

Mackenzie District Council

Annual Plan

2016 – 2017

“Fostering Our Community”

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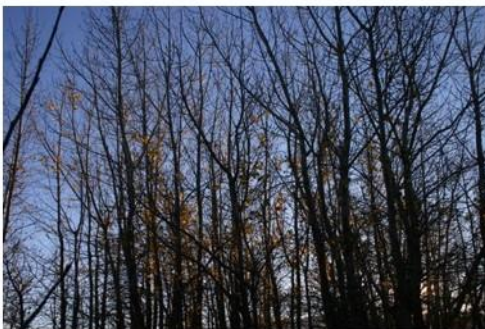
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INTRODUCTION

Introduction from the Mayor and Chief Executive Officer

How Your Rates are Spent

Key Projects for 2016/17

Introduction from the Mayor and Chief Executive Officer

It is a pleasure to introduce this 2016/17 Annual Plan for the Mackenzie District Council. The document is our first 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 4.96% which is below the rates cap of 6% set in the Council's Financial Strategy.

The key focus areas for 2016/17 are to progress the District Plan Review, reduce our road maintenance backlog, continue with water main replacements and further develop

our commercial subdivisions, community and reserve facilities.

The provision of road services is the biggest single cost item for our Council. We are aware that our roading budgets have been set too low in previous plans. This has led to the accumulation of a maintenance backlog as well as a funding shortfall. These issues were canvassed through the Long Term Plan and the decision taken to fund catch-up work in addition to that which is co-funded by the New Zealand Transport Agency. This work has been started and will continue in 2016/17.

This plan also maintains the funding allocations that were included in the Long Term Plan to provide for costs associated with Plan Change 13 (a formal change to the District Plan) and historical solid waste management costs. This reflects a deliberate and prudent move to address reserve fund deficits that have been built up over a period of time.

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 opportunities.



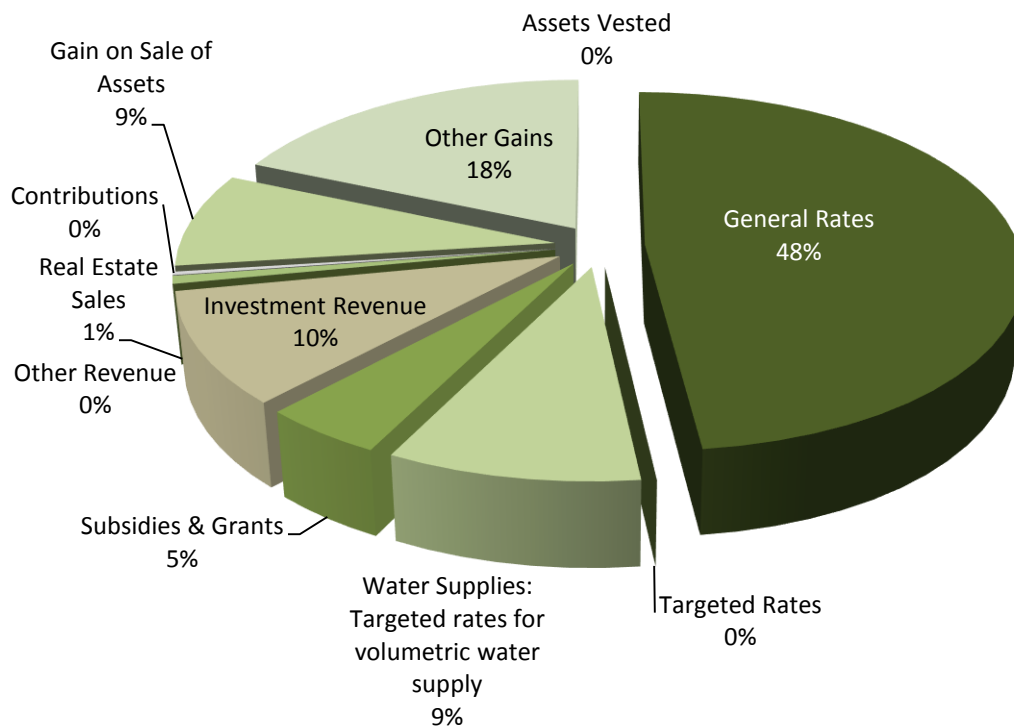
Mayor
Claire Barlow



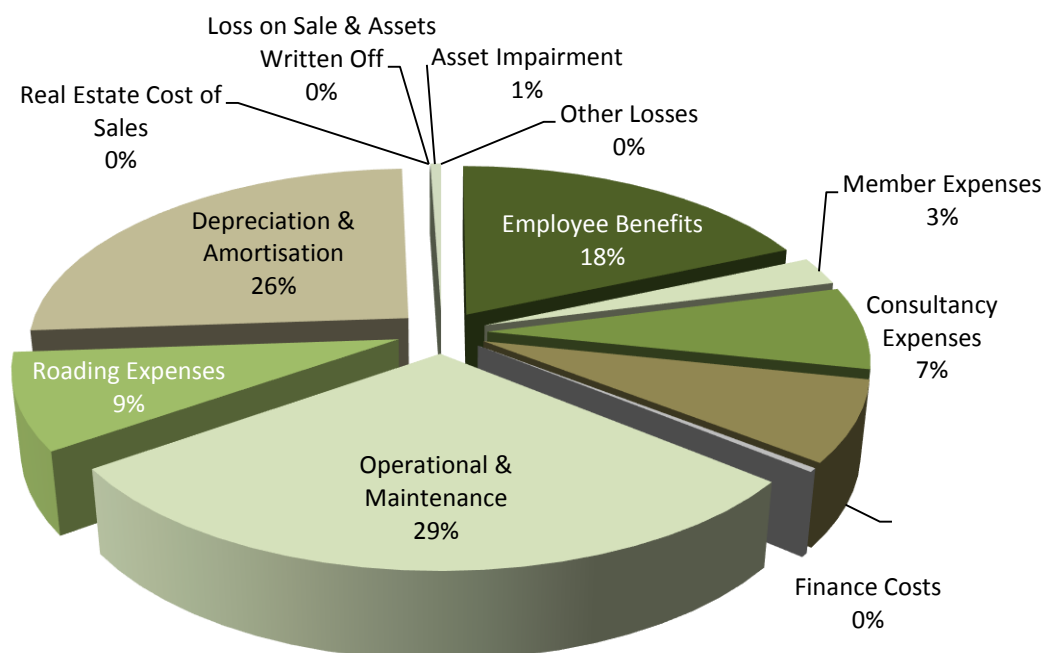
Chief Executive Officer
Wayne Barnett

How Your Rates Are Spent

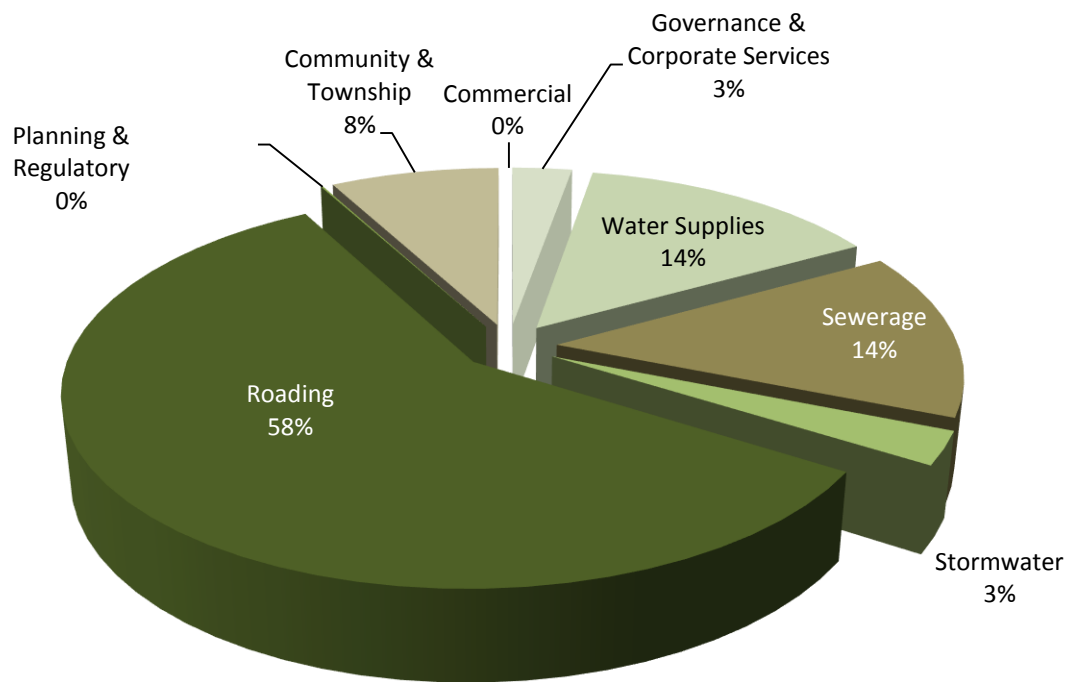
Forecast Operating Income for the 2016/17 year (\$16.926 million)



Forecast Operating Expenditure by Activity for the 2016/17 year (\$13.832 million)



Forecast Capital Expenditure for the 2016/17 year (\$8.227 million)



Key Projects for 2016/17

Tekapo Commercial Development

Council is progressing through the development of the significant new commercial area at the Tekapo Lakefront. Construction is nearing completion for the seven new sites with a total area of approximately 15,000 m². The development will support business growth and cater for the unprecedented tourist numbers currently being attracted to our region. There are a number of important ancillary facilities scheduled for construction during this annual plan period. These include new toilets at the western end of the township, improved car parking and landscaping within the new town area.

Additional Public Toilets

The Council will continue its programme of providing services and community and visitor facilities. It will replace the current public toilets in Tekapo with new toilets in the western carpark area, to address the need for improved services for the community and visitors to Tekapo. This project has a budgeted cost of \$400,000. Additional toilets are also proposed at Lake Ruataniwha, and the toilets at Lake Wardell will also be upgraded.

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 2016/17 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.

Fairlie Water Supply Trunk Main Works

In 2015/16 the Council experienced a number of breakages in the Fairlie trunk main, resulting in water shortage and supply issues in the Fairlie township. The Council approved funding to begin a programme to replace the main pipe. This work is ongoing, and \$300,000 has been set aside to complete these works in 2016/17. The upgrade of the trunk main will ensure continuity and reliability of the water supply to Fairlie.

Transportation Strategy

The Council is developing a Transportation Strategy which will be an important component in addressing the significant growth currently being experienced in the district. This strategy will provide a shared vision and objectives for communities and will assist Council to identify, plan and prioritise transport projects to respond to population and tourist growth, and other changing needs.

Twizel Water Supply Pipe Upgrade Work

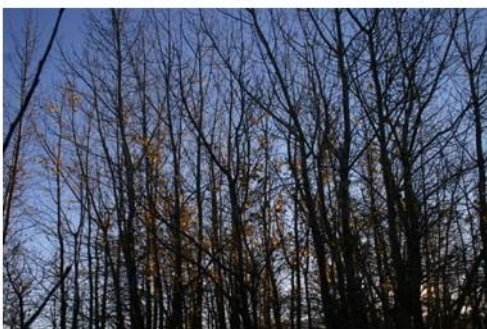
The Council's Infrastructure Strategy identifies one of the biggest issues facing the Council in the next 30 years is the need to replace asbestos cement and concrete water pipes in each of the three towns. This is a significant programme of work and the Council is committed to the upgrades to provide safe and reliable drinking water supplies to its communities. Included in the 2016/17 programme are planned pipe upgrades in the Tekapo Drive/ MacAulay Place/ Godley Street area in Twizel, at a cost of \$450,000.

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 2016/17. This will provide the opportunity for the community and stakeholders to have their say.

Roading

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 required levels of service.



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 2 (2016/17) of the Long Term Plan 2015-25 (LTP).

Roading

What we do

The Council owns and maintains 731 kilometres of local roads within the district, made up of 212 km sealed and 519 km of unsealed roads. That is all the roads in the district except for state highways which are managed by the New Zealand Transport Agency (NZTA), and roading in Mt Cook Village which is administered by the Department of Conservation. Rural roads make up 92% of the network.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights, signage and other assets associated with transportation. The total replacement cost for Council's roading assets is \$84.9 million (July 2013 valuation).

The Council intends to develop a Transportation Strategy, which will provide overall strategic direction for all of Council's roading activities.

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 21,000m³ of wearing course and maintenance metal annually, which will continue in 2016/17. Maintenance of the current levels of service on the sealed network involves resealing 111,000m² (approximately 19km) per annum. The budgeted cost for this is \$1.28 million of which sealing is \$684,000 and metalling is \$596,000.

In addition to reseals, there are sections of road requiring pavement rehabilitation. The Council has provided for ongoing rehabilitation requirements in the 2016/17 year of \$175,000.



Bridges

The Fox Ski Field bridge is programmed for replacement in the 2016/17 year. The Council will consider whether to undertake the replacement of the bridge at the same time as the Frasers Road bridge which was planned for replacement the following year 2017/18. If the two bridge replacements are undertaken simultaneously, this may result in efficiencies in terms of contractor costs. The decision will also depend on assessments of the structural integrity of the bridges in terms of the required timing for the replacements. If both are replaced at the same time, this would be funded as part of the Minor Improvements programme and would have no impact on rates.

Footpaths, Streetlights and Drainage Assets

Footpath works will continue as planned, with the renewal of existing surfaces prioritised in areas of greatest need. The 2016/17 budget for renewals is larger than that of 2015/16, so more renewals will be undertaken.

As with footpaths, the Council's street lighting programme will continue as programmed. Any ageing infrastructure that is replaced as part of maintenance will be replaced with LED lighting. The Council's drainage work programme is also business as usual, as per the LTP.

Variances to the Long Term Plan 2015-2025

The Council noted in its LTP that while it planned to undertake required maintenance of the existing sealed network, there was no provision for major additional seal extensions (new seals) during the LTP period. Minor localised seal extensions, for example for dust mitigation purposes, may be considered on a case by case basis.

However since the LTP was adopted, the Council has reviewed the effects of increased development on adjacent residents at a section of Old Glen Lyon Road in Twizel. A change in road use and increased development at the end of Old Glen Lyon Road has resulted in a significant increase in vehicle traffic and dust nuisance. The Council will seal approximately 1km of road at an additional cost of \$120,000.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes <ol style="list-style-type: none"> 1. A thriving economy 2. Safe, effective and sustainable infrastructure 3. A fit and healthy community 4. An attractive and highly valued natural environment 		
Levels of Service	Performance Measure	Targets 2016/17
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.* The percentage of the sealed local road network that is resurfaced.* The percentage of the unsealed road network renewed using wearing course and stabilisation techniques. The percentage of road users satisfied with the roading network.	90% for rural and 75% for urban roads. ≥4% ≥2% ≥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.* The percentage of customer service requests relating to roads and footpaths to which Council responds within the timeframe specified in the LTP.*	Change from previous financial year= 0 (equates to a total target of ≤2 fatality and serious injury crashes) ≥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

Roads Activity Group

For the year ended 30 June 2017

	LTP Budget	LTP Budget	Budget	Variance
Notes	2015/2016	2016/2017	2016/2017	from LTP
	\$000's	\$000's	\$000's	
REVENUE				
Targeted rates	952	1,160	1,154	-6
Subsidies and grants	1,584	1,555	1,553	-2
Other revenue	43	43	26	-17
Financial/upgrade contributions	0	0	0	0
Internal interest income	6	13	0	-13
Internal income	0	0	0	0
Assets vested	0	0	2,673	2,673
TOTAL REVENUE	2,585	2,771	5,406	
EXPENDITURE				
Personnel costs	152	155	172	-17
Consultancy expenses	95	96	100	-4
Administration	0	0	3	-3
Roading expenses	1,201	1,221	1,193	28
Interest on capital reserves	1	1	20	-19
Internal expenses	14	15	19	-4
Finance costs	0	31	36	-5
Depreciation	1,601	1,757	1,995	-238
TOTAL EXPENDITURE	3,064	3,276	3,538	
OPERATING SURPLUS/(DEFICIT)	(479)	(505)	1,868	

Forecast Funding Impact Statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	952	1,160	1,154
Subsidies and grants for operating purposes	988	960	697
Fees and charges	0	0	0
Internal charges and overheads recovered	6	13	0
Local authorities fuel tax, fines, infringement fees, and other receipts	43	43	26
TOTAL OPERATING FUNDING (A)	1,989	2,176	1,877
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,448	1,472	1,468
Finance costs	0	31	36
Internal charges and overheads applied	15	16	39
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,463	1,519	1,543
Surplus (deficit) of operating funding (A-B)	526	657	334
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	596	595	855
Development and financial contributions	0	0	0
Increase (decrease) in debt	0	738	738
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	596	1,333	1,593
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	2,673
- To improve the level of service	0	0	0
- To replace existing assets	1,871	2,004	2,124
Increase (decrease) in reserves	(749)	(14)	(2,870)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	1,122	1,990	1,927
Surplus (deficit) of capital funding (C-D)	(526)	(657)	(334)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	526	657	334
Less:			
Depreciation	1,601	1,757	1,995
Add:			
Vested Assets	0	0	2,673
Capital Portion NZTA Funding	596	595	855
OPERATING SURPLUS/(DEFICIT)	(479)	(505)	1,867

Forecast Capital Expenditure

Roads Activity Group

For the year ended 30 June 2017

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
District Roding				
Vested assets		0	0	2,673
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	0	2,673
REPLACE EXISTING ASSETS				
District Roding				
Unsealed road metalling		266	0	596
Sealed road resurfacing		1,002	684	684
Footpath - surfacing		20	122	242
Drainage renewal		60	61	105
Sealed road pavement rehabilitation		173	176	176
Structures component replacements bridges		20	626	20
Structures component replacements cattlestops		6	7	6
Traffic services renewals		69	70	40
Associated improvements				
Minor improvements	2	250	254	250
Plant and Equipment		5	5	5
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		1,871	2,005	2,124
TOTAL CAPITAL EXPENDITURE		1,871	2,005	4,797

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

It is business as usual in the Council's water supply activities for 2016/17. The programme of renewals is ongoing with maintenance to be undertaken as set out in the LTP. Rural water supplies will continue to be operated as they are at present.

As part of the ongoing project of works at Tekapo, Scada telemetry will be installed at the reservoir and at the booster pump at Lochinver. There will be a minor upgrade to the treatment system at Burkes Pass, including the installation of a flow meter to allow accurate monitoring of the quantity of water provided to the township.

Replacement of asbestos cement pipe in Twizel will be undertaken. Pipe renewals will also continue at Fairlie to replace ageing concrete pipes.

Council assets, including some water supply assets, will be revalued in 2016/17. Revaluations are used to set the level of depreciation funding for assets.

Variances from the Long Term Plan 2015-2025

Fairlie trunk main replacement

In 2015/16 the Council experienced a number of breakages in the Fairlie trunk main, resulting in water shortage and supply issues in the Fairlie township. Council approved funding to begin a programme to replace the main pipe. The 2016/17 annual plan provides for \$300,000 to complete these works.

Fairlie Reticulation renewals

As a result of the urgent works required on the Fairlie trunk main, the planned 2015/16 programme of renewals for Fairlie was delayed. These works will be undertaken in the 2016/17 year at the budgeted cost of \$125,000.

Twizel pipe upgrade work

As noted above, the Council will undertake a programme of pipe upgrades in Twizel. The 2016/17 works were planned for Tekapo Drive/ MacAulay Place/ Godley Street area at a budget of \$215,000. However since the works were planned, actual contract costs have been received for the work. The budget has been updated to reflect actual costs of \$450,000.

District-wide service connection reticulation renewals

This programme links to the work programme of mains replacement in the townships, as service connection renewals are done at the same time as mains replacements are undertaken. This is budgeted at a cost of \$60,000 for 2016/17.

While these matters are identified as variances from the programme set out in year 2 of the LTP, they do not constitute significant or material differences.



Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes <ol style="list-style-type: none"> 1. A thriving economy 2. Safe, effective and sustainable infrastructure 3. An attractive and highly valued natural environment 		
Levels of Service	Performance Measure	Targets 2016/17
Water supplies are available and reliable	The percentage of real water loss from the networked reticulation system.* 1	Estimated target: less than 25%
	The median response times to attend a call-out in response to a fault or unplanned interruption to the network reticulation system:	
	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	a) 2 hours
	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	b) 12 hours
	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	c) 72 hours
	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.*	d) 120 hours
	The average consumption of drinking water per day per resident within the District.*	Less than 1.3m ³ per person per day within urban schemes.

* Mandatory Performance Measure

¹ 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

Water Supplies Activity Group

For the year ended 30 June 2017

Notes	LTP Budget	LTP Budget	Budget	Variance from LTP
	2015/2016	2016/2017	2016/2017	
	\$000's	\$000's	\$000's	
REVENUE				
Targeted rates	912	982	984	2
Investment revenue	5	2	2	0
Other revenue	155	161	161	0
Financial/upgrade contributions	0	0	0	0
Other gains	0	0	0	0
Internal interest income	3	3	2	-1
Internal income	3	3	3	0
Assets vested	0	0	91	91
TOTAL REVENUE	1,078	1,151	1,243	
EXPENDITURE				
Personnel costs	11	11	11	0
Consultancy expenses	2	4	14	-10
Administration	36	38	83	-45
Operational and maintenance	460	479	475	4
Interest on capital reserves	55	105	62	43
Internal expenses	3	3	3	0
Finance costs	3	11	11	0
Depreciation	496	495	515	-20
TOTAL EXPENDITURE	1,066	1,146	1,174	
OPERATING SURPLUS/(DEFICIT)	12	5	69	

Forecast Funding Impact Statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	912	982	984
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	6	6	5
Local authorities fuel tax, fines, infringement fees, and other receipts	160	163	163
TOTAL OPERATING FUNDING (A)	1,078	1,151	1,152
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	509	531	583
Finance costs	3	11	11
Internal charges and overheads applied	58	108	65
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	570	650	659
Surplus (deficit) of operating funding (A-B)	508	502	493
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt	105	116	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	105	116	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	91
- To improve the level of service	1,451	411	1,078
- To replace existing assets	0	10	0
Increase (decrease) in reserves	(838)	197	(676)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	613	618	493
Surplus (deficit) of capital funding (C-D)	(508)	(502)	(493)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	508	502	493
Less:			
Depreciation	496	495	515
Add:			
Vested Assets	0	0	91
Financial Contributions			
OPERATING SURPLUS/(DEFICIT)	12	7	69

Forecast Capital expenditure

Water Supplies Activity Group

For the year ended 30 June 2017

Projects	Notes	2016	2017	
		LTP Budget \$000's	LTP Budget \$000's	Budget \$000's
MEET ADDITIONAL DEMAND				
Vested assets	2	0	0	91
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	0	91
IMPROVE LEVEL OF SERVICE				
Urban Water				
Town Reticulation - renewal		1,441	382	975
Plant		0	29	33
Service Connections				60
Allandale - Reticulation extension		10	10	10
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		1,451	421	1,078
TOTAL CAPITAL EXPENDITURE		1,451	421	1,169

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

Other than the variances outlined below, it is a 'business as usual' approach in this activity. The inspections of sewer mains in Fairlie and Tekapo continues, with a view to establishing a programme of replacement starting in 2017/18.

The Council will install a mag flow meter in the inlet to the Fairlie treatment ponds to measure inflows. This will provide information to assist in managing the Fairlie scheme. Scada telemetry will be installed at the Mackenzie Park pump station in Twizel. As with Fairlie, this equipment will allow better monitoring and management of Council's sewerage systems.

Council assets, including its sewer assets, will be revalued in 2016/17. Revaluations are used to set the level of depreciation funding.

Variances from the Long Term Plan 2015-2025

Tekapo wastewater treatment plant works

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. Investigations were undertaken in 2015/16, but work on an alternative disposal system will not be completed as programmed in that year. The Council has therefore provided \$300,000 in the 2016/17 Annual Plan to complete the investigations and works.

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 there has been a delay to those works and while there is still some uncertainty around the timing of the project, the Council has budgeted \$720,000 for the 2016/17 year.

While these matters are identified as variances from the programme set out in year 2 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 2016/17

Community Outcomes <ol style="list-style-type: none"> 1. Safe, effective and sustainable infrastructure 2. A fit and healthy community 3. An attractive and highly valued natural environment 		
Levels of Service	Performance Measure	Targets 2016/17
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"> a) abatement notices b) infringement notices c) enforcement orders, and d) convictions 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"> a) attendance time: from the time that the territorial authority receives notification to the time that service personnel reach the site, and 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.* 	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"> a) sewage odour b) sewerage system faults c) sewerage system blockages, and d) the Council's response to issues with its sewerage system, expressed per 1000 connections to the Council's sewerage system.* 	≤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

Sewerage Activity Group

For the year ended 30 June 2017

	Notes	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Budget 2016/2017 \$000's	Variance from LTP
REVENUE					
Targeted rates		443	578	562	-16
Other revenue		6	6	6	0
Financial/upgrade contributions		0	0	0	0
Internal interest income		46	28	35	7
Assets vested		0	0	149	149
TOTAL REVENUE		495	612	752	
EXPENDITURE					
Consultancy expenses		0	0	10	-10
Administration		11	11	41	-30
Operational and maintenance		146	226	199	27
Interest on capital reserves		6	6	6	0
Depreciation		323	360	344	16
TOTAL EXPENDITURE		486	603	600	
OPERATING SURPLUS/(DEFICIT)		9	9	152	

Forecast Funding Impact Statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	443	578	562
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	46	28	35
Local authorities fuel tax, fines, infringement fees, and other receipts	6	6	6
TOTAL OPERATING FUNDING (A)	495	612	603
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	157	237	250
Finance costs	0	0	0
Internal charges and overheads applied	6	6	6
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	163	243	256
Surplus (deficit) of operating funding (A-B)	332	370	347
SOURCES OF CAPITAL FUNDING			
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	149
- To improve the level of service	902	31	1,000
- To replace existing assets	0	0	11
Increase (decrease) in reserves	(570)	339	(813)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	332	370	347
Surplus (deficit) of capital funding (C-D)	(332)	(370)	(347)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	332	370	347
Less:			
Depreciation	323	360	344
Add:			
Vested Assets	0	0	149
OPERATING SURPLUS/(DEFICIT)	9	10	152

Forecast Capital Expenditure**Sewerage Activity Group****For the year ended 30 June 2017**

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
Vested assets		0	0	149
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	0	149
IMPROVE LEVEL OF SERVICE				
Urban Sewer				
Sewer Reticulation - renewal		902	31	0
Sewer Treatment - new		0	0	1,000
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		902	31	1,000
REPLACE EXISTING ASSETS				
Urban Sewer				
Sewer Reticulation - new		0	0	11
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		0	0	11
TOTAL CAPITAL EXPENDITURE		902	31	1,160

Stormwater

What we do

Council is responsible for the management of \$3.48 million 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

In the Council's stormwater activity it is 'business as usual' with no major or unusual expenditure expected or planned. There will be some additional stormwater discharges added to the network from the Council's development in Tekapo. As with other assets, revaluation of Council's stormwater assets will also be undertaken in the 2016/17 year.



Variances to the Long Term Plan 2015-2025

There are no significant variances from Year 2 of the Long Term Plan for this activity.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes		
1. Safe, effective and sustainable infrastructure 2. An attractive and highly valued natural environment		
Levels of Service	Performance Measure	Targets 2016/17
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

Stormwater Activity Group

For the year ended 30 June 2017

	Notes	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Budget 2016/2017 \$000's	Variance from LTP
REVENUE					
Targeted rates		79	85	99	14
Financial/upgrade contributions		0	0	0	0
Internal interest income		8	10	12	2
Assets vested		0	0	232	232
TOTAL REVENUE		87	95	343	
EXPENDITURE					
Consultancy expenses		0	0	6	-6
Administration		1	1	10	-9
Operational and maintenance		25	28	29	-1
Depreciation		62	66	67	-1
TOTAL EXPENDITURE		88	95	112	
OPERATING SURPLUS/(DEFICIT)		(1)	0	231	

Forecast Funding impact statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	0	0	0
Targeted rates	79	85	99
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	8	10	12
Local authorities fuel tax, fines, infringement fees, and other receipts	0	0	0
TOTAL OPERATING FUNDING (A)	87	95	111
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	26	29	45
Finance costs	0	0	0
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	26	29	45
Surplus (deficit) of operating funding (A-B)	61	66	66
SOURCES OF CAPITAL FUNDING			
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	232
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	61	66	(166)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	61	66	66
Surplus (deficit) of capital funding (C-D)	(61)	(66)	(66)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	61	66	66
Less:			
Depreciation	62	66	67
Add:			
Vested Assets	0	0	232
OPERATING SURPLUS/(DEFICIT)	(1)	0	231

Forecast Capital Expenditure**Stormwater Activity Group**

For the year ended 30 June 2017

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
Vested assets		0	0	232
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	0	232
TOTAL CAPITAL EXPENDITURE		0	0	232

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 2016/17 year, the Council will investigate the development of a Local Approved Products Policy and whether one is necessary or appropriate 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 2016/17 year. It is also likely that there will be ongoing work in relation to Plan Change 13 (landscape management in the Mackenzie Basin) as this continues to progress through the Environment Court process. The Council will also complete the processing of Private Plan Change 16 at Tekapo in the 2016/17 year. Resource consent numbers increased in the 2015/16 year, and these higher levels of consents are also likely to occur in the 2016/17 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. The Council will continue working with the community to encourage volunteers and to ensure adequate training is provided to volunteers as well as Council staff. The Council's rural fire functions will continue as planned, with minor expenditure to keep equipment up to date.

Variances to the Long Term Plan 2015 - 2025

Health & Liquor Regulation Contract Costs

An increase in contract costs and new provision for enforcement and inspections has been budgeted in the 2016/17 year. The Council has been notified of an increase in the cost of its contract with Timaru District Council. The total budget requirement has increased from \$75,850 (Year 2 LTP) to \$151,000 (16/17 budget), which is an increase of \$75,000. This is made up of \$19,000 user fees with the balance being required from the general rate.

This change is not considered a material change from Year 2 of the LTP. There are no significant variances from the programme set out in Year 2 of the LTP for the regulatory services area.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes <ol style="list-style-type: none"> 1. A thriving economy. 2. Safe, effective and sustainable infrastructure. 3. A fit and healthy community. 4. An attractive and highly valued natural environment. 		
Levels of Service	Performance Measure	Targets 2016/17
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.	<p>Non-notified consents are processed within the statutory timeframe of 20 working days.</p> <p>The percentage of applicants for resource consents that are satisfied with the quality of the service they receive.</p>	<p>≥95% compliance.</p> <p>≥80% positive feedback to a customer survey.</p>
To provide a customer focussed building control service that achieves our obligations under the Building Act 2004.	<p>Building consents are processed within the statutory timeframe of 20 working days.</p> <p>The percentage of applicants for building consents that are satisfied with the quality of the service they receive.</p>	<p>95% compliance</p> <p>≥80% positive feedback to a customer survey.</p>
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

Planning and Regulatory Activity Group

For the year ended 30 June 2017

	Notes	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Budget 2016/2017 \$000's	Variance from LTP
REVENUE					
General rates		421	424	448	24
Targeted rates		165	173	168	-5
Other revenue		625	640	720	80
Gain on sale of assets		0	0	0	0
Reserve contributions		120	120	120	0
Internal interest income		1	0	0	0
TOTAL REVENUE		1,332	1,357	1,456	
EXPENDITURE					
Personnel costs		740	754	675	79
Consultancy expenses		432	392	505	-113
Administration		78	80	79	1
Operational and maintenance		213	218	348	-130
Interest on capital reserves		61	63	73	-10
Internal expenses		36	39	33	6
Depreciation		42	46	44	2
TOTAL EXPENDITURE		1,602	1,592	1,757	
OPERATING SURPLUS/(DEFICIT)		(270)	(235)	(301)	

Forecast Funding impact statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	421	424	448
Targeted rates	165	173	168
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	1	0	0
Local authorities fuel tax, fines, infringement fees, and other receipts	625	640	720
TOTAL OPERATING FUNDING (A)	1,212	1,237	1,336
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	1,463	1,444	1,607
Finance costs	0	0	0
Internal charges and overheads applied	97	102	106
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	1,560	1,546	1,713
Surplus (deficit) of operating funding (A-B)	(348)	(308)	(377)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	120	120	120
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	120	120	120
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	86	8	8
Increase (decrease) in reserves	(314)	(197)	(265)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	(228)	(188)	(257)
Surplus (deficit) of capital funding (C-D)	348	308	377
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	(348)	(308)	(377)
Less:			
Depreciation	42	46	44
Add:			
Reserve Contributions	120	120	120
OPERATING SURPLUS/(DEFICIT)	(270)	(234)	(301)

Forecast Capital Expenditure

Planning and Regulatory Activity Group

For the year ended 30 June 2017

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
REPLACE EXISTING ASSETS				
Regulatory Services				
Civil Defence				
Plant & equipment		25	0	0
Rural Fire				
Plant & equipment		6	8	8
Vehicles		55		
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		86	8	8
TOTAL CAPITAL EXPENDITURE		86	8	8

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 the 2016/17 are largely business as usual with ongoing maintenance of facilities and reserves. \$100,000 has been budgeted for Twizel township projects.

Twizel's Lakes Wardell and Ruataniwha have reserves which are popular with visitors. The facilities in this area are limited, with work proposed in the plan for additional toilets at Lake Ruataniwha and an upgrade of the existing toilets at Lake Wardell. There are also plans for the ongoing development of tracks and facilities in these areas.

Lake Tekapo

Works are ongoing in respect of redeveloping community facilities at Tekapo in association with the Tekapo Lakefront development. A plan for the development and reserve areas, including the Domain, the footbridge/town centre area and the solar system display is being developed. Works budgeted for include the development of a new play area. 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 2016/17 year. Further work will be undertaken in the Fairlie Village Green which will include additional play equipment and parking. This is expected to be funded from community fundraising.

Funding has been provided for the expansion of the available area in the Fairlie cemetery which will also be undertaken in 2016/17.

District Wide

Housing

Submissions to the LTP raised the importance of pensioner housing to the community. Communities in Twizel and Tekapo have suggested a need for additional housing for the elderly, along with worker type accommodation needed in Lake Tekapo.

As signalled in the LTP, the Council will commission a small research project to be completed in 2016/17, to determine the likely future need for additional council type housing across the district. The review will also look at options for providing the service and will include a concurrent review of the Pensioner Flat Occupancy policy.

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.

Variances from the Long-Term plan 2015-2025

In 2015/16 the Council intended to replace the current public toilets in Tekapo with new toilets in the western carpark area. This project has been delayed by a year, and will now be carried out in 2016/17 at the budgeted cost of \$400,000.

This change is not considered a material change from Year 2 of the LTP. There are no significant variances from the programme set out in Year 2 of the LTP for the Community and Township services area.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes		
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 2016/17
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

Community and Township Services Activity Group

For the year ended 30 June 2017

	Notes	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Budget 2016/2017 \$000's	Variance from LTP
REVENUE					
General rates		628	677	534	-143
Targeted rates		1,874	1,863	1,866	3
Subsidies and grants		18	18	18	0
Other revenue		479	496	446	-50
Gain on sale of assets		0	0	0	0
Internal interest income		12	16	11	-5
TOTAL REVENUE		3,011	3,070	2,875	
EXPENDITURE					
Personnel costs		129	131	145	-14
Consultancy expenses		27	28	32	-4
Administration		292	300	221	79
Operational and maintenance		2,189	2,200	2,170	30
Interest on capital reserves		87	107	75	32
Internal expenses		8	8	8	0
Depreciation		330	352	346	6
TOTAL EXPENDITURE		3,062	3,126	2,997	
OPERATING SURPLUS/(DEFICIT)		(51)	(56)	(122)	

Forecast Funding impact statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	628	677	534
Targeted rates	1,874	1,863	1,866
Subsidies and grants for operating purposes	18	18	18
Fees and charges	0	0	0
Internal charges and overheads recovered	12	16	11
Local authorities fuel tax, fines, infringement fees, and other receipts	479	496	446
TOTAL OPERATING FUNDING (A)	3,011	3,070	2,875
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,637	2,660	2,568
Finance costs	0	0	0
Internal charges and overheads applied	95	115	83
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,732	2,774	2,651
Surplus (deficit) of operating funding (A-B)	279	296	224
SOURCES OF CAPITAL FUNDING			
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	200
- To improve the level of service	0	0	0
- To replace existing assets	465	51	451
Increase (decrease) in reserves	(186)	244	(427)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	279	296	224
Surplus (deficit) of capital funding (C-D)	(279)	(296)	(224)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	279	296	224
Less:			
Depreciation	330	352	346
OPERATING SURPLUS/(DEFICIT)	(51)	(56)	(122)

Forecast Capital Expenditure**Community and Township Services Activity Group****For the year ended 30 June 2017**

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND				
Cemeteries				
Land		0	0	200
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND		0	0	200
REPLACE EXISTING ASSETS				
Community Services				
Pensioner Housing				
Plant and Equipment - Fairlie		0	22	22
Plant and Equipment - Twizel		0	9	9
Public Toilets				
Buildings		465	0	400
Recreational Facilities				
Twizel Township and Twizel Reserves				
Projects		0	20	20
Furniture & fittings - other				
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		465	51	451
TOTAL CAPITAL EXPENDITURE		465	51	651

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.

Every three years the council carries out elections in accordance with the Local Electoral Act 2001. It also ensures that any vacancies are filled in accordance with the Local Electoral Act 2001.

The council's Corporate Services arm manages the commercial activities of the council and provides accounting, secretarial and administrative support to all other activities of Council.

Plans for the Year

It is largely business as usual in terms of governance and corporate services activity. There will be local government elections held in October 2016, and budgets have been provided for this.

Council also intends to renovate its Fairlie offices in the 2016/17 year. A budget of \$61,400 has been provided for this.

Variances from the Long-Term Plan 2015-2025

The Council has included an additional budget of \$75,000 for consultancy support for Long Term Planning. Other than that, there are no significant variances from the program of work contemplated in the LTP.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes		
<ol style="list-style-type: none"> 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 6. A democracy which upholds the rights of the individual 		
Levels of Service	Performance Measure	Targets 2016/17
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

Governance and Corporate Services Activity Group

For the year ended 30 June 2017

		LTP Budget	LTP Budget	Budget	Variance
	Notes	2015/2016	2016/2017	2016/2017	from LTP
		\$000's	\$000's	\$000's	
REVENUE					
General rates		2,616	2,682	2,884	202
Targeted rates		25	26	26	0
Subsidies and grants		0	0	0	0
Investment revenue		0	0	0	0
Other revenue		117	122	126	4
Gain on sale of assets		0	0	50	50
Financial/upgrade contributions		0	0	0	0
Internal interest income		0	1	1	0
Internal income		124	134	117	-17
Assets vested		0	0	0	0
TOTAL REVENUE		2,882	2,965	3,204	
EXPENDITURE					
Personnel costs		1,502	1,445	1,511	-66
Member expenses		321	328	330	-2
Consultancy expenses		176	181	277	-96
Administration		419	439	456	-17
Operational and maintenance		220	302	366	-64
Interest on capital reserves		10	10	6	4
Internal expenses		67	72	58	14
Finance costs		0	0	0	0
Funded depreciation*		153	167	156	11
TOTAL EXPENDITURE		2,868	2,944	3,160	
OPERATING SURPLUS/(DEFICIT)		14	21	44	

Forecast Funding Impact Statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,616	2,682	2,884
Targeted rates	25	26	26
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	124	135	118
Local authorities fuel tax, fines, infringement fees, and other receipts	117	122	126
TOTAL OPERATING FUNDING (A)	2,882	2,965	3,154
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	2,638	2,695	2,940
Finance costs	0	0	0
Internal charges and overheads applied	77	82	64
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	2,715	2,777	3,004
Surplus (deficit) of operating funding (A-B)	167	188	150
SOURCES OF CAPITAL FUNDING			
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
TOTAL SOURCES OF CAPITAL FUNDING (C)	0	0	0
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	28	0	18
- To replace existing assets	84	176	212
Increase (decrease) in reserves	55	12	(80)
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	167	188	150
Surplus (deficit) of capital funding (C-D)	(167)	(188)	(150)
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	167	188	150
Add:			
Gain on Sale of Assets			50
Less:			
Depreciation	153	167	156
OPERATING SURPLUS/(DEFICIT)	14	21	44

Forecast Capex Expenditure**Governance and Corporate Services Activity Group**

For the year ended 30 June 2017

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
IMPROVE LEVEL OF SERVICE				
Corporate Services				
Information Technology				
Software		0	0	0
Web site development		28	0	18
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE		28	0	18
REPLACE EXISTING ASSETS				
Corporate Services				
Administration				
Plant & equipment		0	0	0
Information Technology				
Information Management System		8	8	10
PC Server		20	0	0
Website development		0	0	0
Network infrastructure		2	0	0
Software	1	18	18	0
GIS aerials		0	0	0
Communications equipment		0	0	0
Plant & equipment		3	0	0
Plant & Equipment				
Motor vehicles		28	83	135
Fairlie Building				
Plant & equipment	2	0	0	0
Building - other		0	61	62
Furniture & Fittings - admin		3	3	3
Furniture & Fittings - other		0	0	0
Twizel Building				
Building - other	2	0	0	0
Furniture & Fittings - other		2	2	2
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS		84	175	212
TOTAL CAPITAL EXPENDITURE		112	175	230

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 has entered into contracts with providers for this work in the 2016/17 year, as follows:

- Memorandum of Understanding with Christchurch and Canterbury Tourism to provide destination marketing services for the Mackenzie District for the 2016/17 year;
- Contract for Service Agreement between Tourism Waitaki, Mackenzie District Council and Waitaki District Council for Alps2Ocean business and marketing services for 2016/17.

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 continue to investigate off-roading sections of Hayman Road in 2016/17, within current budgets.

Visitor numbers have risen significantly in 2015/16, and this trend is forecast to continue over 2016/17. 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.

In 2015/16 the Council had a Memorandum of Understanding with Aoraki Development Business and Tourism to provide economic development activity and business support services to the District. However that organisation is not in a position to continue to offer that service. The Council will look at other providers for the 2016/17 year within the budget allocated.

Commercial Activities

The Council's commercial activities will continue as set out in Year 2 of the LTP, with the exceptions outlined below. Forestry assets will continue to be maintained. All subdivision associated with the Tekapo development will be completed and the Council will continue its programme of selling the sections created.

Variances from the Long-Term Plan 2015-2025

Increased income from Land Sales occurring in 2016/17

In the LTP the predicted income from land sales had been budgeted to be received by the Council over a number of years. However the income from land sales will mostly be received in the 2016/17 year. Because of sales, actual subdivision costs will also rise.

The income budgeted for Year 2 of LTP was \$1.683m with subdivision costs budgeted for Year 2 at \$1.386m. However, for this Plan, the income for the 2016/17 year is now budgeted to be \$4.103m, with subdivision costs for 2016/17 year to be \$2.508m. This will earn the Council increased interest in the 2016/17 year.

Reduced income from Lower Interest Rates

In its LTP, the Council had based its budget on an interest rate of 4.5 %. However actual interest rates are lower than that assumed. An adjustment has been made for this and the interest rate has been budgeted at 3% for 2016/17 year.

These lower interest rates have been offset by higher investments from land sales. Interest income will be increased by \$108,000.

Increase in Tourism Budget for CCT

The Council has approved an increase in funding in the Tourism activity area of \$22,000 in addition to the budgeted funding of \$210,000 for the 2016/17 year. This is for Christchurch and Canterbury Tourism and will allow current levels of service to be maintained. It is a 10% increase, and is sought to fund an extra half FTE and further research work to meet additional strong demand for services.

While these matters are identified as variances from the programme set out in year 2 of the LTP, they do not constitute significant or material differences. There are no significant impacts from the changes on delivery of services, rates, or funding.

Levels of Service, Performance Measures and Targets for 2016/17

Community Outcomes 1. A thriving economy 2. Safe, effective and sustainable infrastructure		
Levels of Service	Performance Measure	Targets 2016/17
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.
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

Commercial Activities Activity Group

For the year ended 30 June 2017

		LTP Budget	LTP Budget	Budget	Variance
	Notes	2015/2016	2016/2017	2016/2017	from LTP
		\$000's	\$000's	\$000's	
REVENUE					
General rates		(863)	(944)	(964)	
Targeted rates		432	442	362	80
Investment Income		(111)	(185)	769	-954
Other Income		231	(121)	212	-333
Other Gains and Losses		1,427	1,468	1,449	19
Internal interest income		949	1,127	204	923
Internal income		0	0	0	0
		2,065	1,787	2,032	
Less used to offset rates		0	0	0	
TOTAL REVENUE		2,065	1,787	2,032	
EXPENDITURE					
Personnel costs		35	37	44	-7
Member expenses		20	20	20	0
Consultancy expenses		111	89	79	10
Administration		89	90	109	-19
Operational and maintenance		474	478	477	1
Real estate cost of sales		0	0	0	0
Interest on capital reserves		95	90	26	64
Assets impairment		72	74	74	0
Depreciation		82	82	84	-2
TOTAL EXPENDITURE		978	960	913	
OPERATING SURPLUS/(DEFICIT)		1,087	827	1,119	

Forecast Funding Impact Statement for 2016-2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	(863)	(944)	(964)
Targeted rates	432	442	362
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	949	1,126	204
Local authorities fuel tax, fines, infringement fees, and other receipts	859	865	981
TOTAL OPERATING FUNDING (A)	1,377	1,489	583
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	729	714	729
Finance costs	0	0	0
Internal charges and overheads applied	95	90	26
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	824	804	755
Surplus (deficit) of operating funding (A-B)	553	685	(172)
SOURCES OF CAPITAL FUNDING			
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	3,880	1,628	4,103
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	3,880	1,628	4,103
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	0
- To improve the level of service	0	0	0
- To replace existing assets	0	0	0
Increase (decrease) in reserves	4,433	2,313	3,931
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	4,433	2,313	3,931
Surplus (deficit) of capital funding (C-D)	(553)	(685)	172
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not be used to fund operating expenditure.

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

Surplus (deficit) of operating funding	553	685	(172)
Less:			
Depreciation	82	82	84
Asset Impairment	72	74	74
Add:			
Other Gains	688	297	1,449
OPERATING SURPLUS/(DEFICIT)	1,087	826	1,119

Forecast Capex Expenditure**Commercial Activities Activity Group**For the year ended 30 June 2017

Projects	Notes	LTP Budget	LTP Budget	Annual Plan
		2015/2016	2016/2017	2016/2017
		\$000's	\$000's	\$000's
TOTAL CAPITAL EXPENDITURE		0	0	0

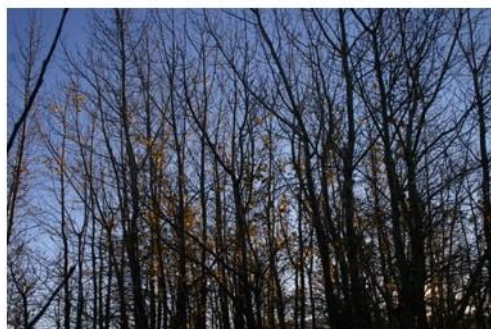
Council Controlled Organisation

Mackenzie Holdings Limited

The Mackenzie District Council has financial interest in Mackenzie Holdings Ltd which is a Council Controlled Organisation. It holds 100% ownership of Mackenzie Holdings Ltd. This company was established in October 2004, primarily to operate the Pukaki Airport.

Council reviewed the structure of the operation of Pukaki Airport in October 2006 and for a number of reasons, it reverted back to the Pukaki Airport Board, which is a committee of Council.

The assets and liabilities of Mackenzie Holdings Ltd were assumed by Council as of 1 July 2007 and the company has ceased trading. Council's operation of the Pukaki Airport has been transferred to the Pukaki Airport Board. Council has exempted it from the normal reporting requirements of such bodies, due to its small size and inactive status. Mackenzie Holdings Ltd will be wound up at some time in the future, but this is not anticipated during this Plan.



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

For the Year Ending 30 June 2017

	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Annual Plan 2016/2017 \$000's
REVENUE			
Rates	7,685	8,146	8,123
Fees, charges and targeted water supply	0	0	0
Subsidies and Grants	1,602	1,573	1,571
Investment Revenue	634	662	771
Other Revenue	1,686	1,382	1,697
Real Estate Sales	0	0	0
Contributions	120	120	120
Gain on Sale of Assets	0	0	50
Other Gains	760	371	1,449
Assets Vested	0	0	3,145
TOTAL REVENUE	12,487	12,254	16,926
EXPENDITURE			
Employee Benefits	2,515	2,563	2,558
Member Expenses	341	348	350
Consultancy Expenses	844	789	1,023
Administration	928	958	1,002
Finance Costs	3	42	47
Operational and Maintenance	3,807	3,930	4,064
Roading Expenses	1,173	1,191	1,193
Depreciation and Amortisation	3,089	3,326	3,551
Real Estate Cost of Sales	0	0	0
Loss on Sale and Assets Written Off	0	0	0
Asset Impairment	0	0	74
Other Losses	0	0	0
TOTAL EXPENDITURE	12,700	13,147	13,862
Net Surplus/(Deficit) After Taxation	(213)	(893)	3,064
OTHER COMPREHENSIVE REVENUE AND EXPENSE			
<i>Item that will be reclassified to surplus/(deficit)</i>			
Financial assets at fair value through other comprehensive revenue	0	0	0
<i>Item that will not be reclassified to surplus/(deficit)</i>			
Gain on infrastructure revaluations	0	0	0
Total Other Comprehensive Revenue and Expense	0	0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE	(213)	(893)	3,064

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

Forecast Statement of Changes in Equity

For the Year Ending 30 June 2017

	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Annual Plan 2016/2017 \$000's
BALANCE AT 1 JULY	209,669	209,456	211,781
Property, plant and equipment			
Valuation gains/(losses) taken to equity	0	0	0
Net income/(expense) recognised directly in equity	0	0	0
Total comprehensive revenue and expense for the year	(213)	(893)	3,064
Total recognised revenue for the year	(213)	(893)	3,064
Owner transactions			
Capital contribution	0	0	0
Repayment of capital	0	0	0
Capital contribution	0	0	0
BALANCE AT 30 JUNE	209,456	208,563	214,845

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

Forecast Statement of Financial Position

As at 30 June 2017

	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Annual Plan 2016/2017 \$000's
ASSETS			
Current Assets			
Cash and cash equivalents	6,038	7,169	6,785
Receivables and prepayments	1,617	1,656	1,656
Inventories	4,103	4,064	3,419
Current portion property intended for resale	0	0	0
Other Financial assets	1,035	1,035	1,035
TOTAL CURRENT ASSETS	12,793	13,924	12,895
Non-current Assets			
Other Financial assets	10,770	11,271	11,271
Intangible assets	366	440	440
Forestry assets	2,292	2,347	2,347
Property, plant and equipment	185,438	183,688	191,119
TOTAL NON-CURRENT ASSETS	198,866	197,746	205,177
Total Assets	211,659	211,670	218,072
LIABILITIES			
Current Liabilities			
Payables and accruals	1,880	1,926	1,926
Employee entitlements	156	159	159
Provisions	0	0	0
Borrowings	0	0	0
TOTAL CURRENT LIABILITIES	2,036	2,085	2,085
Non-current Liabilities			
Employee entitlements	0	0	0
Provisions	62	63	63
Borrowings	105	959	1,079
TOTAL NON-CURRENT LIABILITIES	167	1,022	1,142
Total Liabilities	2,203	3,107	3,227
NET ASSETS	209,456	208,563	214,845
EQUITY			
Contributed Capital	0	0	0
Accumulated Funds	102,972	107,608	107,885
Capital Reserves	(4,080)	(1,490)	(438)
Operating Reserves	(110)	(8,338)	(2,745)
Special Funds	6,097	6,097	6,097
Other Reserves	42	42	42
Property Revaluation Reserves	104,535	104,644	104,004
TOTAL EQUITY	209,456	208,563	214,845

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

Forecast Statement of Projected Cash Flows

For the Year Ending 30 June 2017

	LTP Budget 2015/2016 \$000's	LTP Budget 2016/2017 \$000's	Annual Plan 2016/2017 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from rates revenue	7,685	8,146	8,123
Subsidies and grants received	1,602	1,573	1,571
Receipts from other revenue	1,806	1,502	1,817
Interest received	634	662	771
Dividends received	0	0	0
Property sales	3,880	1,628	4,103
Goods and services tax (GST) received	0	0	0
	15,607	13,511	16,385
Cash was applied to:			
Payments to suppliers and employees	9,713	10,500	12,699
Net goods and services tax (GST) paid	0	1	0
Finance costs	3	42	47
	9,716	10,543	12,746
Net cashflow from operating activities	5,891	2,968	3,639
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was provided from:			
Sale of assets	0	0	0
Redemption of investments	0	0	0
	0	0	0
Cash was applied to:			
Purchase of property, plant and equipment	4,886	2,691	5,102
Purchase of investments	0	0	0
	4,886	2,691	5,102
Net cashflow from investing activities	(4,886)	(2,691)	(5,102)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Proceeds from borrowings	105	854	1,079
	105	854	1,079
Cash was applied to:			
Repayment of borrowings	0	0	0
	0	0	0
Net cashflow from financing activities	105	854	1,079
Net Cashflows from operating activities	5,891	2,968	3,639
Net Cashflows from Investing Activities	(4,886)	(2,691)	(5,102)
Net Cashflows from Financing Activities	105	854	1,079
Net decrease in cash, cash equivalents and bank overdrafts	1,110	1,131	(384)
Cash, cash equivalents and bank overdrafts at the beginning of the year	4,928	6,038	7,169
Cash, cash equivalents and bank overdrafts at the end of the year	6,038	7,169	6,785

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

Reconciliation of Forecast Net Surplus/(Deficit) to Prospective Net Cash Flow from Operating Activities

For the Year Ending 30 June 2017

	LTP Budget	LTP Budget	Annual Plan
	Forecast	Forecast	Forecast
	\$000's	\$000's	\$000's
REPORTED OPERATING SURPLUS	(213)	(893)	3,064
Add(less): Non-cash items:			
Vested assets	0	0	-3,145
Depreciation and amortisation	3,089	3,326	3,551
(Gains)/losses on fair value of forestry assets	0	0	-500
Forestry cost of sales	0	0	
(Gains)/losses on fair value of assets	0	0	0
Movements in current assets (other than cash)			
Recognition of carbon credits	0	0	0
Impairment of assets	0	0	74
(Gain)/loss on sale of assets written off	0	0	-50
Investment valuation	0	0	0
	3,089	3,326	-70
Add(less) Movements in working capital items			
Increase (decrease) in Accounts payable	0	0	0
Increase (decrease) in Employee entitlements	0	0	0
(Increase) decrease in Accounts receivable	0	0	0
(Increase) decrease in Inventories	0	0	645
(Increase) decrease in Properties intended for disposal	0	0	0
	0	0	645
Add(less): Items classified as investing activities			
Net losses on sale of property intended for disposal	0	0	0
Gain/(loss) on Sale included in Investing Activity	0	0	0
	0	0	0
Net Cash inflow from operating activities	2,876	2,433	3,639

Forecast of Capital Expenditure

Forecast Capital Expenditure for Group of Activities

Projects	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
MEET ADDITIONAL DEMAND			
Water			
<i>Urban Water</i>			
Vested assets	0	0	91
Sewerage			
<i>Urban Sewer</i>			
Vested assets	0	0	149
Stormwater			
<i>Urban Stormwater</i>			
Vested assets	0	0	232
Roading			
<i>District Roothing</i>			
Vested assets	0	0	2,673
Community Services			
<i>Cemeteries</i>			
Land	0	0	100
Land	0	0	100
TOTAL CAPITAL EXPENDITURE TO MEET ADDITIONAL DEMAND	0	0	3,345
IMPROVE LEVEL OF SERVICE			
Corporate Services			
<i>Information Technology</i>			
Website Development	28	0	0
Water			
<i>Urban Water</i>			
Plant	0	29	33
<i>Twizel Water</i>			
Town Reticulation - renewal	1441	382	975
Sewerage			
<i>Urban Sewer</i>			
Sewer Treatment - new	902	31	1,000
TOTAL CAPITAL EXPENDITURE TO IMPROVE LEVEL OF SERVICE	2,371	442	2,008

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

Projects	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
REPLACE EXISTING ASSETS			
Corporate Services			
Information Technology			
Information management system	8	8	10
PC Server	20	0	0
Network Infrastructure	2	0	0
Plant & Equipment	3	0	0
Software	18	18	18
Plant & Equipment			
Motor vehicles	28	83	135
Fairlie Building			
Building - renovations	0	61	62
Furniture & Fittings -other	3	3	3
Twizel Building			
Furniture & Fittings - other	2	2	2
Water			
Urban Water			
Tekapo Water			
Service connections	0	0	60
Allandale Water			
Reticulation extension	10	10	10
Sewerage			
Urban Sewer			
Sewer Reticulation - renewal	0	0	0
Sewer Reticulation - new	0	0	11
Roading			
District Roothing			
Footpaths - surfacing	20	122	242
Unsealed road metalling	266	0	596
Sealed road resurfacing	1002	684	684
Drainage renewal	60	61	105
Sealed road pavement rehabilitation	173	176	176
Structures component replacements bridges	20	626	20
Structures component replacements cattlestops	6	7	6
Traffic services renewals	69	70	40
Minor improvements	250	254	250
Professional Roothing Business Unit			
Plant and equipment	5	5	5
Regulatory Services			
Rural Fire			
Plant & equipment	6	8	8
Vehicles	55	0	0
Civil Defence			
Plant & equipment	25	0	0
Community Services			
Fairlie Pensioner Housing			
Plant and equipment	0	22	22
Twizel Pensioner Housing			
Plant and equipment	0	9	9
Public Toilets			
Urban toilets	465	0	400
Twizel Reserves			
Other projects	0	20	20
TOTAL CAPITAL EXPENDITURE TO REPLACE EXISTING ASSETS	2,516	2,249	2,894
TOTAL CAPITAL EXPENDITURE	4,887	2,691	8,247

Forecast Summary of Capital Expenditure

	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
Governance and Corporate Services	112	175	230
Water supplies	1,451	421	1,169
Sewerage	902	31	1,160
Stormwater	0	0	232
Roading	1,871	2,005	4,797
Planning and Regulatory	86	8	8
Community and Township Services	465	51	651
Commercial Activities	0	0	0
Total capital expenditure	4,887	2,691	8,247

Forecast Summary of Depreciation

Depreciation and amortisation for each Group of Activities

	LTP Budget	LTP Budget	Forecast
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
Governance and Corporate Services	153	167	156
Water supplies	496	495	515
Sewerage	323	360	344
Stormwater	62	66	67
Roading	1,601	1,757	1,995
Planning and Regulatory	42	46	44
Community and Township Services	330	352	346
Commercial Activities	82	82	84
Total depreciation and amortisation expense	3,089	3,325	3,551

Forecast Statement of Reserves Movements

2016/2017 Forecast			
Opening Balance at 1 July 2016	Movements into Reserve 2016/2017	Movements from Reserve 2016/2017	Closing Balance at 30 June 2017
\$000's	\$000's	\$000's	\$000's
103,380	4,505	0	107,885
103,380	4,505	0	107,885
5,217	0	0	5,217
217	0	0	217
30,294	-640	0	29,654
13,610	0	0	13,610
6,564	0	0	6,564
2,467	0	0	2,467
38,095	0	0	38,095
35	0	0	35
8,144	0	0	8,144
104,643	-640	0	104,003
40	0	0	40
-40	0	0	-40
7	0	0	7
200	0	0	200
1,029	0	0	1,029
2	0	0	2
44	0	0	44
83	0	0	83
7	0	0	7
4,724	0	0	4,724
1	0	0	1
6,097	0	0	6,097
4	0	0	4
4	0	0	4
1	0	0	1
1	0	0	1
10	0	0	10
22	0	0	22
42	0	0	42

NOTE 4 – Reserves

Activity to which the fund
relates

Purpose

ACCUMULATED GENERAL FUNDS

Total accumulated general funds

PROPERTY REVALUATION RESERVES

Share revaluation reserve	Commercial	Accumulate changes in value of Councils Share investments
Investment revaluation reserve	Commercial	Accumulate movements in Councils long term investments
Infrastructure assets revaluation reserves		
Land	Governance and Corporate	Accumulate changes in value of Councils land holdings
Water supplies	Water	Accumulate changes in value of Councils water infrastructure
Wastewater schemes	Sewerage	Accumulate changes in value of Councils wastewater infrastructure
Stormwater schemes	Stormwater	Accumulate changes in value of Councils stormwater infrastructure
Roading	Roading	Accumulate changes in value of Councils roading infrastructure
Plant	Communities and Towns	Accumulate changes in value of Councils plant assets
Buildings	Governance and Corporate	Accumulate changes in value of Councils buildings
Total revaluation reserves		

SPECIAL FUND RESERVES

Albury water fund	Communities and Towns	To fund Albury Water
Ashwick/Opuha water fund	Communities and Towns	To fund Ashwick/Opuha Water
Housing replacement	Communities and Towns	To fund district housing
Insurance reserve	Governance and Corporate	To fund disaster cover
Land subdivision	Communities and Towns	To fund district wide projects
Pensioner housing amenities	Communities and Towns	To fund pensioner housing amenities
Watertight building reserve	Governance and Corporate	Held to cover increased insurance costs of Riskpool
Mackenzie County Scholarship Trust	Governance and Corporate	Held on behalf of Mackenzie County Scholarship Trust
Masonic Lodge Scholarship Fund	Governance and Corporate	Held on behalf of Masonic Scholarship Fund
Real estate investment	Commercial	Accumulate operating results from Councils Real Estate activities
Strathconan pool capital	Communities and Towns	To fund Strathconan pool capital
Total special funds reserves		

OTHER RESERVES

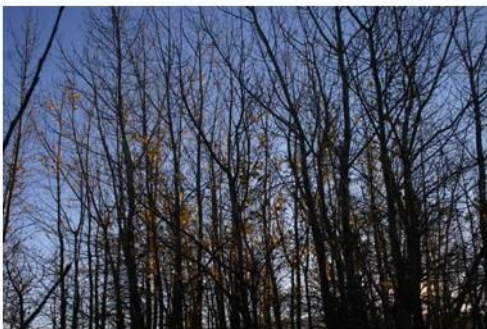
Albury war memorial	Communities and Towns	Funding of maintenance of the districts war memorials
Ashwick/Allandale war memorial	Communities and Towns	Funding of maintenance of the districts war memorials
Davidson bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance
Gould bequest: cemetery	Communities and Towns	Bequests for cemetery maintenance
Paterson ponds	Communities and Towns	Funding of maintenance at Paterson Ponds
Enid Hutt Fairlie beautifying fund	Communities and Towns	To fund expenditure in the Fairlie township
Total other reserves		

Forecast Statement of Reserves Movements (cont'd)**CAPITAL RESERVES**

Administration	Governance and Corporate	To fund capital replacements of Administration Assets	-55	4	0	-51
Allandale water	Water	To Fund debt repayment of the Allandale Water Scheme construction	-328	41	-10	-297
Animal control	Regulatory	To fund capital requirements of animal control	-14	0	0	-14
Ashwick/Opuha water	Water	To fund capital requirements of the Ashwick/Opuha Water scheme	-61	0	0	-61
Civil defence	Regulatory	To fund capital requirements of Civil Defence	-3	5	0	2
District Council	Governance and Corporate	To fund capital requirements of the Governance Activity	-5	0	0	-5
Council building: Fairlie	Governance and Corporate	To fund replacement of Councils Administration Building in Fairlie	17	33	-65	-15
Council building: Twizel	Governance and Corporate	To fund replacement of Councils Administration Building in Twizel	10	18	-2	26
District general	Communities and Towns	To fund capital requirements of the District	43	0	0	43
District wide sewer	Sewerage	To fund sewer capital works district wide.	1,747	493	-1,160	1,080
District wide stormwater	Stormwater	To fund stormwater capital works district wide.	462	299	-232	529
District wide roading	Roading	To fund roading capital works district wide.	-315	4,792	-4,792	-315
District wide water	Water	To fund water capital works district wide	-923	517	-1,159	-1,565
Downlands water	Water	Councils share of a Joint Venture to fund the capital requirements of the Downlands Water Scheme	93	0	0	93
Fairlie medical centre	Communities and Towns	To fund replacement of medical facilities in Fairlie	19	4	0	23
Fairlie pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Fairlie	98	8	-22	84
Forestry	Commercial	To fund the operations of Councils Forestry Assets	1,353	382	0	1,735
Information technology department	Governance and Corporate	To Fund capital replacement of Councils IT assets	-109	69	-27	-67
Kimbell water	Water	To fund capital requirements of the Kimbell Water scheme	16	1	0	17
Lake Tekapo community hall	Communities and Towns	To fund replacement of the Tekapo Community Hall	-40	6	0	-34
Mackenzie community centre	Communities and Towns	To fund the capital works at the Fairlie community centre	25	19	0	44
Plant account	Governance and Corporate	To Fund capital replacement of Councils Motor Vehicle assets	87	35	-135	-13
Public Toilets	Communities and Towns	To fund replacement of Public Toilets within the district	-454	28	-400	-826
Real estate	Commercial	To fund subdivision of Councils real estate assets	-624	0	0	-624
Roading professional business unit	Roading	To fund capital requirements of the Roding Business unit	-20	4	-5	-21
Rural fire control	Regulatory	To fund capital requirements of Rural fire	-81	39	0	-42
Sherwood Downs hall	Communities and Towns	To fund capital requirements of the Sherwood Downs Reserves	20	0	0	20
Sherwood Downs recreation reserve	Communities and Towns	To fund capital requirements of the Sherwood Downs Hall	36	1	0	37
Spur Road water	Water	To fund Spur Road capital debt	-2	0	0	-2
Swimming pool: Strathconan	Communities and Towns	To fund replacement of the Fairlie swimming pool	-11	5	0	-6
Swimming pool: Twizel	Communities and Towns	To fund replacement of the Twizel swimming pool	9	5	0	14
Treatment of organic waste	Communities and Towns	To fund treatment of organic waste	0	0	0	0
Twizel community centre	Communities and Towns	To fund replacement of the Twizel Events Centre	124	43	0	167
Twizel pensioner housing	Communities and Towns	To fund the eventual replacement of the pensioner housing stock in Twizel	32	5	-9	28
Twizel township	Communities and Towns	To fund capital works in the Twizel Township	-513	91	0	-422
Total capital reserves			633	6,947	-8,018	-438

Forecast Statement of Reserves Movements (cont'd)

OPERATING RESERVES						
Albury hall	Communities and Towns	To fund operations at the Albury Hall	9	0	0	9
Albury community refuse collection	Communities and Towns	Council's refuse collection operations	3	0	0	3
Albury water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	135	0	0	135
District general	Communities and Towns	Accumulate surpluses/deficits from General Rate funded operations	607	0	0	607
District wide roading	Roading	To fund district roading operations	-1,908	1,991	-3,898	-3,815
Downlands water supply	Water	Accumulate surpluses/deficits from General Rate funded operations	15	19	0	34
Eversley/Punaroa water races	Water	Accumulate surpluses/deficits to fund Eversley/Puneroa operating activities	-1	0	0	-1
Fairlie community refuse collection	Communities and Towns	Council's refuse collection operations	11	0	0	11
Fairlie works and services	Communities and Towns	Accumulate surpluses/deficits from Fairlie Works and Services Rate funded operations	16	0	0	16
Lake Alexandrina refuse collection	Communities and Towns	Council's refuse collection operations	1	0	0	1
Lake Tekapo community refuse collection	Communities and Towns	Council's refuse collection operations	10	0	0	10
Lake Tekapo works and services	Communities and Towns	Accumulate surpluses/deficits from Tekapo Works and Services Rate funded operations	247	0	0	247
Other reserves	Communities and Towns	Accumulate surpluses from Lake Alexandrina rental receipts	280	0	0	280
Roading professional services business unit	Roading	Accumulate operating results of Council's Rooding Business Unit	-27	0	0	-27
Resource management	Regulatory	Deficit from Plan Change 13	341	0	-169	172
Rural works and services	Communities and Towns	Accumulate surpluses/deficits from Rural Works and Services Rate funded operations	86	0	0	86
Tourism and development	Commercial	Accumulate operating results from ownership of the Pukaki Visitors Centre	-447	13	0	-434
Twizel community refuse collection	Communities and Towns	Council's refuse collection operations	2	0	0	2
Twizel visitors centre	Communities and Towns	Accumulate surpluses/deficits from Twizel visitor centre operations	5	0	-5	0
Twizel works and services	Communities and Towns	Accumulate surpluses/deficits from Twizel Works and Services Rate funded operations	-32	58	-91	-65
Waste management	Communities and Towns	Accumulate surpluses/(deficits) from Council's Solid Waste operation	0	16	-32	-16
Total operating reserves			-647	2,097	-4,195	-2,745
TOTAL EQUITY			214,148	12,909	-12,213	214,844



POLICIES & ASSUMPTIONS

Accounting Policies

Significant Forecasting Assumptions

Accounting Policies

Period ended 30 June 2017

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 2017. The forecast financial statements were authorised for issue by Council on 10 May 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 \$2 million and less than \$30 million 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		
Piping mains	Straight line	60-80

Infrastructural assets	Depreciation method	Life (years)
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 basis 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

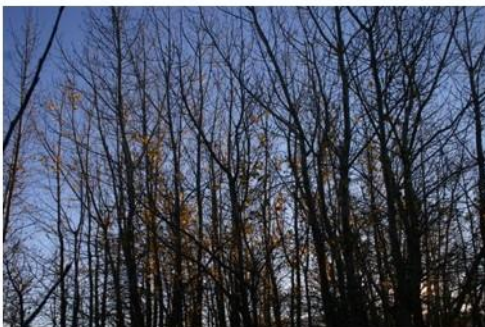
The 10 Year LTP 2015-2025 included significant forecasting assumptions that had been applied to develop the 10 year forecasts. The assumptions contained in the LTP remain unchanged in this Annual Plan, apart from the variations described below. For details of the unchanged assumptions, please see Council's Long Term Plan 2015-2025. As part of developing the 2016/17 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 2016-2017 Year

Rating Impact on Sample Properties

Rating Base Information

Disclosure statement

Funding Impact Statement

For the year ended 30 June 2017

Notes	LTP Budget	LTP Budget	Annual Plan
	2015/2016	2016/2017	2016/2017
	\$000's	\$000's	\$000's
SOURCES OF OPERATING FUNDING			
General rates, uniform annual general charges, rates penalties	2,802	2,839	2,902
Targeted rates	4,882	5,309	5,221
Subsidies and grants for operating purposes	1,006	978	715
Fees and charges	0	0	0
Interest and dividends from investments	1,152	1,335	385
Local authorities fuel tax, fines, infringement fees, and other receipts	2,289	2,335	2,468
TOTAL OPERATING FUNDING (A)	12,131	12,796	11,691
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	9,607	9,781	10,190
Finance costs	3	42	47
Other operating funding applications	443	519	389
TOTAL APPLICATIONS OF OPERATING FUNDING (B)	10,053	10,341	10,626
Surplus (deficit) of operating funding (A-B)	2,078	2,455	1,065
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	596	595	855
Development and financial contributions	120	120	120
Increase (decrease) in debt	105	854	738
Gross proceeds from sale of assets	3,880	1,628	4,103
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING (C)	4,701	3,197	5,816
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure			
- To meet additional demand	0	0	232
- To improve the level of service	0	0	3,113
- To replace existing assets	2,381	442	2,096
Increase (decrease) in reserves	4,398	5,210	1,440
Increase (decrease) of investments	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING (D)	6,779	5,652	6,881
Surplus (deficit) of capital funding (C-D)	-2,078	-2,455	-1,065
FUNDING BALANCE ((A-B) + (C-D))	0	0	0

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 not 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:

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

Uniform Annual General Charge

A uniform annual general charge will be set under section 15 of the Local Government (Rating) Act 2002 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 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
- Rural fire

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 2015/16 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 2015/16 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 2015/16 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:

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

Currently the 2015/16 split of the rate requirement is 74% fixed charges and 26% 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 Water rural water supplies, a unit of water equals a volume of 1.82m³/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 Rooding 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 2 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:

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

Currently the 2015/16 split of the rate requirement is 41% fixed charges and 59% 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 2015/16 split of the rate requirement is 66.36% fixed charges and 33.64% 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 2015/16 split of the rate requirement is 15.26% fixed charges and 84.74% 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
Group A	
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
Group 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 it 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 policy, 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 2016-2017 Year

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

General Rates

	Factor	Value
General Rate		
Hydro Differential		
Tekapo A	0.0098232 per dollar of capital value	\$322,206
Ohau A	0.0011385 per dollar of capital value	\$322,206
Tekapo B	0.0017234 per dollar of capital value	\$322,206
All Other Ratepayers	0.0008470 per dollar of capital value	\$2,255,444
Total Expected Rates (including GST)		\$3,222,062
Total Expected Rates (excluding GST)		\$2,801,793
Uniform Annual General Charge		
Fixed Charge	\$25.21 per SUIP rating unit	\$116,798
Total Expected Rates (excluding GST)		\$101,563

Targeted Rates - Works and Services Rates

	Factor	Value
Twizel Works and Services Rate		
Fixed Charge	\$35.77 per SUIP rating unit	\$63,375
Capital Value Rate	0.0011773 per dollar of capital value	\$570,382
Total Expected Rates (including GST)		\$633,757
Total Expected Rates (excluding GST)		\$551,093
Fairlie Works and Services Rate		
Fixed Charge	\$51.11 per SUIP rating unit	\$29,420
Capital Value Rate	0.0021195 per dollar of capital value	\$264,779
Total Expected Rates (including GST)		\$294,199
Total Expected Rates (excluding GST)		\$255,825
Tekapo Works and Services Rate		
Fixed Charge	\$192.13 per SUIP rating unit	\$141,894
Capital Value Rate	00.0007859 per dollar of capital value	\$263,518
Total Expected Rates (including GST)		\$405,412
Total Expected Rates (excluding GST)		\$352,532
Rural Works and Services Rate		
Fixed Charge	\$135.18 per SUIP rating unit	\$197,844
Hydro Differential:		
Ohau A	0.0000073 per dollar of capital value	\$2,082
Tekapo A	0.0000634 per dollar of capital value	\$2,082
Tekapo B	0.0000111 per dollar of capital value	\$2,082
Capital Value Rate	0.0000024 per dollar of capital value	\$4,166
Total Expected Rates (including GST)		\$208,256
Total Expected Rates (excluding GST)		\$181,092
Twizel Improvement Rate		
Fixed charge	59.23 per SUIP rating unit	\$104,750
Total expected rates (excluding GST)		\$91,086

Targeted Rates –Urban Sewerage Rates

	Factor	Value
Sewerage Treatment Rates		
Sewage Treatment Fixed Charge	\$32.86 per connected SUIP rating unit	\$82,742
Additional Charge	\$8.21 for each additional water closet	\$5,717
Total Expected Rates (including GST)		\$88,459
Total Expected Rates (excluding GST)		\$76,920

	Factor	Value
Sewerage Infrastructure Rates		
Sewerage Infrastructure Fixed Charge	\$167.60 per connectable SUIP rating unit	\$516,898
Additional Charge	\$41.90 for each additional water closet	\$29,164
Total Expected Rates (including GST)		\$546,062
Total Expected Rates (excluding GST)		\$474,836
Eversley Reserve Sewerage Rate		
Fixed Charge	\$938.28 per rating unit	\$12,197
Total Expected Rates (excluding GST)		\$10,606
Targeted Rate – Urban Stormwater		
Stormwater Rate	\$37.28 per SUIP rating unit	\$113,847
Fixed Charge		\$98,997
Total expected rates (excluding GST)		

Targeted Rates – Urban Water Rates

	Factor	Value
Water Treatment Rate		
Fixed Charge	\$91.19 per connected SUIP rating unit	\$227,077
Total Expected Rates (excluding GST)		\$197,458
Water Infrastructure Rate		
Fixed Charge	\$214.61 per connectable SUIP rating unit	\$640,523
Total Expected Rates (excluding GST)		\$556,976
Water Meter Rate		
Fixed Charge	\$305.81 per metered supply	\$63,914
Total Expected Rates (excluding GST)		\$55,577

Targeted Rates – Rural Water Supply Rates

	Factor	Value
Allandale Water Supply		
Fixed Charge	\$235.00 per unit	\$128,780
Total Expected Rates (excluding GST)		\$111,982
Ashwick/Opuha Water Race – Operational Charge		
Fixed Charge	\$225 per rating unit	\$10,125
Total Expected Rates (excluding GST)		\$8,804
Spur Road Water Supply		
Fixed Charge	\$77.90 per unit	\$5,231
Total Expected Rates (excluding GST)		\$4,548
Downlands Water Supply		
Fixed Charge	\$370 per serviced rating unit	\$21,460
Total Expected Rates (excluding GST)		\$18,660
Downlands Water Supply		
Fixed Charge	\$148 per unit	\$31,228
Total Expected Rates (excluding GST)		\$27,154
Fairlie Water Race – Fixed Charge		
Fixed Charge	\$30.00 per rating unit	\$900
Total Expected Rates (excluding GST)		\$782
Fairlie Water Race – Variable Charge		
Fixed Charge	\$3.76 per hectare	\$2,599
Total Expected Rates (excluding GST)		\$2,260
Manuka Terrace Water Supply Development Rate		
Fixed Charge	\$0.00 per rating unit	\$00
Total Expected Rates (excluding GST)		\$00

Targeted Rates – Other

	Factor	Value
District Rooding Rate		
Fixed Charge	\$119.45 per SUIP rating unit	\$542,697
Hydro Differential		
Tekapo A	0.0023809 per dollar of capital value	\$78,095
Ohau A	0.0002759 per dollar of capital value	\$78,095
Tekapo B	0.0004177 per dollar of capital value	\$78,095
All other district properties	0.0002089 per dollar of capital value	\$546,669
Total expected rates (including GST)		\$1,323,651
Total expected rates (excluding GST)		\$1,151,001
Urban Solid Waste Rate		
Fixed Charge	\$278.68 per serviced SUIP rating unit	\$685,293
Total expected rates (excluding GST)		\$595,906
Tourism and Promotion Rate		
Fixed Charge	\$5.77 per SUIP rating unit	\$26,737
Fixed Charge – Industrial land properties	\$100.00 per rating unit	\$12,400
Capital Value rate – Commercial Businesses	0.0006008	\$59,791
Capital Value rate - Commercial Accommodation	0.0011889	\$99,301
Capital Value rate -Secondary Accommodation	0.0005944	\$69,144
Total expected rates (including GST)		\$267,375
Total expected rates (excluding GST)		\$232,500
Economic Development Rate		
Fixed Charge	\$10.00 per SUIP rating unit	\$46,330
Capital Value rate	0.0001230	\$22,670
Total Expected Rates (including GST)		\$69,000
Total Expected Rates (excluding GST)		\$60,000
Alps to Ocean Rate		
Fixed Charge	\$24.82 per SUIP rating unit	\$115,000
Total Expected Rates (including GST)		\$100,000
Rural Cattlestop Maintenance Rate		
Fixed Charge	\$81.00 per cattlestop	\$3,727
Total Expected Rates (excluding GST)		\$3,240

Rating Impact on Sample Properties

	Capital Value	Rates 2015/16	Annual Plan Rates 2016/17	% Increase
Fairlie				
Section	55000	815.81	830.55	1.81%
Lower Value House	175000	1,550.71	1,614.35	4.10%
Mid Value House	210000	1,668.41	1,725.49	3.42%
Upper Value House	250000	1,802.91	1,852.51	2.75%
High Value House	315000	2,021.49	2,058.92	1.85%
Tekapo				
Section	185000	1,081.94	1,137.66	5.15%
Lower Value House	280000	1,580.86	1,715.38	8.51%
Mid Value House	390000	1,774.85	1,917.99	8.06%
Upper Value House	580000	2,109.93	2,267.95	7.49%
High Value House	760000	2,427.37	2,599.49	7.09%
Twizel				
Section	89000	891.92	898.55	0.74%
Lower Value House	175000	1,398.30	1,493.36	6.80%
Mid Value House	215000	1,493.62	1,582.69	5.96%
Upper Value House	350000	1,815.34	1,884.19	3.79%
High Value House	445000	2,041.74	2,096.35	2.67%
Rural				
Section	110000	400.97	436.88	8.96%
Lifestyle	400000	696.61	743.82	6.78%
Farm Property	1000000	1,308.29	1,378.88	5.40%
Farm Property	2000000	2,327.75	2,437.32	4.71%
Farm Property	3000000	3,347.21	3,495.75	4.44%
Farm Property	4000000	4,366.67	4,554.18	4.29%
Farm Property	5000000	5,386.13	5,612.62	4.20%
Farm Property	6000000	6,405.59	6,671.05	4.14%
Farm Property	7000000	7,425.05	7,729.48	4.10%
Farm Property	8000000	8,444.51	8,787.91	4.07%
Farm Property	9000000	9,463.97	9,846.35	4.04%
Farm Property	10000000	10,483.44	10,904.78	4.02%

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 2016/7 Annual Plan, the Council is projecting a total of 4,433 rating units with a rateable land value of \$1,636,968,350 and rateable capital value of \$3,166,301,250 as at 30 June 2016.

Disclosure Statement

Annual plan disclosure statement for year ending 30 June 2017

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	\$8.123m	Yes
• increases	6.00%	4.96%	Yes
Debt affordability benchmark	\$11.763m	\$1.079m	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%	0.58%	Yes
Balanced budget benchmark	100%	98.55%	No
Essential services benchmark	100%	251.9%	Yes
Debt servicing benchmark	10%	0.34%	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 its planned borrowing costs equal or are less than 10% of its planned revenue.