0	526	526
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		3,145	2,492	2,493
IMPROVE LEVEL OF SERVICE				
Corporate Services				
Information Technology				
Web site development		18	0	0
Water				
Tekapo Water				
Town Reticulation - renewal		975	374	510
Community assets - Water supply		0	16	16
Plant		33	19	19
Service connections		60	0	0
Allandale Water				
Allandale reticulation extension		10	0	0
Treatment - new		0	2,459	234
Allandale Water				
Community assets - Water supply		0	11	11
Sewerage				
Urban Sewer				
Sewer Reticulation - renewal		1,000	11	11
Sewer Treatment- new		0	0	1,500
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		2,096	2,890	2,301

**Forecast Capital Expenditure for Group of Activities (cont'd)**

Projects	Notes	2017	2018	
		LTP Budget	LTP Budget	Budget
		\$000's	\$000's	\$000's
REPLACE EXISTING ASSETS				
Corporate Services				
Information Technology				
Information management program		10	8	150
Records management program		0	74	50
PC server		0	0	74
Software		0	19	10
GIS aerials		0	61	61
Communications equipment		0	0	30
Plant & equipment		0	3	5
Plant & Equipment				
Motor vehicles		135	77	30
Fairlie Building				
Building - other		61	0	200
Furniture & Fittings - admin		3	3	0
Furniture & Fittings - other		0	0	5
Twizel Building				
Building - other		0	0	25
Furniture & Fittings - other		2	2	5
Sewerage				
Urban Sewer				
Sewer Reticulation - new		11	0	0
Roading				
District Roading				
Unsealed road metalling		596	0	700
Sealed road resurfacing		684	524	600
Footpath - surfacing		242	166	166
Drainage renewal		105	62	62
Sealed road pavement rehabilitation		176	357	268
Structures component replacements bridges		20	744	60
Structures component replacements cattelstops		6	7	8
Traffic services renewals		40	72	72
Associated improvements		0	0	0
Minor improvements		250	259	259
Plant & equipment		5	5	6
Regulatory Services				
Civil Defence				
Plant & equipment		0	0	11
Rural Fire				
Plant & equipment		8	8	0
Vehicles		0	58	0
Inspectorate				
Computers		0	0	35

## Forecast Capital Expenditure for Group of Activities (cont'd)

Projects	Notes	2017	2018	
		LTP Budget \$000's	LTP Budget \$000's	Budget \$000's
<b>Community Services</b>				
<b><i>Pensioner Housing</i></b>				
Plant and Equipment - Fairlie		22	0	6
Plant and Equipment - Twizel		9	0	0
<b><i>Public Toilets</i></b>				
Public toilets		400	368	600
<b>Recreational Facilities</b>				
<b><i>District General</i></b>				
Community Assets		0	0	50
<b><i>Mackenzie Community Centre</i></b>				
Buildings		0	0	10
<b><i>Tekapo Township</i></b>				
Implementation of development plan		0	0	158
<b><i>Twizel Township and Twizel Reserves</i></b>				
Projects		20	11	11
<b><i>Twizel Community Centre</i></b>				
Furniture & fittings		0	53	53
<b><i>Twizel Swimming Pool</i></b>				
Plant & equipment		0	0	25
<b>Commercial</b>				
<b><i>Pukaki Airport Board</i></b>				
Airport development		0	0	111
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		2,805	2,941	3,916
<b>TOTAL CAPITAL EXPENDITURE</b>		<b>8,046</b>	<b>8,321</b>	<b>8,710</b>

## Forecast Summary of Capital Expenditure

	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
Governance and Corporate Services	229	247	645
Water supplies	1,169	3,404	1,315
Sewerage	1,160	350	1,850
Stormwater	232	784	784
Roading	4,797	2,514	2,520
Planning and Regulatory	8	66	46
Community and Township Services	451	432	913
Commercial Activities	0	526	637
<b>Total capital expenditure</b>	<b>8,046</b>	<b>8,323</b>	<b>8,710</b>



# Forecast Summary of Depreciation

## Depreciation and amortisation for each Group of Activities

	Annual Plan	LTP Budget	Forecast
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
Governance and Corporate Services	156	177	186
Water supplies	515	504	580
Sewerage	344	363	358
Stormwater	67	66	87
Roading	1,995	1,844	2,184
Planning and Regulatory	44	28	56
Community and Township Services	346	330	375
Commercial Activities	84	83	90
<b>Total depreciation and amortisation expense</b>	<b>3,551</b>	<b>3,395</b>	<b>3,916</b>

# Forecast Statement of Reserves Movements

			2017/2018			
			Forecast			
Reserves	Activity to which the fund relates	Purpose	Forecast	Forecast	Forecast	Forecast
			Opening	Movements	Movements	Closing
			Balance at 1	into Reserve	from Reserve	Balance at 30
			July 2017	2017/2018	2017/2018	June 2018
			\$000's	\$000's	\$000's	\$000's
ACCUMULATED GENERAL FUNDS			116,126	1,429	0	117,555
Total accumulated general funds			116,126	1,429	0	117,555
PROPERTY REVALUATION RESERVES						
Share revaluation reserve	Commercial	Accumulate changes in value of Councils Share investments	15,489	0	0	15,489
Investment revaluation reserve	Commercial	Accumulate movements in Councils long term investments	145	0	0	145
Infrastructural assets revaluation reserves						
Land	Governance and Corporate	Accumulate changes in value of Councils land holdings	38,325	0	0	38,325
Water supplies	Water	Accumulate changes in value of Councils water infrastructure	13,610	0	0	13,610
Wastewater schemes	Sewerage	Accumulate changes in value of Councils wastewater infrastructure	6,564	0	0	6,564
Stormwater schemes	Stormwater	Accumulate changes in value of Councils stormwater infrastructure	2,467	0	0	2,467
Roading	Roading	Accumulate changes in value of Councils roading infrastructure	38,095	0	0	38,095
Plant	Communities and Towns	Accumulate changes in value of Councils plant assets	5	0	0	5
Buildings	Governance and Corporate	Accumulate changes in value of Councils buildings	7,951	0	0	7,951
Total revaluation reserves			122,651	0	0	122,651
SPECIAL FUND RESERVES						
Albury water fund	Communities and Towns	To fund Albury Water	40	0	0	40
Ashwick/Opuha water fund	Communities and Towns	To fund Ashwick/Opuha Water	(40)	0	0	(40)
Building maintenance	Communities and Towns	To fund repairs and maintenance of certain council amenity assets	0	0	0	0
Housing replacement	Communities and Towns	To fund district housing	7	0	0	7
Insurance reserve	Governance and Corporate	To fund disaster cover	200	0	0	200
Land subdivision	Communities and Towns	To fund district wide projects	1,294	250	0	1,544
Pensioner housing amenities	Communities and Towns	To fund pensioner housing amenities	2	0	0	2
Watertight building reserve	Governance and Corporate	Held to cover increased insurance costs of Riskpool	44	0	0	44
Mackenzie County Scholarship Trust	Governance and Corporate	Held on behalf of Mackenzie County Scholarship Trust	0	0	0	0
Masonic Lodge Scholarship Fund	Governance and Corporate	Held on behalf of Masonic Scholarship Fund	21	0	0	21
Real estate investment	Commercial	Accumulate operating results from Councils Real Estate activities	4,115	0	0	4,115
Strathconan pool capital	Communities and Towns	To fund Strathconan pool capital	1	0	0	1
Total special funds reserves			5,685	250	0	5,935
OTHER RESERVES						
Albury war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	4	0	0	4
Ashwick/Allandale war memorial	Communities and Towns	Funding of maintenance of the districts war memorials	5	0	0	5
Davidson bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	1	0	0	1
Gillingham bequest: library	Communities and Towns	Bequests for library books	0	0	0	0
Gould bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance	1	0	0	1
Paterson ponds	Communities and Towns	Funding of maintenance at Paterson Ponds	10	0	0	10
Enid Hutt Fairlie beautifying fund	Communities and Towns	To fund expenditure in the Fairlie township	24	0	0	24
Total other reserves			46	0	0	46

## Forecast Statement of Reserves Movements (cont'd)

Reserves	Activity to which the fund relates	Purpose	2017/2018 Forecast			
			Forecast Opening Balance at 1 July 2017	Forecast Movements into Reserve 2017/2018	Forecast Movements from Reserve 2017/2018	Forecast Closing Balance at 30 June 2018
			\$000's	\$000's	\$000's	\$000's
<b>CAPITAL RESERVES</b>						
Administration	Governance and Corporate	To fund capital replacements of Administration Assets	(10)	2	(43)	(51)
Allandale water	Water	To fund debt repayment of the Allandale Water Scheme construction and to fund its eventual replacement.	(323)	40	(11)	(294)
Animal control	Regulatory	To fund capital requirements of animal control	(12)	0	(6)	(18)
Ashwick/Opuha water	Water	To fund capital requirements of the Ashwick/Opuha Water scheme	68	0	0	68
Burkes Pass sewer	Sewerage	To fund sewer capital works in Burkes Pass	0	0	0	0
Burkes Pass water	Water	To fund capital requirements of the Burkes Pass Water scheme	0	0	0	0
CEO department	Governance and Corporate	To fund capital requirements of the CEO department	0	0	0	0
Civil defence	Regulatory	To fund capital requirements of Civil Defence	23	5	(11)	17
Community facilities	Communities and Towns	To fund capital requirements of community facilities	0	0	0	0
District Council	Governance and Corporate	To fund capital requirements of the Governance Activity	(3)	0	0	(3)
Council building: Fairlie	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie	(16)	35	(205)	(186)
Council building: Twizel	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel	23	18	(30)	11
District general	Communities and Towns	To fund capital requirements of the District	43	0	(50)	(7)
District wide sewer	Sewerage	To fund roading capital works district wide.	(385)	2,099	(2,194)	(480)
District wide stormwater	Stormwater	Councils share of a Joint Venture to fund the capital requirements of the Downlands Water Scheme	93	0	0	93
District wide roading	Roading	To fund capital requirements of the Eversley water scheme	5	0	0	5
District wide water	Water	To fund replacement of medical facilities in Fairlie	24	3	0	27
Downlands water	Water	To fund the eventual replacement of the pensioner housing stock in Fairlie	81	9	(6)	84
Eversley sewer	Sewerage	To fund roading projects in Fairlie	0	0	0	0
Fairlie medical centre	Communities and Towns	To fund capital upgrades and replacement for Fairlie Recovery Park	0	0	0	0
Fairlie pensioner housing	Communities and Towns	To fund sewer capital works in Fairlie	0	0	0	0
Fairlie roading	Roading	To fund stormwater capital works in Fairlie	0	0	0	0
Fairlie resource recovery park	Communities and Towns	To fund capital works in the Fairlie Township	0	0	(7)	(7)
Fairlie sewer	Sewerage	To fund capital requirements of the Fairlie Water scheme	0	0	0	0
Fairlie stormwater	Stormwater	To fund the operations of Councils Forestry Assets	5,172	0	0	5,172
Fairlie township	Communities and Towns	To fund costs arising from operations of the Councils Hardfill sites	0	0	0	0
Fairlie water	Water	To fund the capital requirements of the inspectorate department	0	0	(35)	(35)
Forestry	Commercial	To fund capital replacement of Councils IT assets	(12)	87	(380)	(305)
Inspectorate	Regulatory	To fund replacement of the Tekapo Community Hall	(40)	6	0	(34)
Information technology department	Governance and Corporate	To fund roading projects in Tekapo	0	0	0	0
Kimbell water	Water	To fund capital upgrades and replacements for Tekapo Recovery Park	0	0	0	0
Lake Tekapo community hall	Communities and Towns	To fund sewer capital works in Tekapo	0	0	0	0
Lake Tekapo resource recovery park	Communities and Towns	To fund capital works in the Tekapo Township	0	0	0	0
Lake Tekapo sewer	Sewerage	To fund water capital works in Tekapo	0	0	0	0
Lake Tekapo stormwater	Stormwater	To fund the capital works at the Fairlie community centre	43	19	(10)	52
Lake Tekapo township	Communities and Towns	To fund investigation and construction of a new water supply for Manuka Terrace	19	0	0	19
Lake Tekapo water	Water	To fund capital replacement of Councils Motor Vehicle assets	8	43	(30)	21
Mackenzie community centre	Communities and Towns	To fund replacement of Public Toilets within the district	(471)	31	0	(440)
Manuka Terrace water	Water	To fund the operations of Councils Airport Assets	19	0	0	19
Plant account	Governance and Corporate	To fund subdivision of Councils real estate assets	(1,446)	0	(101)	(1,547)
Public Toilets	Communities and Towns	To fund capital requirements of the Resource Planning Business unit	0	50	(1,676)	(1,626)
Pukaki airport board	Commercial	To fund capital requirements of the Roading Business unit	(24)	6	(6)	(24)
Real estate	Commercial	To fund capital requirements of Rural fire	(217)	0	0	(217)
Resource Planning	Regulatory	To fund roading projects in Rural area	0	0	0	0
Roading professional business unit	Roading	To fund capital requirements of the School Road Water scheme	(13)	0	0	(13)
Rural fire control	Regulatory	To fund capital requirements of the Sherwood Downs Reserves	19	0	0	19
School Road water	Water	To fund Spur Road capital debt	(2)	0	0	(2)
Sherwood Downs hall	Communities and Towns	To fund replacement of the Fairlie swimming pool	(6)	5	0	(1)
Sherwood Downs recreation reserve	Communities and Towns	To fund replacement of the Twizel swimming pool	7	5	(25)	(13)
Spur Road water	Water	To fund treatment of organic waste	0	0	0	0
Swimming pool: Strathconan	Communities and Towns	To fund replacement of the Twizel Events Centre	210	45	(53)	202
Swimming pool: Twizel	Communities and Towns	To fund replacement of medical facilities in Twizel	8	0	0	8
Twizel community centre	Communities and Towns	To fund roading projects in Twizel	0	0	0	0
Twizel medical centre	Communities and Towns	To fund capital upgrades and replacement for Twizel Recovery Park	0	0	0	0
Twizel pensioner housing	Communities and Towns	To fund sewer capital works in Twizel	0	0	0	0
Twizel roading	Roading	To fund stormwater capital works in Twizel	0	0	0	0
Twizel resource recovery park	Communities and Towns	To fund capital works in the Twizel Township	0	91	(423)	(332)
Twizel sewer	Sewerage	To fund water capital works in Twizel	0	0	0	0
Twizel stormwater	Stormwater	To fund District sewer capital works	1,117	562	(1,849)	(170)
Twizel township	Communities and Towns	To fund District stormwater capital works	543	143	(784)	(98)
Twizel water	Water	To fund District water capital works	(2,210)	834	(1,305)	(2,681)
Waste Management	Communities and Towns	To fund District Solid Waste capital works	78	32	(745)	(635)
<b>Total capital reserves</b>			<b>2,475</b>	<b>4,176</b>	<b>(9,986)</b>	<b>(3,334)</b>

Reserves	Activity to which the fund relates	Purpose
<b>OPERATING RESERVES</b>		
Albury hall	Communities and Towns	To fund operations at the Albury Hall
Albury community refuse collection	Communities and Towns	Council's refuse collection operations
Albury water supply	Water	Accumulate surpluses/deficits from General Rate funded operations
District general	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations
District wide roading	Roading	To fund district roading operations
Downlands water supply	Water	Accumulate surpluses/deficits from General Rate funded operations
Eversley/Punaroa water races	Water	Accumulate surpluses/deficits to fund Eversley/Puneroa operating activities
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
Lake Alexandrina refuse collection	Communities and Towns	Council's refuse collection operations
Lake Tekapo community refuse collection	Communities and Towns	Council's refuse collection operations
Lake Tekapo works and services	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations
Other reserves	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts
Roading professional services business unit	Roading	Accumulate operating results of Councils Rooding Business Unit
Real estate	Commercial	Holds returns from real estate transactions
Resource management	Regulatory	Deficit from Plan Change 13
Rural works and services	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations
Tourism and development	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre
Twizel community refuse collection	Communities and Towns	Councils refuse collection operations
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
Waste management	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation
<b>Total operating reserves</b>		
<b>TOTAL EQUITY</b>		



# POLICIES & ASSUMPTIONS

Accounting Policies

Significant Forecasting Assumptions

# Accounting Policies

**Period ended 30 June 2018**

## **NOTE 1 – Statement of accounting policies for the forecast financial statements**

### **Reporting Entity**

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

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 the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBEs) for financial reporting purposes. The forecast financial statements of the Council are for the year ended 30 June 2018. The forecast financial statements were authorised for issue by Council on 27 June 2017.

### **Basis of Preparation**

The forecast financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period.

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

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

### **Statement of Compliance and Preparation**

The forecast 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).

The forecast financial statements have been prepared in accordance with Tier 2 PBE Standards and disclosure concessions have been applied.

The criteria under which Council is eligible to report in accordance with Tier 2 PBE Standards are:

- Council is not considered large with expenses greater than \$2m and less than \$30m per annum, and
- Not publicly accountable

These forecast financial statements comply with PBE Standards.

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 forecast financial statements have not been prepared.

### **Presentation Currency and Rounding**

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

The forecast financial statements have been prepared on a historical cost basis, except for land and buildings classified as property, plant and equipment, certain infrastructure assets, investment property, forestry.

### **Changes in accounting policies**

There have been no changes in accounting policies.

### **Judgement and Estimations**

The preparation of forecast 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 forecast 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 forecast financial statements are based.

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

### **Assumptions Underlying the Forecast 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 provide a broad accountability mechanism of the Council to the Community.

### **Basis of Consolidation**

Consolidated forecast 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. Both are inactive and dormant, therefore consolidated forecast 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.

PBE IPSAS 8 requires venturers to account for their investment in a jointly controlled entity using either proportionate consolidation or equity accounting.

Mackenzie District Council has a 4% interest in a jointly controlled asset called the Downlands Water Supply has chosen the proportionate method for accounting for its joint venture. Council recognises in its financial statements its share of each of the assets, liabilities, revenue, and expenses of the joint venture.

## **Significant Accounting Policies**

### **1. Goods and Services Tax (GST)**

All items in the forecast 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 forecast 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 forecast statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST



## 2. Revenue Recognition

Revenue is measured at fair value.

The specific accounting policies for significant revenue items are explained below:

### Revenue from Non Exchange Transactions

#### *Rates revenue*

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the Environment Canterbury are not recognised in the forecast financial statements, as the Council is acting as an agent for Environment Canterbury.

#### *New Zealand Transport Agency roading subsidies*

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.

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

#### *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.

#### *Provision of goods and 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.

#### *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.

#### *Vested or donated physical 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.

#### ***Infringement fees and fines***

Infringement fees and fines mostly relate to traffic and parking infringements and are recognised when the infringement notice is issued. The fair value of this revenue is determined based on the probability of collecting fines, which is estimated by considering the collection history of fines over the preceding 2-year period.

#### ***Landfill fees***

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

#### ***Revenue from Exchange Transactions***

##### ***Sales of goods and services***

Revenue from the sale of goods and services is recognised when a product is sold or service provided to the customer.

##### ***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. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

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

##### ***Donated and bequeathed financial assets***

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

##### ***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.

### **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, 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 forecast statement of financial position.

## **5. Trade and Other Receivables**

Receivables are recorded at their face value, less any provision for impairment.

## **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 forecast 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 forecast 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 forecast other comprehensive revenue and expense, except impairment losses, which are recognised through the forecast 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 forecast 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, forecast 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 2015, 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 8% (2014 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 forecast surplus or deficit.

## 8. Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at cost adjusted where applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

Inventories held for use in the production of goods and services on a commercial basis are valued at the lower of cost and net realisable value. The cost of purchased inventory is determined using the first-in first-out (FIFO) method.

The amount of any write down in the value of inventories is recognised in the forecast surplus/(deficit) in the period of the write-down.

When land held for development and future resale is transferred from investment 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
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 forecast surplus/deficit.

Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the forecast surplus/deficit will be recognised first in the forecast 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 subdivision 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 forecast 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 forecast 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	50
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	5-25
Office equipment	Straight line	5
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	100
Water supplies		

Infrastructural assets	Depreciation method	Life (years)
Piping mains	Straight line	60-80
Pumps	Straight line	15
Service lines	Straight line	80-100
Hydrants	Straight line	100
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 forecast 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.

## **9. Intangible Assets**

### ***Software***

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

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

Costs associated with maintaining computer software 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 forecast 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

## 10. 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 forecast 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 forecast other comprehensive revenue and expense. Should the impairment loss result in a debit balance in the revaluation reserve, the balance is recognised in the forecast 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 forecast surplus or deficit, a reversal of the impairment loss is also recognised in the forecast surplus or deficit.

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

## 11. Creditors and other payables

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

## 12. 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 forecast statement of financial position.

## 13. 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 forecast 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 forecast 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.

## 14. 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 forecast 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 forecast 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 forecast 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.

## 15. 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.

## 16. Borrowing costs

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

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

## 18. Income tax

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

## 19. 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.

## 20. Cost Allocation

Direct costs are charged directly to significant activities. Indirect costs have been charged to the administration activity and have not been allocated to significant activities based on cost drivers and related activity/usage information.

## Significant Forecasting Assumptions

The 10 Year LTP 2015-2025 included significant forecasting assumptions that had been applied to develop the 10 year forecasts. The assumptions contained in the LTP remain unchanged in this Annual Plan, apart from the variations described below. For details of the unchanged assumptions, please see Council's Long Term Plan 2015-2025. As part of developing the 2017/18 budget, the Council reviewed the assumptions applied in the LTP, and the following areas have been reviewed and amended accordingly.

### Interest Rates

The LTP predicted rising interest rates, based on the official cash rate. This has not proven to be the case, with rates falling leading up to this plan. Interest income is expected to remain at levels predicted in the plan, as Council will have more funds to invest due to earlier settlement of major property sales.

### Growth of Property Values

The LTP assumed a level of increase in property values which has not occurred. This has meant that the rating burden is spread over a lower capital value base, and has resulted in higher than anticipated rates increases than were highlighted in the sample property data in the LTP. However rates increases remain within the limits set in the Council's Financial Strategy.



# FUNDING IMPACT STATEMENT

Funding Impact Statement

Rating Definitions

Rating for 2017-18 Year

Rating Impact on Sample Properties

Rating Base Information

Disclosure statement

# Funding Impact Statement

For the year ended 30 June 2018

Notes	Annual Plan	LTP Budget	Annual Plan
	2016/2017	2017/2018	2017/2018
	\$000's	\$000's	\$000's
<b>SOURCES OF OPERATING FUNDING</b>			
General rates, uniform annual general charges, rates penalties	2,902	2,816	3,110
Targeted rates	5,221	5,853	5,543
Subsidies and grants for operating purposes	715	927	790
Fees and charges	0	0	0
Interest and dividends from investments	385	1,518	772
Local authorities fuel tax, fines, infringement fees, and other receipts	2,468	2,920	3,413
<b>TOTAL OPERATING FUNDING (A)</b>	<b>11,691</b>	<b>14,034</b>	<b>13,628</b>
<b>APPLICATIONS OF OPERATING FUNDING</b>			
Payments to staff and suppliers	10,190	10,195	11,356
Finance costs	47	88	88
Other operating funding applications	389	552	659
<b>TOTAL APPLICATIONS OF OPERATING FUNDING (B)</b>	<b>10,626</b>	<b>10,835</b>	<b>12,103</b>
<b>Surplus (deficit) of operating funding (A-B)</b>	<b>1,065</b>	<b>3,199</b>	<b>1,525</b>
<b>SOURCES OF CAPITAL FUNDING</b>			
Subsidies and grants for capital expenditure	855	617	1,055
Development and financial contributions	120	724	854
Increase (decrease) in debt	738	948	0
Gross proceeds from sale of assets	4,103	1,500	1,500
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
<b>TOTAL SOURCES OF CAPITAL FUNDING ( C )</b>	<b>5,816</b>	<b>3,789</b>	<b>3,409</b>
<b>APPLICATIONS OF CAPITAL FUNDING</b>			
Capital expenditure			
- To meet additional demand	232	321	321
- To improve the level of service	3,113	526	526
- To replace existing assets	2,096	2,879	2,301
Increase (decrease) in reserves	1,440	3,262	1,786
Increase (decrease) of investments	0	0	0
<b>TOTAL APPLICATIONS OF CAPITAL FUNDING (D)</b>	<b>6,881</b>	<b>6,988</b>	<b>4,934</b>
<b>Surplus (deficit) of capital funding (C-D)</b>	<b>(1,065)</b>	<b>(3,199)</b>	<b>(1,525)</b>
<b>FUNDING BALANCE ((A-B) + (C-D))</b>	<b>0</b>	<b>0</b>	<b>0</b>

Financial and development contributions enable Council to fund likely and foreseeable capital projects that are expected to occur from growth and new development in the District. The use of development contributions is restricted for this specific purpose only. They can only be used to fund operating expenditure.

# Rating Definitions

## 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:

### Group (A)

Tekapo A – All separately rateable properties in the former Tekapo ward, used for hydro electric power generation (as more particularly defined on valuation roll number 25300 15901).

Ohau A – All separately rateable properties in the former Twizel ward used for hydro electric power generation (as more particularly defined on valuation roll number 25320 00701A).

Tekapo B – All separately rateable properties in the former Tekapo ward, used for hydro electric power generation (as more particularly defined in valuation roll number 25300 18400).

### Group (B)

All other properties – All separately rateable properties in the District not classified in any of the categories in Group (A).

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

<b>Category</b>	<b>Factor</b>
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 on 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. 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.

### 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 agreed percentage of the targeted rate requirement (excluding improvement work); and
- A rate in the dollar based on the capital value of the land to fund the balance of the targeted rate requirement (excluding improvement work).

Currently the 2017/18 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 agreed 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 2017/18 split of the rate requirement is 10% fixed charges and 90% rate in the dollar based on capital value.

### Tekapo Works and Services Rate

This targeted rate will be assessed on every rating unit in the 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 agreed 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 2017/18 split of the rate requirement is 35% fixed charges and 65% 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 agreed 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 of the land:
  - Ohau A;
  - Tekapo A;
  - Tekapo B;
  - All other rural properties.

**Ohau A means** – All separately rateable properties in the former Twizel ward used for hydroelectric power generation (as more particularly defined on valuation roll 25320 00701A).

**Tekapo A means** – All separately rateable properties in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300-15901).

**Tekapo B means** – All separately rateable properties in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300 18400).

**All other rural properties means** – every other property 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:

<b>Category</b>	<b>Factor</b>
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 properties	40% of the balance of the targeted rate requirement

Currently the 2017/18 split of the rate requirement is 83% fixed charges and 17% rate in the dollar based on capital value.

## Urban Sewerage Rates

### Sewage Treatment Rates

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the cost of sewage treatment:

Fairlie Community  
Twizel Community  
Lake Tekapo Community  
Burkes Pass Community  
(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 Rates

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the Council's sewerage infrastructure services. This includes sewer maintenance, depreciation and the servicing of loans:

- Fairlie Community
  - Twizel Community
  - Lake Tekapo Community
  - Burkes Pass Community
- (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 not 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 fund the rating units in the Eversley Reserve sewerage scheme serviced by the Fairlie sewerage system apart from those rating units that opted to pay a lump sum contribution.

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

## Urban Water Supply Rates

### Urban Water Treatment Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the costs of Council's urban water treatment:

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

(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).

### Urban Water Infrastructure Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the Council's urban water supply infrastructure services. This includes maintenance, depreciation and the servicing of loans:

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

(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 separately used or inhabited part (SUIP) of a 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.

## Twizel Improvement Rate

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

The targeted rate will be a fixed amount per separately used or inhabited part (SUIP) of a rating unit to fund improvement work in the community of Twizel.



## Urban Stormwater Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 in each of the following communities to fund the costs of Council's urban stormwater reticulation.

- Fairlie Community
- Twizel Community
- Lake Tekapo Community

(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.

## Rural Water Supplies

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 serviced if the rating unit receives a water supply, or the rating unit lies within the defined area of benefit for that supply.

### Allandale Rural Water Supply

A targeted rate for water supply under section 19 assessed on every rating unit serviced 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 Rural Water Supply

A targeted rate for water supply under section 16 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 – Variable

A targeted rate for a water supply under section 16 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.

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

### Fairlie Water Race – Fixed

A targeted rate for water supply under section 16 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

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

### Spur Road Rural Water Supply

A targeted rate for water supply under section 19 assessed on every rating unit serviced 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.

### Manuka Terrace Water Supply Investigation Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 for all rating units in the Manuka Terrace water supply area (as defined on a map held by Council) to fund preliminary expenses in investigating and planning of a future water supply. Once the scheme is operational the method of rating will be reviewed.

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

**Note:** For the purposes of the Allandale, Ashwick/Opuha and Spur Road rural water supplies, a unit of water equals a volume of 1.82m<sup>3</sup>/day.

### Downlands Water Supply

A targeted rate for water supply under section 16 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 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 1000 litres per day.

### District Roothing 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 District, both subsidised and non-subsidised.

The targeted rate will be assessed on every rating unit in the 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 (excluding Mount Cook Village to fund an annually agreed 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:

#### Group (A)

**Tekapo A** – All separately rateable properties in the former Tekapo Ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300 15901).

**Ohau A** – All separately rateable properties in the former Twizel Ward used for hydroelectric power generation (as more particularly defined on valuation roll number 25320 00701A).

**Tekapo B** – All separately rateable properties in the former Tekapo Ward, used for hydroelectric power generation (as more particularly defined in valuation roll number 25300 18400).

#### Group (B)

All other district properties” means all separately rateable properties 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:

<b>Category</b>	<b>Factor</b>
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 2017/18 split of the rate requirement is 42% fixed charges and 58% rate in the dollar based on capital value.

### Solid Waste Rates

#### 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
- Tekapo waste collection area

- Fairlie waste collection area

And on those rating units within one kilometre of the collection route, 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.

### **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 agreed 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, set using the following categories based on the use and location of the land:

#### **Category**

- Commercial Businesses
- Industrial land properties

Currently the 2017/18 split of the rate requirement is 67.83% fixed charges and 32.17% 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 district:

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

### **Tourism and Promotion Rate**

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 on a differential basis to fund the costs of District tourism and promotion activities. The targeted rate will be assessed on every rating unit and will be set differentially using the following categories and calculated on the following basis:

- The use to which the land is put and
- The capital value of the land

#### **Categories**

- Commercial businesses
- Industrial land properties
- Commercial accommodation business
- Secondary accommodation properties
- All properties

The targeted rates will be:

#### **All Properties**

A fixed amount per separately used and inhabited part of a rating unit in the District.

#### **Group A**

- A rate based on the land use on the rateable capital value of the land of all Commercial business properties (excluding commercial accommodation businesses and secondary accommodation properties)
- A fixed amount for Industrial land properties (excluding commercial businesses, commercial accommodation businesses and secondary accommodation properties).

#### **Group B**

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

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

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

All Properties	10% of the total rates requirement
Group A	30% of the total rate requirement
Group B	60% of the total rate requirement

Currently the 2017/18 split of the rate requirement is 14.89% fixed charges and 85.11% rates in the dollar based on capital value.

## Rural Cattlestop 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 cattlestops situated on the boundary between rating units and Council roads.

The targeted rate will be a fixed amount per cattlestop, or part thereof on those rating units or parts of rating units benefitting.

## Definitions Used

### District Tourism and Promotion

All properties	All rateable properties in the Mackenzie District
<b>Group A</b>	
Commercial Business	All rateable properties within the Mackenzie District identified as the principal use of the land being a trading entity engaged in commercial business activities (excluding commercial accommodation providers)
Industrial land Properties	All rateable properties within the Mackenzie District on land with a property category code beginning with I in the Council's Rating Information Database
<b>Group B</b>	
Commercial Accommodation Businesses	All rateable properties within the Mackenzie District identified as accommodation providers for short term (not permanent) paying guests and where the principal use of the land is commercial accommodation business.
Secondary Accommodation Properties	All other rateable properties within the Mackenzie District identified as accommodation providers for short term (not permanent) paying guests, but where the principal use of the land is not commercial accommodation business.
Property Category Codes	Each rating assessment has a property category that broadly describes the nature of this property. The property category 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 category codes are maintained by Council's current valuation service providers "Quotable Value Ltd".

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

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

A separately used or occupied part of a rating unit includes any part of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any part or parts of a rating unit that are used or occupied by the ratepayer for more than one single use. For the purposes of this definition, vacant land is defined as "used".

Separately used or inhabited parts include:

- Residential property that contains two or more units that can be separately occupied, flats or houses each of which is
- separately inhabited or is capable of separate habitation.
- 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 2017-18 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
<b>General Rate</b>		
Hydro Differential		
Tekapo A	0.01039 per dollar of capital value	\$341,107
Ohau A	0.001205 per dollar of capital value	\$34,1107
Tekapo B	0.001824 per dollar of capital value	\$341,107
All Other Ratepayers	0.0008788 per dollar of capital value	\$2,387,748
Total Expected Rates (including GST)		\$3,411,069
Total Expected Rates (excluding GST)		\$2,966,146
<b>Uniform Annual General Charge</b>		
Fixed Charge	\$25.19 per SUIP rating unit	\$117,936
Total Expected Rates (excluding GST)		\$102,553

### Targeted Rates – Works and Services Rates

	Factor	Value
<b>Twizel Works and Services Rate</b>		
Fixed Charge	\$38.20 per SUIP rating unit	\$68,178
Capital Value Rate	0.001209 per dollar of capital value	\$613,600
Total Expected Rates (including GST)		\$681,778
Total Expected Rates (excluding GST)		\$592,850
<b>Fairlie Works and Services Rate</b>		
Fixed Charge	\$60.43 per SUIP rating unit	\$35,020
Capital Value Rate	0.002491 per dollar of capital value	\$315,176
Total Expected Rates (including GST)		\$350,196
Total Expected Rates (excluding GST)		\$304,518
<b>Tekapo Works and Services Rate</b>		
Fixed Charge	\$150.35 per SUIP rating unit	\$115,699
Capital Value Rate	0.0006110 per dollar of capital value	\$214,870
Total Expected Rates (including GST)		\$330,569
Total Expected Rates (excluding GST)		\$287,452
<b>Rural Works and Services Rate</b>		
Fixed Charge	\$10.00 per SUIP rating unit	\$14,645
Hydro Differential:		
Ohau A	0.0000010 per dollar of capital value	\$298.68
Tekapo B	0.0000016 per dollar of capital value	\$298.68
Tekapo A	0.0000091 per dollar of capital value	\$298.68
Capital Value Rate	0.0000012 per dollar of capital value	\$2,090
Total Expected Rates (including GST)		\$17,631
Total Expected Rates (excluding GST)		\$15,332
<b>Twizel Improvement Rate</b>		
Fixed charge	\$58.79 per SUIP rating unit	\$104,750
Total expected rates (excluding GST)		\$91,087

### Targeted Rates – Urban Sewerage Rates

	Factor	Value
<b>Sewerage Treatment Rates</b>		
Sewage Treatment Fixed Charge	\$31.69 per connected SUIP rating unit	\$82,835
Additional Charge	\$7.92 for each additional water closet	\$5,626
Total Expected Rates (including GST)		\$88,461
Total Expected Rates (excluding GST)		\$76,922
<b>Sewerage Infrastructure Rates</b>		
Sewerage Infrastructure Fixed Charge	\$176.36 per connectable SUIP rating unit	\$555,645
Additional Charge	\$44.09 for each additional water closet	\$31,305
Total Expected Rates (including GST)		\$586,950
Total Expected Rates (excluding GST)		\$510,391

	Factor	Value
<b>Eversley Reserve Sewerage Rate</b>		
Fixed Charge	\$938.28 per rating unit	\$12,197
Total Expected Rates (excluding GST)		\$10,606
<b>Targeted Rate – Urban Stormwater</b>		
<b>Stormwater Rate</b>		
Fixed Charge	\$72.06 per SUIP rating unit	\$223,951
Total expected rates (excluding GST)		\$194,740

### Targeted Rates – Urban Water Rates

	Factor	Value
<b>Water Treatment Rate</b>		
Fixed Charge	\$87.93 per connected SUIP rating unit	\$228,022
Total Expected Rates (excluding GST)		\$198,280
<b>Water Infrastructure Rate</b>		
Fixed Charge	\$267.79 per connectable SUIP rating unit	\$817,973
Total Expected Rates (excluding GST)		\$711,281
<b>Water Meter Rate</b>		
Fixed Charge	\$355.73 per metered supply	\$73,280
Total Expected Rates (excluding GST)		\$63,722

### Targeted Rates – Rural Water Supply Rates

	Factor	Value
<b>Allandale Water Supply</b>		
Fixed Charge	\$222.67 per unit	\$136,495
Total Expected Rates (excluding GST)		\$118,692
<b>Ashwick/Opuha Water Race – Operational Charge</b>		
Fixed Charge	\$225 per rating unit	\$12,199
Total Expected Rates (excluding GST)		\$10,608
<b>Spur Road Water Supply</b>		
Fixed Charge	\$82.27 per unit	\$5,511
Total Expected Rates (excluding GST)		\$4,793
<b>Downlands Water Supply</b>		
Fixed Charge	\$404.00 per serviced rating unit	\$23,432
Total Expected Rates (excluding GST)		\$20,375
<b>Downlands Water Supply</b>		
Fixed Charge	\$162.00 per unit	\$34,182
Total Expected Rates (excluding GST)		\$29,723
<b>Fairlie Water Race – Fixed Charge</b>		
Fixed Charge	\$30.00 per rating unit	\$900
Total Expected Rates (excluding GST)		\$782
<b>Fairlie Water Race – Variable Charge</b>		
Fixed Charge	\$3.71 per hectare	\$2,666
Total Expected Rates (excluding GST)		\$2,318
<b>Manuka Terrace Water Supply Development Rate</b>		
Fixed Charge	\$0.00 per rating unit	\$00
Total Expected Rates (excluding GST)		\$00

### Targeted Rates – Other

	Factor	Value
<b>District Roading Rate</b>		
Fixed Charge	\$120.00 per SUIP rating unit	\$550,680
Hydro Differential		
Tekapo A	0.002330 per dollar of capital value	\$76,443
Ohau A	0.0002701 per dollar of capital value	\$76,443
Tekapo B	0.0004088 per dollar of capital value	\$76,443
All other district properties	0.0002003 per dollar of capital value	\$535,100
Total expected rates (including GST)		\$1,315,109
Total expected rates (excluding GST)		\$1,143,573
<b>Urban Solid Waste Rate</b>		
Fixed Charge	\$325.69 per serviced SUIP rating unit	\$836,056
Total expected rates (excluding GST)		\$727,006

	Factor	Value
<b>Tourism and Promotion Rate</b>		
Fixed Charge	\$5.76 per SUIP rating unit	\$26,981
Fixed Charge – Industrial land properties	\$100.00 per rating unit	\$13,200
Capital Value rate – Commercial Businesses	0.00063429	\$67,743
Capital Value rate - Commercial Accommodation	0.0010539	\$91,137
Capital Value rate -Secondary Accommodation	0.0005269	\$70,750
Total expected rates (including GST)		\$269,811
Total expected rates (excluding GST)		\$234,618
<b>Economic Development Rate</b>		
Fixed Charge	\$10.00 per SUIP rating unit	\$46,800
Capital Value rate	0.0001131	\$22,200
Total Expected Rates (including GST)		\$69,000
Total Expected Rates (excluding GST)		\$60,000
<b>Alps to Ocean Rate</b>		
Fixed Charge	\$24.57 per SUIP rating unit	\$115,000
Total Expected Rates (including GST)		\$100,000
<b>Rural Cattlestop Maintenance Rate</b>		
Fixed Charge	\$206.25 per cattle stop	\$9,488
Total Expected Rates (excluding GST)		\$8,250



## Rating Impact on Sample Properties

	Capital Value \$	Rates 2016/17 \$	Annual Plan 2017/18 \$	% Increase
<b>Fairlie</b>				
Section	55,000	830.55	918.01	10.53%
Lower Value House	175,000	1,614.35	1,824.36	13.01%
Mid Value House	210,000	1,725.41	1,953.36	13.21%
Upper Value House	250,000	1,852.51	2,100.79	13.41%
High Value House	315,000	2,058.83	2,340.37	13.67%
<b>Tekapo</b>				
Section	185,000	1,137.60	1,144.78	0.63%
Lower Value House	280,000	1,715.30	1,780.19	3.78%
Mid Value House	390,000	1,917.90	1,978.59	3.16%
Upper Value House	580,000	2,267.84	2,321.28	2.36%
High Value House	760,000	2,599.37	2,645.93	1.79%
<b>Twizel</b>				
Section	89,000	898.49	968.06	7.74%
Lower Value House	175,000	1,493.28	1,640.80	9.88%
Mid Value House	215,000	1,582.61	1,737.87	9.81%
Upper Value House	350,000	1,884.09	2,065.46	9.63%
High Value House	445,000	2,096.24	2,295.99	9.53%
<b>Rural</b>				
Section	110,000	436.84	266.91	-38.90%
Lifestyle	400,000	743.71	604.18	-18.77%
Farm Property	1,000,000	1,378.73	1,301.97	-5.57%
Farm Property	2,000,000	2,437.03	2,464.95	1.15%
Farm Property	3,000,000	3,495.33	3,627.94	3.79%
Farm Property	4,000,000	4,533.63	4,790.93	5.21%
Farm Property	5,000,000	5,611.93	5,953.91	6.09%
Farm Property	6,000,000	6,670.23	7,116.90	6.70%
Farm Property	7,000,000	7,728.53	8,279.88	7.13%
Farm Property	8,000,000	8,786.83	9,442.87	7.47%
Farm Property	9,000,000	9,845.13	10,605.86	7.73%
Farm Property	10,000,000	10,903.43	11,768.84	7.94%

## Rating Base Information

Schedule 10 of the Local Government Act 2002 requires the Council to state the projected number of rating units within the district at the end of the preceding financial year.

For the purposes of the 2017/18 Annual Plan, the Council is projecting a total of 4,444 rating units with a rateable land value of \$1,648,397,950 and rateable capital value of \$3,223,601,850 as at 30 June 2017.

## Disclosure Statement

### Annual plan disclosure statement for year ending 30 June 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 annual 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.

Benchmark	Limit	Planned	Met
Rates affordability benchmark			
• income	\$9.132m	\$8.603m	Yes
• increases	6.00%	5.99%	Yes
Debt affordability benchmark	\$17.206m	\$266m	Yes
• External debt to rates revenue	16,246	1,079	Yes
• External debt to operating revenue	100%	0.00%	Yes
• Finance costs to rates revenue	10%	1.02%	Yes
Balanced budget benchmark	100%	93.03%	No
Essential services benchmark	100%	201.59%	Yes
Debt servicing benchmark	15%	0.62%	Yes

### Notes

#### 1 Rates affordability benchmark

1. For this benchmark:
  - a) the council's planned rates income for the year is compared with a quantified limit on rates contained in the financial strategy included in the council's long-term plan; and
  - b) the council's planned rates increases for the year are compared with a quantified limit on rates increases for the year contained in the financial strategy included in the council's long-term plan.
2. The council meets the rates affordability benchmark if:
  - a) its planned rates income for the year equals or is less than each quantified limit on rates; and
  - b) its planned rates increases for the year equal or are less than each quantified limit on rates increases.

#### 2 Debt affordability benchmark

1. For this benchmark, the council's planned borrowing is compared with a quantified limit on borrowing contained in the financial strategy included in the council's long-term plan.
2. The council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

### **3 Balanced budget benchmark**

1. For this benchmark, the council's planned revenue (excluding development contributions, vested assets, financial contributions, gains on derivative financial instruments, and revaluations of property, plant, or equipment) is presented as a proportion of its planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).
2. The council meets the balanced budget benchmark if its revenue equals or is greater than its operating expenses.

### **4 Essential services benchmark**

1. For this benchmark, the council's planned capital expenditure on network services is presented as a proportion of expected depreciation on network services.
2. 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.

### **5 Debt servicing benchmark**

1. For this benchmark, the council's planned borrowing costs are presented 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).
2. Because Statistics New Zealand projects that the council's population will grow slower than the national population growth rate, it meets the debt servicing benchmark if it's planned borrowing costs equal or are less than 10% of its planned revenue.