

YOUR COMMUNITY - YOUR COUNCIL YOUR FUTURE

Annual Plan 2019-20



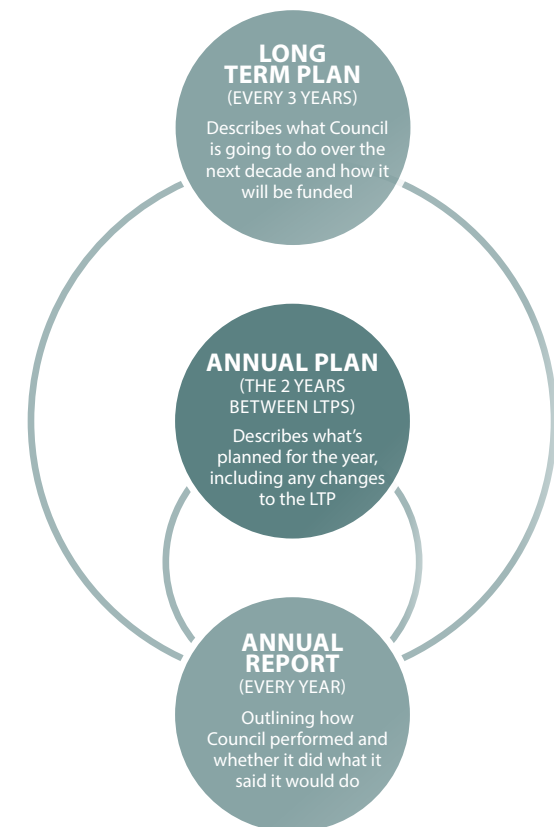
COUNCIL'S PLANNING DOCUMENTS

COUNCIL USES A NUMBER OF PLANNING PROCESSES TO REALISE ITS VISION FOR THE DISTRICT AND TO HELP PROVIDE ACCOUNTABILITY TO THE COMMUNITY.

All local authorities are required to prepare an Annual Plan under Section 95 of the Local Government Act 2002. The purpose of an annual plan is to:

- Contain proposed annual budget and funding impact statement for 2019/20;
- Identify variations to the financial and funding impact statements compared to the 2018/28 year of the Long Term Plan;
- Provide integrated decision making and coordination of resources of the local authority; and
- Contribute to Council's accountability to the community.

This is the first year of a more stream-lined annual plan which takes into account changes under the Local Government Act 2002 Amendment Act 2014. One change is that the annual plan should refer to rather than duplicate the content of the Long Term Plan 2018/28.



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INTRODUCTION

ANNUAL PLAN 2019/20



COUNCIL OUTCOMES



MESSAGE FROM THE MAYOR



MAYOR

Bryan Cadogan

Traditionally an annual plan process is not as extensive and comprehensive as the one we have just undertaken, but with the buoyancy and momentum of our local economy and Council's determination to make the most of these favourable conditions, 2019/20 was always going to be a big year.

With so many growth projects being undertaken, and a continued increase in the amount of 'core' infrastructural projects, it was imperative, and hugely appreciated, to have so much support and feedback from you all. I know at times it must seem like we are always consulting, but as our organisation lifts its critical output, it is imperative we get your input and guidance.

On reflection I will remember this year's annual plan as one where prior planning contributed to a successful outcome, and I attribute much of this to direction from our CEO, and an organisation that is rapidly transforming to be 'fit for purpose'. It is not by chance that we have an average rate increase this year of 3.3%, at the same time as we undertake over 200 projects, a huge lift from previous outputs. Recent years focus on efficiencies and best use of resources is now paying dividends.

The cornerstone of Council's new direction has been the community consultations that have been undertaken around the district, and it has been a tonic to engage and be inspired by so many positive people that are passionate about the district we all love. The plan we developed around our "Living

and Working" strategy also keeps us focused on the overall goals and wider needs and aspirations of the district, and no one project should be looked at in isolation. This annual plan, along with everything the organisation does, must mesh together to maintain the cohesion and priority settings from a District-wide perspective.

While every community will have its day in the spotlight with its own community plan, recent times and this annual plan have seen a focus on Milton and the wider Bruce area. It has been an exhaustive process undertaken with the locals, but from all the discussions and feedback we have been given some clear directions on where this community wants to head.

Milton is not without its challenges and needs to break its inertia with a combination of decisive projects that will collectively enable the town and wider community to reach its potential. The cycle trail, Main Street upgrade, destination toilets, water to Waihola and the proposed swimming pool/library complex are all examples of Council and the public's determination to go to our collective strengths, hold on to our wider 'Living and Working' strategy aspirations and devise a plan that ultimately results in a more vibrant and vital town and district.

As the projects invariably flow from our community consultations with the Catlins now being the next area of focus, it is reassuring to see that even though we have such a large increase in projects across the district, this year's plan shows future years

rate increases are predicted to be contained at similar levels to this years. For the second year now the new dynamic of our investment returns impacting on the amount of rates you pay has been a saving grace for Council. By apportioning investment returns to projects that benefit the entire district we not only reduce direct costs to you but incrementally contribute to intergenerational obligations that have been overlooked in the past. We know investments will fluctuate, but our decision to transform the way our investments are handled and distributed is now having a positive impact for everyone and is a key example of prior planning having a positive impact on this year's plan.

Once again I want to thank the public for the ongoing commitment to work with Council, enabling us to better reflect our districts wants and needs. There is so much potential that needs to be grasped in these favourable times, while maintaining the rigour of affordability and the needs of all sectors of society. Challenging but exciting times. Onwards and upwards.

Bryan Cadogan
Mayor

YOUR COUNCIL



Bryan Cadogan
MAYOR



Stewart Cowie
DEPUTY MAYOR
CLUTHA
VALLEY WARD



Hilary McNab
CORPORATE
SERVICES CHAIR
CATLINS WARD



Bruce Vollweiler
REGULATORY
SERVICES CHAIR
BRUCE WARD



John Cochrane
SERVICE DELIVERY
CO-CHAIR
CLINTON WARD



Bruce Graham
SERVICE DELIVERY
CO-CHAIR
KAITANGATA-MATUA
WARD



Carol Sutherland
BALCLUTHA WARD



Rachel Jenkinson
BALCLUTHA WARD



Ken Payne
BALCLUTHA WARD



Alison Ludemann
BALCLUTHA WARD



Gaynor Finch
BRUCE WARD



Selwyn Wilkinson
BRUCE WARD



Geoff Blackmore
LAWRENCE/
TUAPEKA WARD



Michele Kennedy
WEST OTAGO WARD



John Herbert
WEST OTAGO WARD

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

Annual Plan disclosure statement for the period ending 30 June 2020

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 terms used in this statement.

BENCHMARK	LIMIT	PLANNED	MET
Rates affordability benchmark			
Income	26,900,000	26,700,000	Yes
Increases	4.00%	3.3%	Yes
Debt affordability benchmarks			
Balanced budget benchmark	100%	102.9%	Yes
Essential services benchmark	100%	254.9%	Yes
Debt servicing benchmark			
	10%	1.4%	Yes

RATES AFFORDABILITY BENCHMARK

1. For this benchmark –
 - a) The Council's planned rates income for the year is compared with \$26.9 million 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 4% 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.

DEBT AFFORDABILITY BENCHMARK

1. For this benchmark, the Council's planned borrowing is compared with 150% at revenue 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.

BALANCED BUDGET BENCHMARK

1. For this benchmark, the Council's planned revenue (excluding development contributions, vested assets, financial contributions, gains in 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.

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.

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.

LIVING & WORKING IN CLUTHA UPDATE

Two of Council's strategic focuses are known as Facilitating Growth and Living and Working in Clutha . Each of these programmes span several of our delivery areas and provide us with a supporting strategy to underpin large complex pieces of work. This is an update on the larger programmes which are part of these initiatives.

SUBDIVISION PROGRESSES

One of Council's key aims is to take a leadership role in driving our district's economy and to be proactive about promoting growth. In addition, there is a known accommodation shortfall in Balclutha. The Council-led Plantation Heights subdivision aims to give Balclutha the ability for further residential development. As of May 2019, 28 sections of the 66 have been sold.

KAITANGATA HOUSE & LAND PACKAGE INITIATIVE

Council has supported Kaitangata Promotions' House and Land Packages initiative to a 'turn-key' stage. Construction on Council's Kaitangata House & Land Package house will finish in 2019. When it is sold, Council will move on to construct a second house on land it owns in Kaitangata.

FURTHER RESIDENTIAL DEVELOPMENT

In December 2018 Council agreed to make an application as a developer to KiwiBuild, in order to build five KiwiBuild houses in Balclutha and five houses in Kaitangata. This will only proceed if the application is approved by Government and the project is rates neutral because of Government



guarantees associated with KiwiBuild. If approved construction will start in 2019.

INDUSTRIAL DEVELOPMENT

The Rosebank industrial area continues to develop. After identifying that there was a shortage of industrial land in Balclutha, and insufficient industrial land to service future demand Council purchased the old Rosebank sawmill site at the start of 2016/17. The aim was to develop the site and make it available to encourage economic development and investment.

Council let a contract in 2017/18 for the development of the site into 10 serviced lots and construction has generally been completed, (other than future work on a sliplane on SH1) with titles having been applied for. Council also informed ratepayers through the 2018/28 Long Term Plan that a loss was expected to be made on the development, but that the loss would be met through funds generated by sales of surplus property rather than by rates. As of May 2019 two lots have been sold and four lots have sale and purchase agreements waiting to be settled.

DISTRICT PLAN UPDATE

To encourage economic development and investment, Council has investigated industrial zoned land opportunities. To complement this Council has also explored further residential expansion potential in and around the same towns to support the living aspect of the Living and Working Strategy. Work will continue on this, along with an update in our overall approach to conduct a full District Plan review in 2019/20, rather than rolling reviews. This will ensure Council meets its statutory requirements as a result of the Resource Management Amendment Act 2017, and that we adopt the National Planning Standards into our District Plan.

OUR PLACE COMMUNITY PLANS

Closely linked with the Living and Working Strategy is the development of community plans for the District's communities. The 'Our Place' community plan process is designed to help determine the projects and priorities for communities, as well as help put Council's Living and Working and Economic Development Strategies into action.

The ideas centre on what Council can do with our key facilities and how we can work with the community to make things happen. Significant progress has been made towards implementing the Our Place Balclutha and Milton Plans. This annual plan includes work to progress all the approved projects. Specific focus will be on destination toilets, planning for upgrading Milton's main street, progressing the Balclutha Memorial Hall project and the Naish/Old Boys park project.

We will also be completing the Our Place Catlins

Community Plan, with implementation beginning in 2019/20.

The next Our Place plans to be developed are for Kaitangata and Lawrence-Tuapeka in 2019/20.

This work is to be carried out in conjunction with Reserve Management Plan updates for these areas. The process enables Council to gain a greater understanding of the future direction residents want their towns to take, and inform Long Term Plan projects and budgets.

DEVELOPING TOURISM INFRASTRUCTURE & CLUTHA AS A DESTINATION

Destination Strategy and Tourism Infrastructure reviews are expected to be completed in 2019 by Clutha Development Inc. and actions proposed will be submitted in this Annual Plan consultation and will also contribute to an application to the Government's Tourism Infrastructure Fund.



KEY DECISIONS

Find out more in the Long Term Plan 2018/28
Section 5 - Council Activities 80-180

ANNUAL PLAN 2019/20



**We
consulted
on...**

MOVING FORWARD FOR MILTON COMMUNITY FACILITIES.



Artist's impression of a combined pool & service centre complex in Milton

After doing more investigative work about Milton's community facilities, Council asked for feedback as part of the consultation for the Annual Plan 2019/20 on which was the best option to move forward with.

One of Council's key goals is to promote living and working in the Clutha District. Part of that strategy involves backing key projects intended to promote living and working in and around Milton. Community consultation in 2016 and 2017 for the Our Place Milton Community Plan identified ensuring future swimming pool services as a priority. Initial Our Place feedback indicated a preference to future-proof the existing pool at its current site, and that the facility continue to be Council-owned and operated. However, it was noted that to ensure the sustainability of pool operations, increased community input may be required.

Possible options to look into initially included lining the existing pool, a new pool structure using the existing roof and changing rooms, or a completely new pool complex. Council also highlighted this project would also run

in conjunction with future-proofing the Milton Service Centre and Library facility, including a budget of \$930,000, initially in the 2021/22 financial year for a new facility.

Following further information Council agreed to update the Our Place Milton Plan to include an option for a combined new service centre, library and swimming pool. As part of the Annual Plan 2019/20 consultation process, we took the opportunity to bring all of the options together, so that Council could receive views on them before deciding what direction to take.

Council consulted on three options as outlined below. Further information including rates impacts for all options are included in the Annual Plan 2019/20 Consultation Document.

OPTION 1 Patch up the existing pool + a new service centre/library facility

Estimated cost: \$1.2-\$1.5M

This involved:

(1) Keeping the current pool going, doing the minimum required by patching up cracks or by relining it with a fibre glass or stainless steel liner, and (2) building a new service centre/library facility at the existing site.

OPTION 2 Build a new pool + a new service centre/library facility

Estimated cost: \$4.9-5.9M

This involved:

1) Building a new pool, and (2) building a new service centre/library facility at the existing site.

OPTION 3 A combined pool & service centre

Estimated cost: \$5.8M

This involved:

Building a new combined service centre and pool facility on the site of the existing Service Centre/Library between Union and Ajax streets.

After considering feedback Council resolved to include a budget of \$290,000 in the Annual Plan 2019/20 for further planning and development work for Option 3 (build a combined pool, service centre library facility).

BUDGET & RATES IMPACT Option 3: a combined service centre/library and pool facility

A combined service centre and pool facility is estimated to cost \$5.8M. Council has indicated that they would consider funding half of these costs, with the remainder to come from external funding.

The best case scenario is for construction in 2020/21, but there would be a number of aspects including securing non-rates funding before this could take place. Budgets in 2020/21 and 2021/22 have been updated to include Council's share of the proposed project. This would be funded via a loan, repaid over a 25 year term via rates.

The rates impact for Council's 50% share of the cost of this option is shown below:

Option 3 - Combined pool & service centre	2020/21	2021/22 onwards
All properties*	\$1.04	\$14.72
Properties in the Bruce area**	\$4.45	\$48.78

* Via the uniform annual general charge (UAGC).

** Includes both the UAGC and Bruce area community facilities rate.

LOOKING AHEAD

A new facility could only be achieved through rates funding and other funding such as external grants, sponsorship and community fundraising. To do this, and achieve external funding, it is expected that ownership of a new facility would rest with a community trust structure.

THANKS TO THOSE WHO GAVE US FEEDBACK TO HELP MAKE DECISIONS

THANK YOU TO THE 158 SUBMITTERS AND FURTHER 10 WHO SPOKE TO COUNCIL. AFTER CONSIDERING FEEDBACK COUNCIL MADE THE FOLLOWING DECISIONS:

SUPPORT FOR CORNERSTONE OUR PLACE COMMUNITY PLAN PROJECTS

NAISH PARK COORDINATING GROUP

The group updated Council on progress towards implementing the Balclutha Community Plan Naish Park and Old Boys/Centennial Park project and requested approval of concept plans and underwriting of stages 1 (tree planting and site preparation), 2 (junior bike park) and 3 (dog park) to the value of \$250,000. This was approved.

BALCLUTHA MEMORIAL HALL REDEVELOPMENT PROJECT

Council approved that \$500,000 of the Balclutha Memorial Hall capital budget for 2020/21 be brought forward to the 2019/20 year.

OTHER FUNDING DECISIONS

- To contribute \$15,000 towards Kaka Point's Totara to Tarata Street Walkway project.
- To increase the Regulatory Services Compliance budget by \$15,000 to increase responsible camping ranger levels of service from seasonal to full-time, subject to funding from other co-funders.
- Confirmed the Clutha Combined Museums funding of \$58,994.
- To contribute \$10,000 to the Clutha Foundation for initial administration costs.
- To increase Cross Recreation Centre's annual operating grant to \$48,500.
- Approved Milton Coronation Hall request for \$10,687 to fund repairs to the south wall of the hall.
- Approved Tuapeka-Lawrence Community Company request of an increase of \$15,000 to \$55,000.
- Confirmed Milton Information Centre request for the funding of \$11,399.
- Confirmed Sport Clutha funding of \$47,348.
- To continue to provide funding towards Project Bruce's running costs at the amount of \$7,244 per annum.
- Approved South Otago A & P Society Inc request for \$10,000 for asbestos removal from their facilities at the Balclutha Showgrounds.



FINANCIAL INFORMATION

There are some differences between what was forecast for 2019/20 in the 2018 Long Term Plan, and the updated forecasts we are looking at now for the 2019/20 Annual Plan. The main variances are included in this section.

Prospective Statement of Comprehensive Revenue & Expense*

(All in \$000s)

	Long Term Plan 2019/20	Annual Plan 2019/20	Overview of changes
Rates	26,844	26,952	1
Rental Revenue	930	930	
Grants, Subsidies & Donations	10,617	10,873	2
Fees and User Charges	3,058	3,187	3
Permits & Other Licences	610	699	3
Other Income	9	9	
Interest Income	1,264	1,275	
Total Revenue	43,332	43,925	
Employee Benefit Expense	6,765	7,266	3
Administration Costs	2,863	2,909	
General Expenses	1,835	1,913	
Operating Expenditure	13,783	14,435	4
Grants	2,409	2,230	
Finance Costs	474	608	5
Depreciation and Amortisation	12,951	13,320	
Total Expenditure	41,080	42,681	
Surplus for the year	2,252	1,244	
Other Comprehensive Revenue & Expense	83,722	81,711	
Total Comprehensive Revenue & Expense for the year	85,974	82,955	

* For further details refer to the Financial Statements section of this document.

Overview of changes

1 Water Rates

Water rates are the main variation between the 2018 Long Term Plan (LTP) and proposed 2019/20 AP. The change is due to a number of reasons, including increased funding needed for non-routine maintenance, overheads related to customer service improvements, and changes to the capital programme for some water schemes.

2 Subsidies

The main variation here is the timing of NZ Transport Agency financial assistance. This change reflects the approach to undertake three years worth of the roading programme over a two year period (2018/19 and 2019/20) for structures maintenance, structures component replacements, traffic services renewals, bridges renewals and minor improvement works.

3 Additional staff resourcing

Additional resourcing is proposed to enable the following:

- To improve contract supervision and responsiveness and follow-up for customer service requests.

- To focus on reducing water losses and assisting the public to reduce water loss. This may also need to be expanded once the proposed Water Services Bylaw is implemented, for support relating to trade waste discharge consenting and charging.
- To meet drinking water and compliance obligations, with more regulation now on the horizon.
- To assist with delivery of building regulatory functions such as a Compliance Schedule. This is to be funded from a combination of salaries and increases to fees and charges in the relevant areas.
- Warrant of Fitness monitoring, Resource Consent monitoring, contract supervision of our Environmental Health and After-Hours Noise contracts, along with noise monitoring, parking and litter enforcement. This is to be funded from a combination of salaries and increases to fees and charges in the relevant areas.

4 Operating Expenditure

Reflects additional non-routine water costs and changes to the roading programme of bringing work forward from 20120/21.

5 Finance Costs

These are higher than forecast due to a higher level of external borrowing for capital projects, linked with progress of the 2018/19 programme.

Prospective Statement of Financial Position*

(All in \$000s)	Long Term Plan 2019/20	Annual Plan 2019/20	Overview of changes
Current assets	31,408	34,990	1
Non-current assets	1,110,189	1,109,745	
Total assets	1,141,597	1,144,735	
Current liabilities	5,381	6,685	
Non-current liabilities	15,303	18,315	2
Total liabilities	20,684	25,000	
Equity	1,120,912	1,119,735	
Net Current Assets	26,027	28,305	

Overview of changes

1 Current Assets

The main variation here is for the KiwiBuild project for houses in Balclutha and Kaitangata. Refer to the Living & Working in Clutha section for further information.

2 Non Current Liabilities

These are higher than forecast due to more assets built, linked with progress of the 2018/19 programme requiring higher loans from the Local Government Funding Authority.

* For further details refer to the Prospective Financial Statements in this document.

RATES, DEBT & INVESTMENTS UPDATE

There are some differences between what was forecast for 2019/20 in the Long Term Plan 2018, and the updated forecasts we are looking at now for the proposed Annual Plan 2019/20 . The main variances are included in this section.

Updated Draft Forecasts for Rates, Debt & Investments 2019/20

\$000	LTP 2018 Year 2 (2019/20)*	Annual Plan 2019/20	Difference
RATES			
Total (excluding penalties)	26,600	26,700	100
Forecast rates change (%)**	3.12%	3.92%	0.80%
Rates limit at 4%	26,900	27,800	900
DEBT			
Internal borrowing	38,300	42,006	3,700
External debt	15,000	18,600	3,600
External interest costs as a % of rates***	1.1%	2.28%	1.18%
Debt limit****	65,000	65,900	900
INTERNAL INVESTMENTS			
Closing balance	38,300	42,000	3,700
Interest earned	1,300	1,200	-100
EXTERNAL INVESTMENTS			
Closing balance	25,700	25,900	200
Interest earned	1,300	1,275	-25
Amount to off-set rates	1,130	833	-297

* As published on pp.57, 58, 59, 60 & 60 of the Financial Strategy contained within the Long Term Plan 2018.

*** On external debt funding only . **** On internal debt and additional external debt funding.

Note: Internal debt and rates off-sets will be subject to review prior to finalising Annual Plan 2019/20 budgets.

Updated Rates Forecast

As outlined on p.6 water rates are the main difference between the LTP 2018 forecasts and Annual Plan (AP) 2019/20.

Updated Internal Debt, Internal Investment & External Debt Forecasts

These variances are linked with progress of the 2018/19 capital programme, levels of expenditure and their flow-on impact.

Updated External Investment Forecast

The 2018/19 returns are lower than the LTP 2018 forecasts with bond market movements affecting the opening balances, giving a lower forecast opening balance at 1 July 2019, offset by a lower rates subsidy causing a higher closing balance at 30 June 2020.

**An individual property's rates changes vary depending on its land value, capital value and the bundle of services received.

PROJECT UPDATES

This is an update of new projects and an overview of changes in timing for other projects we're proposing, since we developed the 2018/28 Long Term Plan. We've also included a summary of the overall programme for your reference.

Gabriel's Gully Sewer and Water Extension

Projected spend in 2019/20: \$81,000 (sewerage) & \$13,000 (water)

This new project is to extend sewerage and water services to properties in Gabriel's Gully. It is subject to property owners making a capital contribution, with the balance of the cost to be funded from reserves and recovered through future connections.

Elizabeth Street Carpark

Projected spend in 2019/20: \$75,000

Balclutha's Elizabeth/Charlotte streets carpark is a strategic car park and serves an area with high demand near the hospital. A budget has been introduced to seal the carpark. Higher demand in this area and future hospital redevelopment plans means it is important to plan for improved parking in this area. We will also be looking to develop a parking strategy taking into account future developments and needs in this part of Balclutha.

Balclutha Memorial Hall Redevelopment Project

Projected spend in 2019/20: \$500,000

Council approved that \$500,000 of the Balclutha Memorial Hall capital budget for 2020/21 be brought forward to the 2019/20 year. This is to allow Council to support the group looking at future options for the hall as further work is identified during the 2019/20 year, such as geotech investigations etc. Any further funding that is in excess of the existing budget or has a more than marginally impact will require consultation.

NEW PROJECT

NEW PROJECT

2020/21 BROUGHT FORWARD

Community Facilities Review Engineering Assessment

Projected spend in 2019/20: \$50,000

Council has committed to carrying out a Community Facilities review. This project has two parts, a strategic review and an engineering assessment. This budget is to carry out the engineering assessment which looks at assessing and recording the physical assets and a building compliance gap analysis.

Balclutha Streetscape Stage 2

Projected spend in 2018/19: \$160,000

We're proposing to spend \$50,000 on Rosebank Triangle and \$30,000 on professional services for streetscape projects, and carry over the remainder of the budget to 2019/20. Once scoping has been completed, Council will look to confirm budgets for 2020/21 and beyond through the next annual plan.

Backscanning & Online Improvements

Projected spend in 2019/20: \$146,000

A range of improvements to backscan building, liquor and food premises files are to be undertaken. Provision has also been made for customer improvements to introduce building consents online.

Asbestos Identification & Management

Projected spend in 2019/20: \$40,000

This new project is required to allow for the identification and management of asbestos in Council buildings, required under the Health & Safety at Work Regulations 2016.

NEW PROJECT

2018/2019 CARRY FORWARD

NEW PROJECT

NEW PROJECT

Roading Programme Update

Projected spend in 2019/20: \$4,092,000

Delivery of capital programmes and contractor availability is one of Council's key risks. To mitigate this and make better use of contractor capacity, two-year contracts have been let to complete three year's worth of work in key areas of the NZ Transport Agency financially-assisted roading programme (structures maintenance, structures component renewals, traffic services renewals and minor improvements). Council approved this approach during 2018/19, which has a flow-on impact on 2019/20 and 2020/21 budgets as well. This means there is a \$1,299,000 increase in the budget for the proposed AP 2019/20 compared to the LTP 2018/28 from \$2,793,000 to \$4,092,000. Council's rates share for the difference will be funded from depreciation reserves.

Hina Hina Bridge Update

Projected spend in 2019/20: \$2,729,000

Approval for the Hina Hina Bridge renewal continues to progress with a business case currently being considered by NZ Transport Agency for co-funding. If approved it is anticipated that a realistic budget timeframe would be across the 2019/20 and 2020/21 years. The AP 2020/21 budget has been revised to reflect this.

Balclutha Destination Toilets

Projected spend in 2019/20: \$495,000

After Our Place Balclutha community consultation, Council agreed to construct new destination toilets in Balclutha, included in the LTP 2018 for 2018/19. Initial planning work is being undertaken, with construction expected in 2019/20. This means the budget above will be carried forward into the 2019/20 AP.

2020/2021 BROUGHT FORWARD

TIMING UPDATE





2018/2019 CARRY FORWARD

SCHEDULE OF PROJECTS ANNUAL PLAN 2019-20

The Proposed Schedule of Projects in the Annual Plan 2019-20

	LTP 2019/20 (\$ 000)	AP 2019/20 (\$ 000)
Roading Improvements		
Balclutha Streetscape (Stage 2)	-	160
Milton Main Street/Streetscape Project	38	38
Replacement of bridges and structures	525	315
Low cost low risk roading improvements	219	412
Urban Seal Extensions	639	1,219
Elizabeth Street Carpark Sealing	-	75
LED Streetlight Renewal		75
Roading Renewals		
Unsealed Road Metalling	1,962	1,962
Sealed Road Resurfacing	2,762	2,762
Drainage Renewals	473	473
Pavement Rehabilitation	206	206
Structure Component Replacement	716	1,017
Traffic Service Renewals	264	301
Milton Main Street/Streetscape Project	13	13
Replacement of bridges and structures	2,099	1,259
Low cost low risk roading improvements	1,594	2,362
Footpath upgrades (renewals)	402	402

Key - Explanation of variances to the 2019-20 LTP:

-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Change in timing over 3 year period for Roothing projects

Continues on
next page

LTP 2019/20
(\$'000)

AP 2019/20
(\$'000)

Community Service Improvements

	LTP 2019/20 (\$'000)	AP 2019/20 (\$'000)
Community Facilities Review - Engineering Assessment	-	50
Asbestos Identification and Management Surveys	-	40
Milton Service Centre Library Pool Community Facility - Service Centre/Library Component	-	93
Kaitangata Hall Demolition	-	85
Parks and Reserves - Proposed upgrades	251	177
Naish Park Centennial Park Project	-	250
Cemeteries - Proposed upgrades	-	10
Balclutha and Milton Destination Toilets	550	1,045
Grant to Cross Recreation Centre	-	150
Milton Service Centre Library Pool Community Facility - Pool Component	-	244








Community Services Renewals

	LTP 2019/20 (\$'000)	AP 2019/20 (\$'000)
Swimming Pool Renewals	61	51
Balclutha Memorial Hall	20	500
Library Renewals	113	113
Community Housing Renewals	193	193
Parks and Reserves Renewals	20	20
Public Toilet Renewals	82	22
Sports Grounds Renewals	4	4

Internal Services

	LTP 2019/20 (\$'000)	AP 2019/20 (\$'000)
Information Services	221	361
Administration Office	580	665
Vehicle Renewals	240	240
District Plan Review	-	500

Key - Explanation of variances to the 2019-20 LTP:

-  Change in amount
-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Change in timing over 3 year period for Roading projects
-  Brought forward from 2019/20 to 2018/19
-  Brought forward from a future year into 2019/20

	LTP 2019/20 (\$'000)	AP 2019/20 (\$'000)
Urban Water Improvements		
Treatment Plant Upgrades	130	110
Commercial Meter Installation	200	300
Urban Water Loss Management	180	180
Urban Water Tapanui Backwash Upgrade/Removal	450	480
Lawrence - Gabriels Gully Road Water Pipeline	-	13
Milton Water Treatment Plant - Access and Sludge Improvements	-	317
Urban Water Renewals and Minor Upgrades Urban Seal	-	190







Urban Water Renewals

Pipeline Renewals	20	444
Treatment Plant Renewals	31	69
Backwash Discharge Resource Consents Renewal	40	-
District-wide Urban Condition Assessment of Pipelines and modelling	20	20
Urban Water Chemical Storage Improvements	-	180

Rural Water Renewals

Treatment Plant Renewals	1,581	1,980
Plant Renewals	3	3
Booster Pump Station Renewals	165	75
Pipeline Renewals	862	2,223
Pipeline Upgrades	130	180
Reservoir Tank Renewals	335	335
Water Take Resource Consent Renewals	-	40



Key - Explanation of variances to the 2019-20 LTP:

-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Brought forward from 2019/20 to 2018/19
-  Project cancelled/deleted - no longer required
-  Brought forward from a future year into 2019/20

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	LTP 2019/20 (\$)000	AP 2019/20 (\$)000
Rural Water Improvements		
Treatment Plant Upgrades	2,154	5,245
Sewerage Improvements		
Treatment Plant Upgrades	780	1,757
Sewer Line Extensions	-	81
Sewer Minor Upgrades	-	150
Sewerage Renewals		
Network Renewals	240	240
Treatment Plant Renewals	25	50
Pump Station Renewals	15	-
Wastewater Pond Desludging	990	1,200
Milton Sewerage Discharge Consent	-	30
Sewer Meter Installation	-	128
Stormwater Improvements		
Stormwater Upgrades & Extension	995	1,211
Solid Waste Improvements		
Resource Recovery Park	20	20
Mount Cooe Landfill - Leachate Curtain - Stage 2	60	60
Mount Cooe Landfill - Stormwater Realignment	-	675
Solid Waste Renewals		
Operational Consent Extensions	70	70

Key - Explanation of variances to the 2019-20 LTP:

-  New project
-  Moved to a future year
-  Carried forward from 2018/19 to 2019/20
-  Change in timing over 3 year period for Roading projects
-  Brought forward from 2019/20 to 2018/19

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RATES

Find out more in the Long Term Plan 2018/28
Section 6 - Rating pages 186-260



RATING BASE INFORMATION

OVERALL RATES CHANGE

The overall rates change is slightly above what was initially forecast in the Long Term Plan:

(\$000)	LTP FORECAST 2019/20	ANNUAL PLAN 2019/20
Total	26,600	26,700
Change	3.1%	3.3%

The overall rates revenue received by Council will increase by 3.3% with urban rate increases ranging from between 2.55% (\$51.83) in Clinton to 3.81% (\$93.37) in Stirling, while average rural rates generally show no increases. More details about these changes can be found in the Rates Examples detailed further through this document.

RATING UNITS AS AT 30 JUNE 2019

AS AT 30 JUNE 2019	
Number of rating units	11,185
Land Value (\$000)	\$5,037,838
Capital Value (\$000)	\$8,014,843

PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2018/19	LONG TERM PLAN 2019/20	ANNUAL PLAN 2019/20
Sources of Operating Funding			
General rates, UAGC's, rates penalties	4,506	4,943	2,877
Targeted rates	21,529	21,901	24,075
Subsidies and grants for operating purposes	3,647	3,783	4,024
Fees & charges	2,970	3,058	3,187
Interest and dividends from investments	1,257	1,264	1,275
Local authorities fuel tax, fines, infringement fees and other receipts	1,708	1,742	1,637
TOTAL SOURCES OF OPERATING FUNDING	35,617	36,691	37,075
Applications of operating funding			
Payments to staff and suppliers	(26,650)	(27,687)	(28,343)
Finance costs	0	(474)	(608)
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(26,650)	(28,161)	(28,951)
SURPLUS (DEFICIT) OF OPERATING FUNDING	8,967	8,530	8,124

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next page

PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2018/19	LONG TERM PLAN 2019/20	ANNUAL PLAN 2019/20
Sources of capital funding			
Subsidies and grants for capital expenditure	5,084	6,639	6,850
Development and financial contributions	0	0	0
Increase (decrease) in debt	6,000	8,990	17,946
Gross proceeds from sale of assets	2,324	500	1,500
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	13,408	16,129	26,296
Applications of capital funding			
Capital expenditure to meet additional demand	(37)	0	(592)
Capital expenditure to improve the level of service	(9,807)	(7,813)	(15,966)
Capital expenditure to replace existing assets	(13,518)	(16,240)	(19,877)
(Increase) decrease in reserves	1,125	(168)	2,312
(Increase) decrease of investments	138	(438)	(297)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(22,375)	(24,659)	(34,420)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(8,967)	(8,530)	(8,124)
FUNDING BALANCE	0	0	0

DETAILED DESCRIPTION OF RATE FUNDING MECHANISMS

Council sets the following rates for the year commencing 1 July 2019 and ending 30 June 2020 in accordance with the Local Government Act 2002 and the Local Government (Rating) Act 2002.

All monetary values disclosed are inclusive of GST.

DEFINITIONS

UAGC - A 'Uniform Annual General Charge' is a rate set at a fixed amount across the district and which every rateable SUIP pays.

SUIP - A 'separately used or inhabited part of a rating unit' includes any part or parts of a rating unit that can be separately used or inhabited in addition to the principal habitation or use.

'On demand' water supply - A supply which is available on demand directly from the point of supply subject to the agreed level of service.

'Restricted' water supply - A type of water supply connection where a small flow is supplied through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

The Council is not inviting lump sum contributions in respect of any targeted rates.

COMMUNITY LEADERSHIP

Community Board Targeted Rate

	FIXED CHARGE (\$ PER SUIP)	TOTAL AMOUNT TO BE COLLECTED (\$)
West Otago Community Board	66.20	81,700
Lawrence/Tuapeka Community Board	130.00	115,300
TOTAL		197,000

COMMUNITY BOARDS

Council has set 'Community Board' rates to fund the cost of its two community boards and local projects within the community board. The rates are set as a fixed charge per rateable separately used or inhabited part of a rating unit (SUIP) within each

community board area as per the table above:

WEST OTAGO HEALTH TRUST

Council has set a targeted rate per rateable separately used or inhabited part of a rating unit (SUIP) for those within the West Otago Health Trust service

catchment area, which mirrors the West Otago Community Board boundaries. The rate is set to fund repayment of loans taken out for Council's grant to West Otago Health for the construction of their facility in Tapanui. The rate is set as a fixed charge of \$70.00 per SUIP. The total amount to be collected is \$87,200.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

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Activity	AMOUNT (\$) PER UAGC	TOTAL AMOUNT TO BE COLLECTED (\$)
Council	110.40	1,167,100
Economic development	81.00	857,700
Community support	35.50	376,100
Culture and heritage	23.20	245,600
District wide main street	7.10	74,900
Parks, reserves, sportsgrounds and playgrounds	52.00	551,000
Halls & community centres	23.30	246,700
Swimming pools	71.40	756,700
I-Site	23.70	251,500
Service Centres & Libraries	145.30	1,539,000
Cross Recreation Centre	10.60	112,100
Animal Control	1.50	16,300
Emergency Services	15.70	166,400
Cemeteries	18.20	192,800
Public conveniences	25.00	264,400
Environmental health	15.40	163,500
Rural fire	0.60	6,200
Waste Minimisation	7.50	79,800
SUB TOTAL	667.40	7,067,800
Income		
Property	21.20	224,200
General - Petrol Tax and Investment Income	110.70	1,172,500
Other Income	23.30	246,300
SUB TOTAL	155.20	1,643,000
TOTAL	512.20	5,424,800

Council has set a 'UAGC' of 512.20 on each rateable separately used or inhabited part of a rating unit (SUIP) in the district.

The amount to be collected is \$5,424,800.

The activities that the UAGC is used to fund, as well as the income sources that offset the UAGC, are outlined to the left.

DISTRICT ROADING

Council has set a 'District Roding' rate on every rateable rating unit in the district. The rate is 0.040721 cents per \$1 of capital value and funds approximately 37% of Councils share of the cost of providing operating and managing the local roading network, including roads, bridges, streetscapes and footpaths.

The amount to be collected is \$3,263,700.

LOCAL ROADING

Council has set 'Local Roding' Rates on every rateable rating unit in the district. This rate funds approximately 63% of Council's share of roading costs, including construction and maintenance of roads and footpaths within a locality/rating area. The rates include a fixed charge component and a component based on land value. The fixed charge component will be charged per SUIP and will be differentiated based on location and level of service, and the land value component will be differentiated based on location.

The amount to be collected is \$5,557,100.

NEW FOOTPATHS

Council has set 'New Footpath' Rates to fund repayment of loans taken out to provide new footpaths. The total to be collected is \$222,000.

The rates are set as a fixed charge per separately used or inhabited part of a rating unit (SUIP) in each local roading rating area as per the table to the right:

Local Roding Targeted Rate

	TARGETED FIXED CHARGE (\$) PER SUIP	CENTS PER \$ OF LAND VALUE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	58.00	0.18583	410,700
Clinton	58.00	0.86067	39,400
Heriot	58.00	0.30486	6,900
Kaitangata	58.00	0.76573	112,500
Kaka Point	58.00	0.08630	45,800
Lawrence	58.00	0.27174	70,700
Milton	58.00	0.17713	160,100
Owaka	58.00	0.43352	41,300
Papatowai	58.00	0.07206	13,200
Pounawea	58.00	0.10487	13,700
Stirling	58.00	0.26359	30,000
Taieri Mouth	58.00	0.09251	41,200
Tapanui	58.00	0.44233	61,400
Waihola	58.00	0.06770	30,400
Rural	57.50	0.08374	4,479,800
TOTAL			5,557,100

New Footpaths Targeted Rate

	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	47.30	103,500
Clinton	15.00	2,800
Kaitangata	18.20	7,800
Kaka Point	28.10	7,900
Lawrence	13.60	4,900
Milton	71.00	77,900
Owaka	42.00	8,400
Stirling	23.90	3,600
Tapanui	11.30	5,200
Waihola	0.00	0
TOTAL		222,000

URBAN WATER SUPPLY

This rate funds the provision of reticulated potable water supplies to urban areas.

Council has set a targeted rate for customers who receive potable water from an 'on demand' supply and a targeted rate for customers who receive potable water from a 'restricted' supply.

These rates will be set up as a fixed charge per SUIP.

These rates will be differentiated based on whether the SUIP is connected to the service, or is available but the SUIP is not actually connected

i.e. serviceable SUIP (50% of the fixed charge per connected SUIP).

The final determination of these rates will also include operating and capital costs for the water supply activity.

On demand water rates will be charged for each serviced or serviceable SUIP to an unrestricted water supply.

Restricted water rates will be charged to a serviced or serviceable SUIP where a small flow is supplied

through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

The restricted rate will be set at 85% of the on demand rate.

The total amount to be collected is \$3,603,600.

The rate for each scheme is shown in the table below:

Urban Water Supply Targeted Rate

	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICABLE SUIP	SCHEME TYPE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	639.70	319.85	On-demand	1,429,000
Benhar	639.70	N/A	On-demand	28,300
Clinton	543.70	271.85	Restricted	97,600
Kaitangata	639.70	319.85	On-demand	282,400
Kaka Point	543.70	271.85	Restricted	139,700
Lawrence	639.70	319.85	On-demand	242,400
Milton	639.70	319.85	On-demand	674,600
Owaka	543.70	271.85	Restricted	133,500
Stirling	639.70	319.85	On-demand	120,300
Tapanui	639.70	319.85	On-demand	325,600
Waihola	543.70	271.85	Restricted	130,200
TOTAL				3,603,600

RURAL WATER SCHEMES

Council has set 'Rural Water Scheme' rates to fund the operation, maintenance and capital expenditure for individual rural water schemes areas that are primarily for stock but also for domestic consumption. The total amount to be collected is \$4,967,200. The rates are set as a fixed charge for each unit (one m³ of water per day) of water supplied, as per the table to the right:

SEWERAGE UPGRADE SUPPORT

Council has set a 'District Sewerage Upgrade Support' rate on every rateable rating unit in the district. This will be used to fund 10% of capital costs of treatment upgrades, investigations into establishing new sewerage schemes and reticulation extensions and improving sewage disposal from existing systems. The rate is 0.001658 cents per \$1 of capital value. The amount to be collected is \$132,900.

SEWERAGE

This rate funds the provision of sewage reticulation and treatment facilities.

Council has set a targeted uniform sewerage rate for each separately used or inhabited part of a rating unit (SUIP) that is either connected to one of the following schemes, or for which a connection is available.

These rates will be differentiated based on whether the SUIP is connected to the service, or is available but the SUIP is not actually connected i.e. serviceable SUIP (50% of the fixed charge per connected SUIP).

The total amount to be collected is \$2,619,900.

The rate for each scheme is shown in the table to the right:

Rural Water Scheme Targeted Rate

	FIXED CHARGE (\$) PER UNIT SUPPLIED	TOTAL AMOUNT TO BE COLLECTED (\$)
Balmoral 1	311.90	237,000
Balmoral 2	315.10	498,400
Clydevale/Pomahaka	379.50	883,900
Glenkenich	283.40	303,800
Moa Flat	207.00	486,700
North Bruce	275.60	531,300
Richardson	295.50	741,200
South Bruce	173.10	266,100
Tuapeka	395.10	638,000
Waipahi	231.10	192,100
Wangaloa	454.70	188,700
TOTAL		4,967,200

Sewerage Targeted Rate

	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICABLE SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha (including Benhar)	462.60	231.30	1,046,000
Clinton	462.60	231.30	84,000
Heriot	462.60	N/A	35,200
Kaitangata	462.60	231.30	184,600
Kaka Point	462.60	231.30	120,300
Lawrence	462.60	231.30	159,100
Milton (including Tokoiti)	462.60	231.30	497,800
Owaka (including Pounaweia)	462.60	231.30	107,600
Stirling	462.60	231.30	68,000
Tapanui	462.60	231.30	214,600
Waihola	462.60	231.30	102,700
TOTAL			2,619,900

SEWERAGE LOAN RATES

Council has set 'Sewerage Loan' rates to repay loans taken out to fund the capital cost of certain sewerage schemes. The rates are set as an amount for each separately used or inhabited part of a rating unit (SUIP) that is "serviceable", i.e. either connected to one of the following schemes, or for which a connection is available, that did not elect to make a lump sum contribution. The rates for Benhar and Tokoiti are differentiated based on rating area.

The total amount to be collected is \$48,200. The rate for each scheme is shown in the table to the right:

STORMWATER

This rate is for the provision of stormwater reticulation and minor stormwater works.

Council has set targeted stormwater rates for each separately used or inhabited part of a rating unit (SUIP) that is either provided with a full stormwater service, or for which a limited service is available (50% of full service charge).

The total amount to be collected is \$910,600. The rate for each scheme is shown in the table to the right:

Sewerage Capital Targeted Loan Rate

	FIXED CHARGE (\$) PER SERVICED SUIP AREA A	FIXED CHARGE (\$) PER SERVICED SUIP AREA B	TOTAL AMOUNT TO BE COLLECTED (\$)
Benhar	894.00	814.00	32,900
Tokoiti	745.00	589.00	15,300
TOTAL			48,200

Stormwater Targeted Rate

	FIXED CHARGE (\$) PER FULL SERVICE SUIP	FIXED CHARGE (\$) PER LIMITED SERVICE SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	165.80	82.90	336,900
Clinton	165.80	82.90	28,800
Heriot	165.80	82.90	11,800
Kaitangata	165.80	82.90	67,100
Kaka Point	165.80	82.90	42,400
Lawrence	165.80	82.90	52,800
Milton	165.80	82.90	155,100
Owaka	165.80	82.90	32,600
Pounawea	165.80	82.90	15,600
Stirling	165.80	82.90	24,000
Taieri Mouth	165.80	82.90	38,500
Tapanui	165.80	82.90	68,800
Waihola	165.80	82.90	36,200
TOTAL			910,600

COMMUNITY FACILITIES

Council has set a 'Community Facilities' targeted rate on all rateable rating units in the district. This rate is used to fund approximately 50% of swimming pools, halls, community centres, parks, reserves, sportsgrounds, playgrounds, Cross Recreation Centre, and approximately 80% the local share of main street improvements.

The amount to be collected is \$1,729,700.

The rate is set as a fixed charge per SUIP and is based on location and the facilities within each Community rating area areas. The charges are per the table to the right:

SOLID WASTE MANAGEMENT

A 'Waste Management' rate has been set to fund waste collection and disposal services. This rate is set as a fixed charge of \$133.50 per pair of wheelie bins provided to each SUIP.

The amount to be collected is \$817,900.

DISTRICTWIDE ASSETS

Council has set a 'Districtwide Facilities' rate on every rateable rating unit in the district. This will fund approximately 50% of the costs of public toilets. The rate is 0.003299 cents per \$1 of capital value.

The amount to be collected is \$264,400.

Community Facilities Targeted Rate

COMMUNITY RATING AREA	FIXED CHARGE PER SUIP (\$)	TOTAL AMOUNT TO BE COLLECTED (\$)
Bruce	123.10	319,800
Catlins	46.60	42,800
Clinton	64.50	37,800
Lawrence Tuapeka	97.80	86,500
Lower Clutha	268.60	1,200,200
West Otago	35.50	42,600
TOTAL		1,729,700

PLANNING/REGULATORY

Council has set a 'Planning/Regulatory' rate on every rateable rating unit in the district. This will part-fund resource management, building control, compliance and liquor licensing. The rate is 0.010652 cents per \$1 of capital value.

The amount to be collected is \$853,800.

VOLUNTARY TARGETED RATE SCHEMES

Council sets targeted rates for rating units in the Clutha District who are part of a Voluntary Targeted Rating Scheme. These schemes provide a way for ratepayers in the Clutha District to pay for the cost of additional services provided specifically to them.

These voluntary targeted rates are subject to an agreement between the ratepayer and Council, and the application of a specified interest rate (currently 3.98%), over a specified timeframe (currently between 3 & 5 years).

The rate is set as a targeted rate for each rating unit in the Clutha District Voluntary Targeted Rate Scheme. As at 1 July 2019 specific schemes and amounts to be collected are:

VOLUNTARY TARGETED RATE	TOTAL AMOUNT TO BE COLLECTED (\$)
Dust Suppression	31,600
Warm Air Clean Homes	103,000
Cosy Homes	11,600
Sewerage Connection	4,900
Total	151,100

RATING EXAMPLES

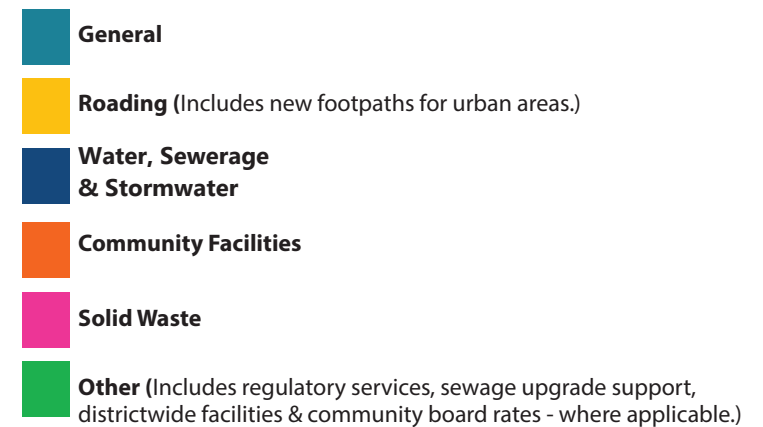
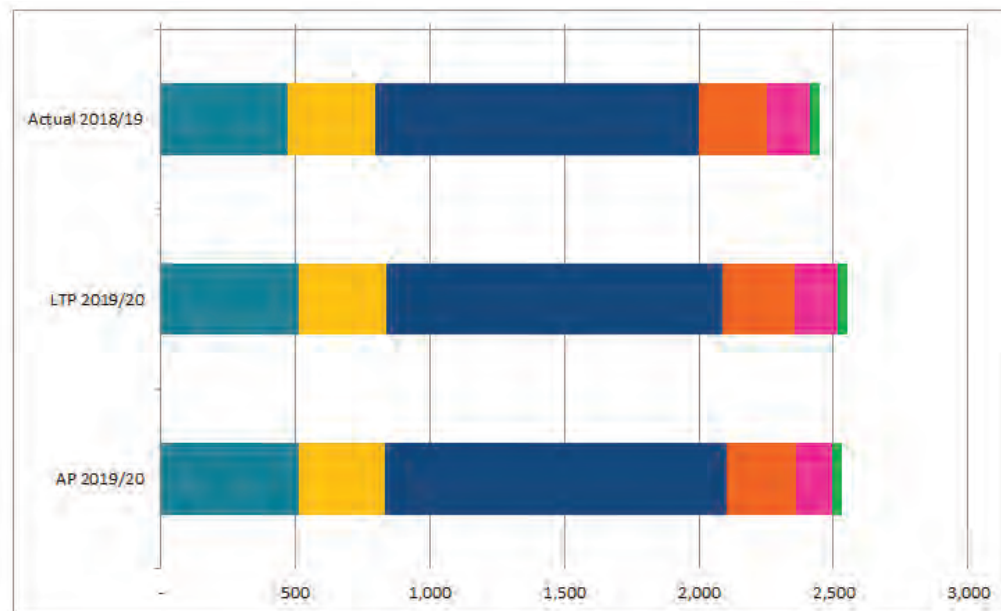
RATING AREA	% INCREASE (DECREASE)	\$ INCREASE (DECREASE)	TOTAL RATES (\$)
Balclutha	3.74%	\$92	\$2,538
Clinton	2.55%	\$52	\$2,083
Kaitangata	3.63%	\$87	\$2,469
Kaka Point	3.29%	\$79	\$2,473
Lawrence	3.22%	\$76	\$2,435
Milton	3.69%	\$83	\$2,329
Owaka	3.31%	\$68	\$2,132
Stirling	3.81%	\$93	\$2,543
Taieri Mouth	2.76%	\$32	\$1,200
Tapanui	2.92%	\$65	\$2,307
Waihola	3.38%	\$71	\$2,177
Lifestyle	1.17%	\$18	\$1,550
Commercial	2.46%	\$82	\$3,414
Industrial Urban	1.69%	\$70	\$4,224
Industrial Rural	2.40%	\$86	\$3,685
Rural Dairy 1	(0.67%)	(\$42)	\$6,203
Rural Sheep & Beef 1	(1.40%)	(\$76)	\$5,330
Rural Dairy 2	(1.70%)	(\$201)	\$11,569
Rural Sheep & Beef 2	(1.11%)	(\$157)	\$13,924

RATES EXAMPLE - BALCLUTHA

Residential - Balclutha

Land Value 62,000
Capital Value 240,000

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	326	323	318
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	35	35	37
TOTAL	\$2,446	\$2,551	\$2,538

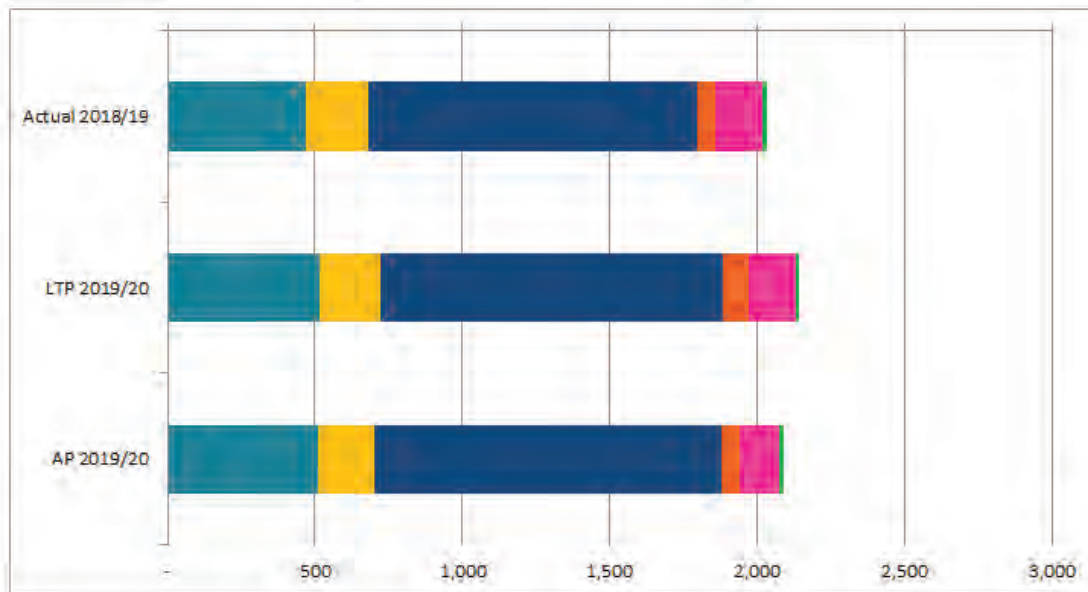


RATES EXAMPLE - CLINTON

Residential - Clinton

Land Value 9,000
Capital Value 90,000

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	210	210	187
WATER, SEWERAGE & STORMWATER	1,115	1,160	1,172
COMMUNITY FACILITIES	65	86	64
SOLID WASTE	158	161	134
OTHER	14	13	14
TOTAL	\$2,032	\$2,144	\$2,083

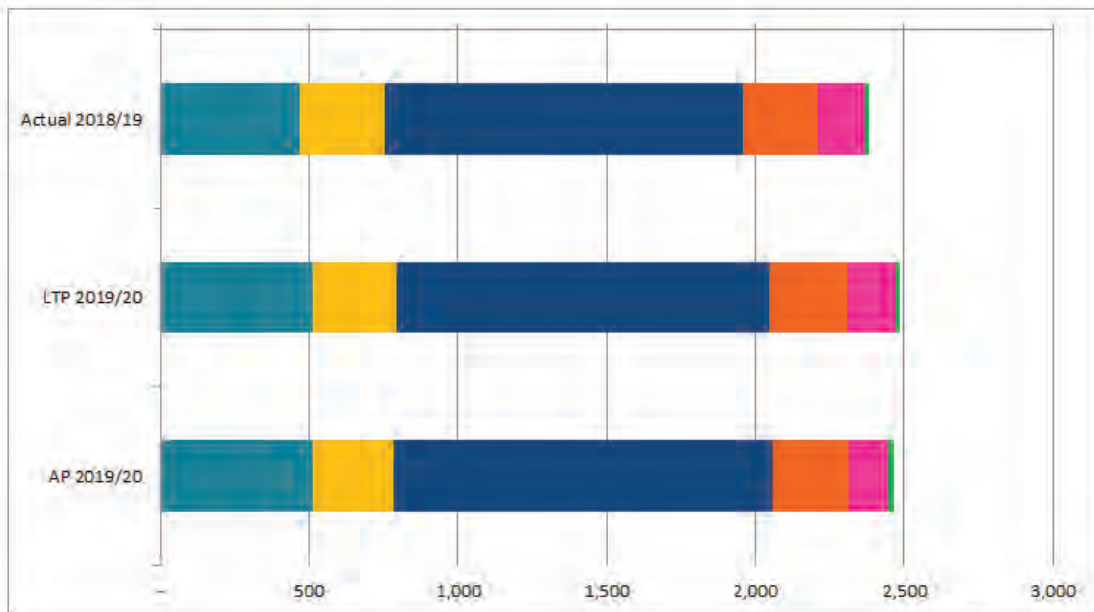


- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - KAITANGATA

Residential - Kaitangata

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 20,000 Capital Value 101,000			
GENERAL (UAGC)	470	514	512
ROADING	282	279	270
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	16	16	16
TOTAL	\$2,382	\$2,487	\$2,469

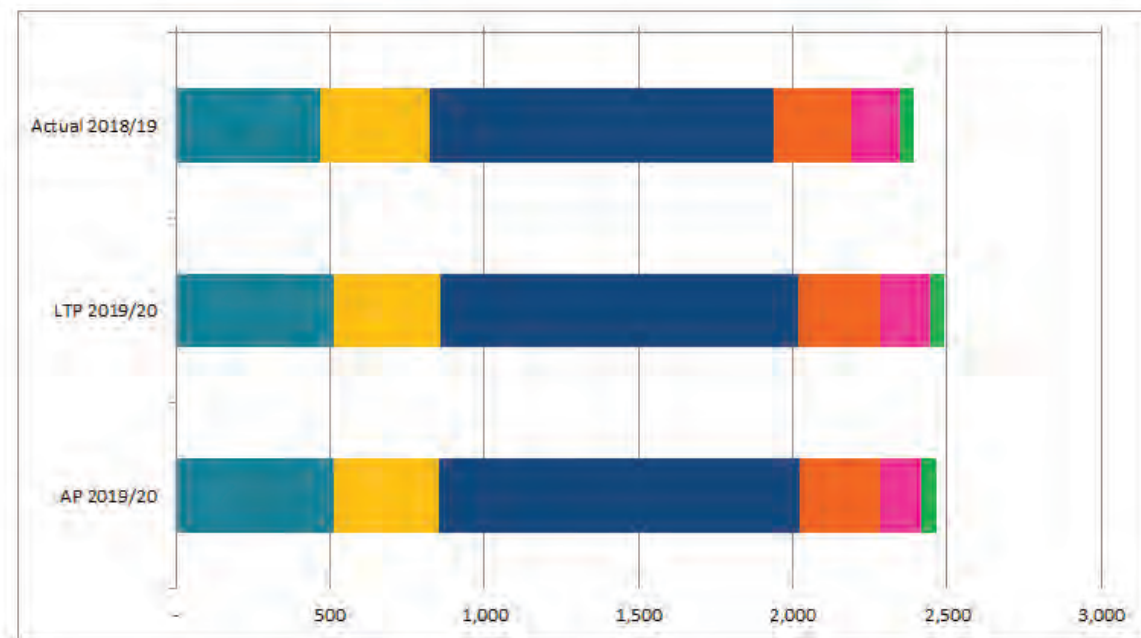


- General**
- Roding** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - KAKA POINT

Residential - Kaka Point

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 140,000			
Capital Value 320,000			
GENERAL (UAGC)	470	514	512
ROADING	354	346	336
WATER, SEWERAGE & STORMWATER	1,115	1,160	1,172
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	47	47	50
TOTAL	\$2,395	\$2,492	\$2,473



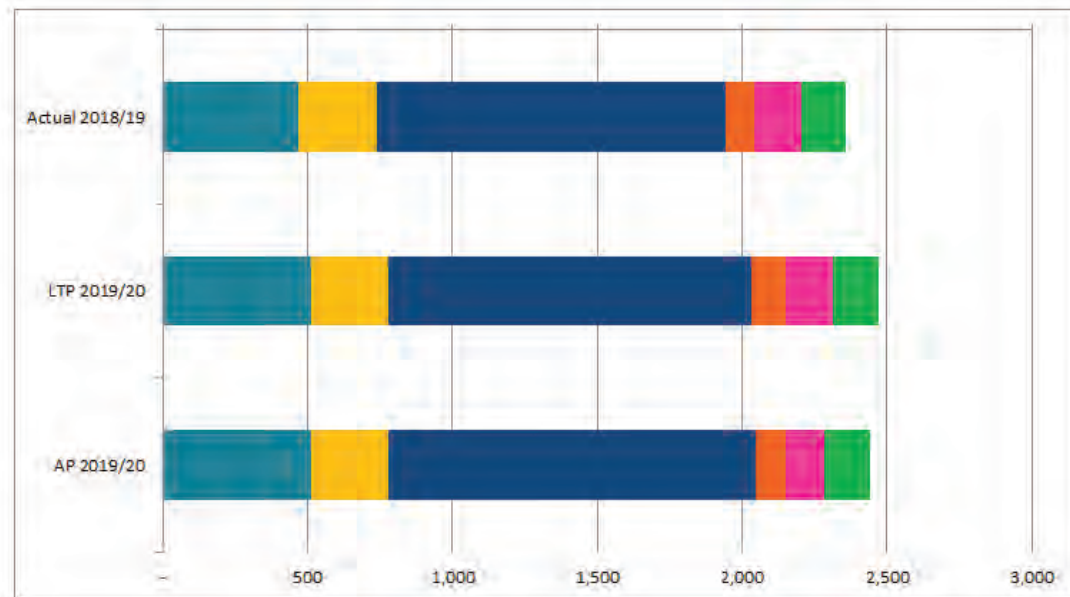
- **General**
- **Roding** (Includes new footpaths for urban areas.)
- **Water, Sewerage & Stormwater**
- **Community Facilities**
- **Solid Waste**
- **Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - LAWRENCE

Residential - Lawrence

Land Value 46,000
Capital Value 170,000

	2019/20 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	269	266	265
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	100	120	98
SOLID WASTE	158	161	134
OTHER	157	158	158
TOTAL	\$2,359	\$2,472	\$2,435



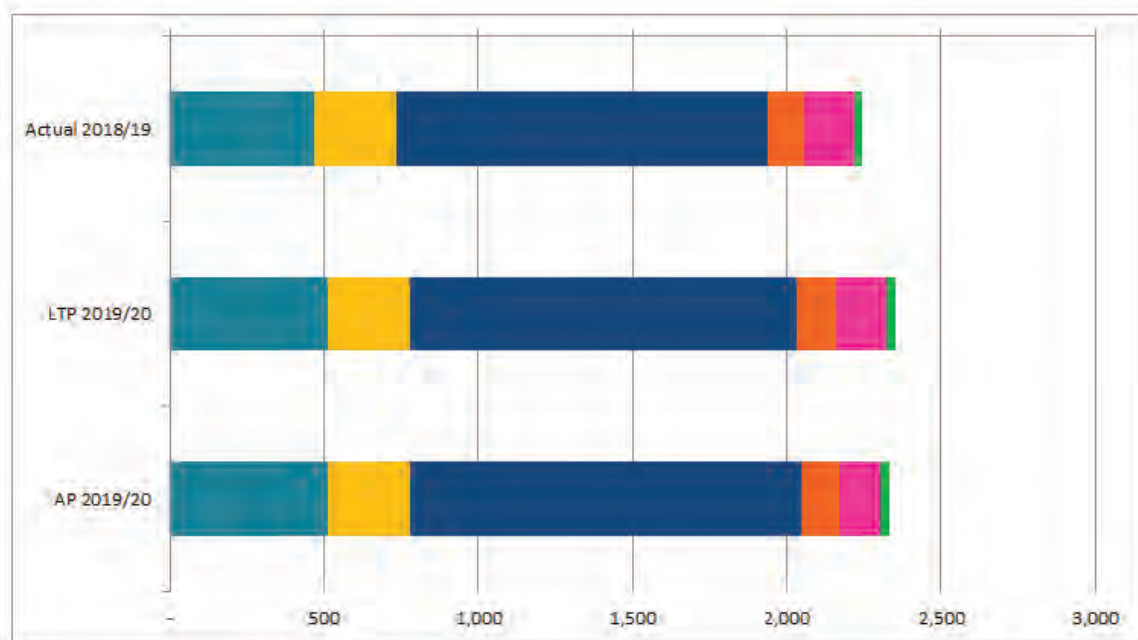
- **General**
- **Roading** (Includes new footpaths for urban areas.)
- **Water, Sewerage & Stormwater**
- **Community Facilities**
- **Solid Waste**
- **Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - MILTON

Residential - Milton

Land Value 30,000
Capital Value 195,000

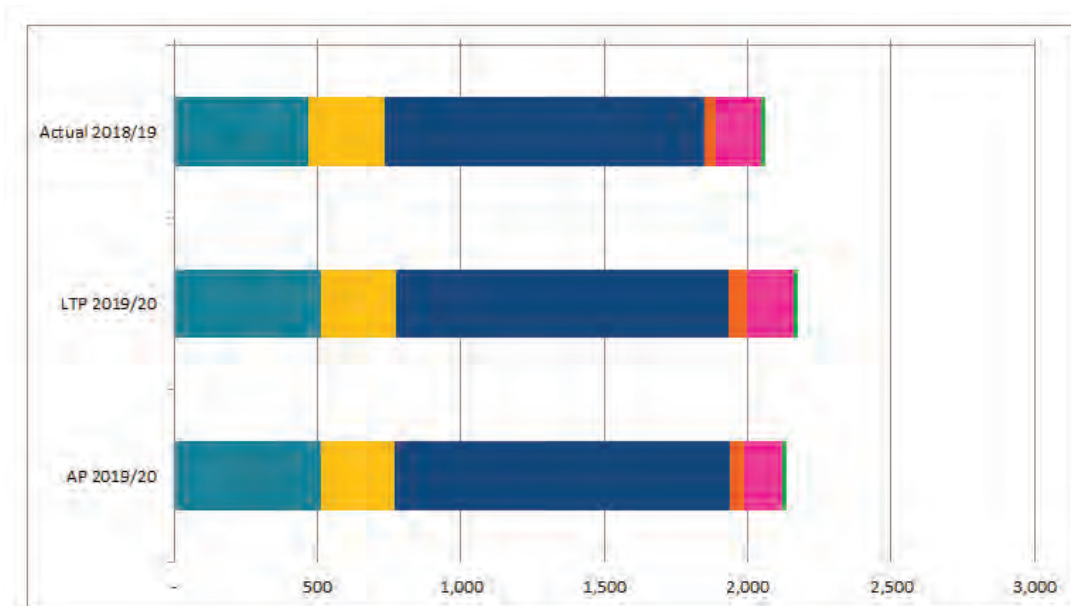
	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	264	266	262
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	120	128	123
SOLID WASTE	158	161	134
OTHER	29	29	30
TOTAL	\$2,246	\$2,351	\$2,329



- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - OWAKA

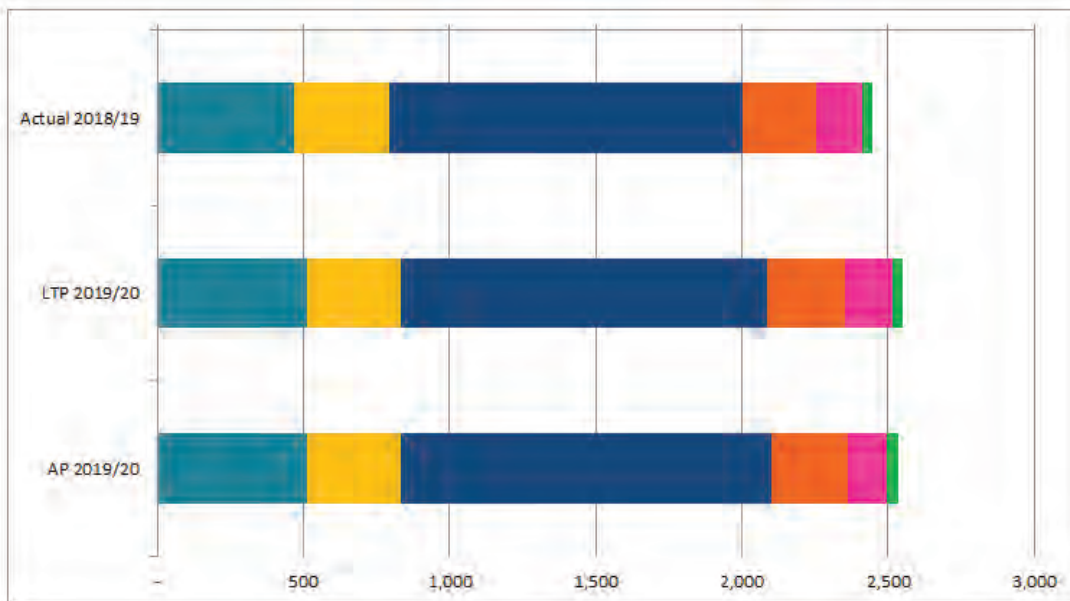
Residential - Owaka	2018/19	2019/20	2019/20
Land Value 25,000	(ACTUAL)	(LTP	(AP
Capital Value 105,000	FORECAST)	FORECAST)	
GENERAL (UAGC)	470	514	512
ROADING	263	262	251
WATER, SEWERAGE & STORMWATER	1,115	1,160	1,172
COMMUNITY FACILITIES	42	62	47
SOLID WASTE	158	161	134
OTHER	15	15	16
TOTAL	\$2,063	\$2,174	\$2,132



- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - STIRLING

Residential - Stirling	2018/19	2019/20	2019/20
Land Value 50,000	(ACTUAL)	(LTP	(AP
Capital Value 260,000		FORECAST)	FORECAST)
GENERAL (UAGC)	470	514	512
ROADING	326	322	319
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	39	39	41
TOTAL	\$2,449	\$2,553	\$2,543

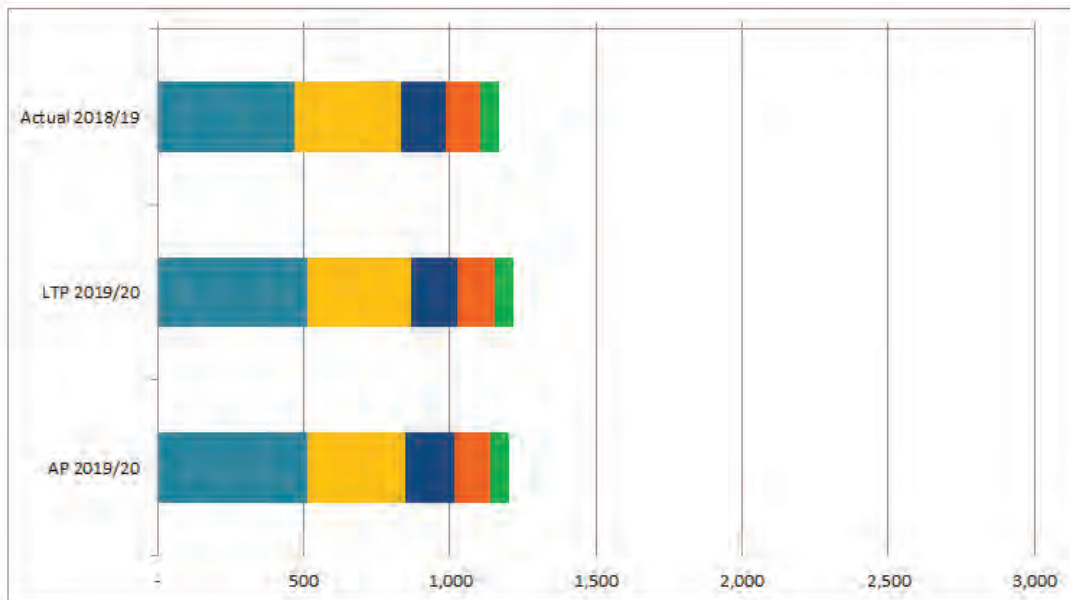


- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - TAIERI MOUTH

Residential - Taieri Mouth

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 113,000			
Capital Value 420,000			
GENERAL (UAGC)	470	514	512
ROADING	362	355	333
WATER, SEWERAGE & STORMWATER	155	159	166
COMMUNITY FACILITIES	120	128	123
SOLID WASTE	-	-	-
OTHER	61	63	66
TOTAL	\$1,168	\$1,217	\$1,200



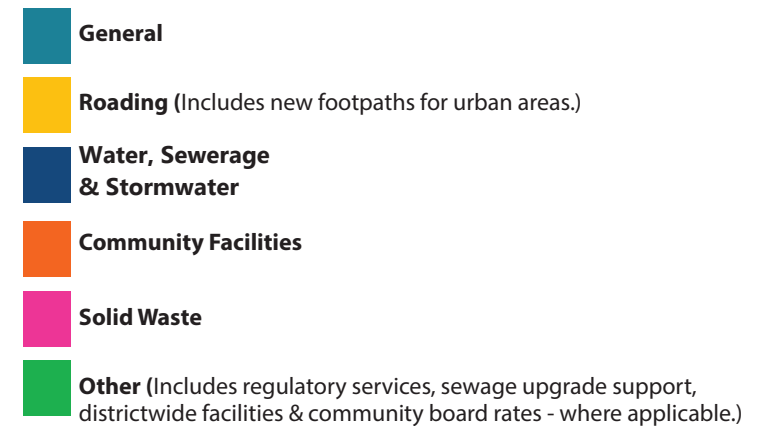
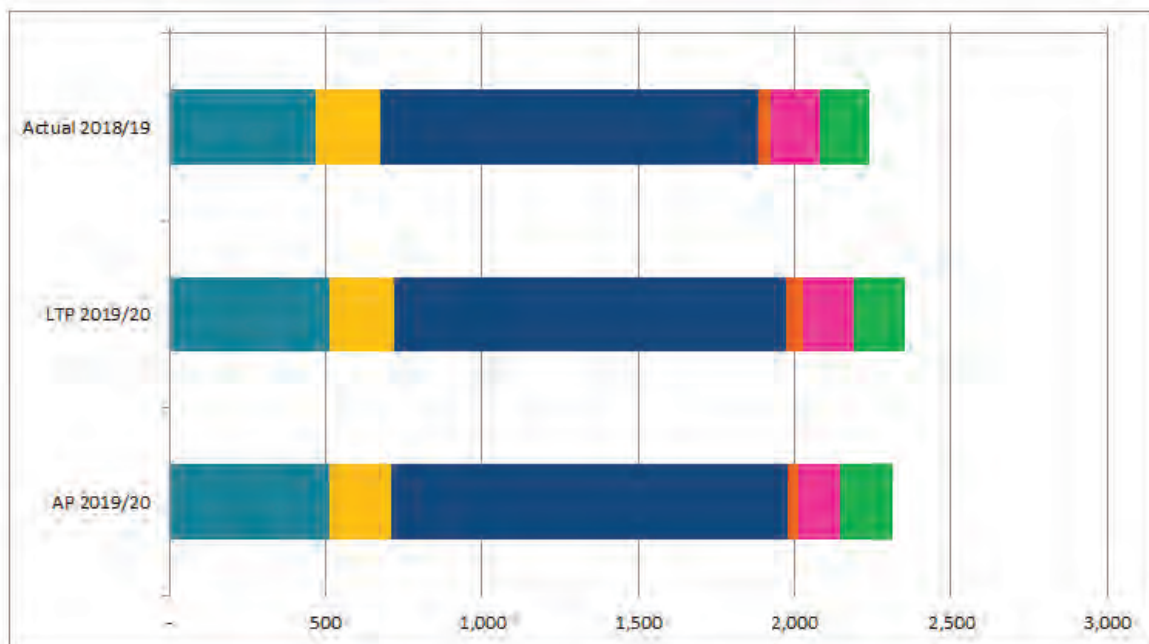
- General**
- Roding** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - TAPANUI

Residential - Tapanui

Land Value 12,000
Capital Value 175,000

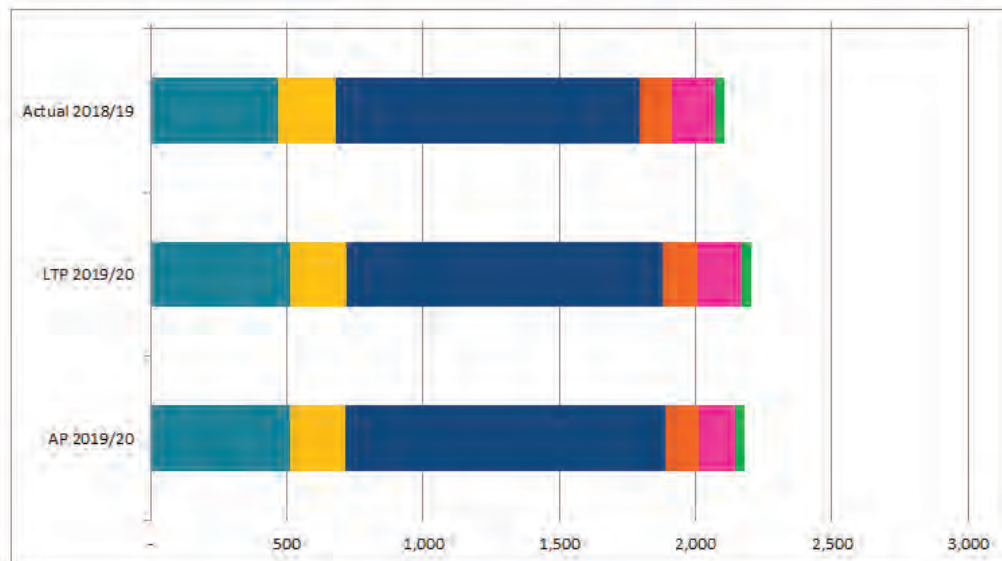
	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	207	205	194
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	40	55	35
SOLID WASTE	158	161	134
OTHER	161	163	164
TOTAL	\$2,241	\$2,351	\$2,307



RATES EXAMPLE - WAIHOLA

Residential - Waihola

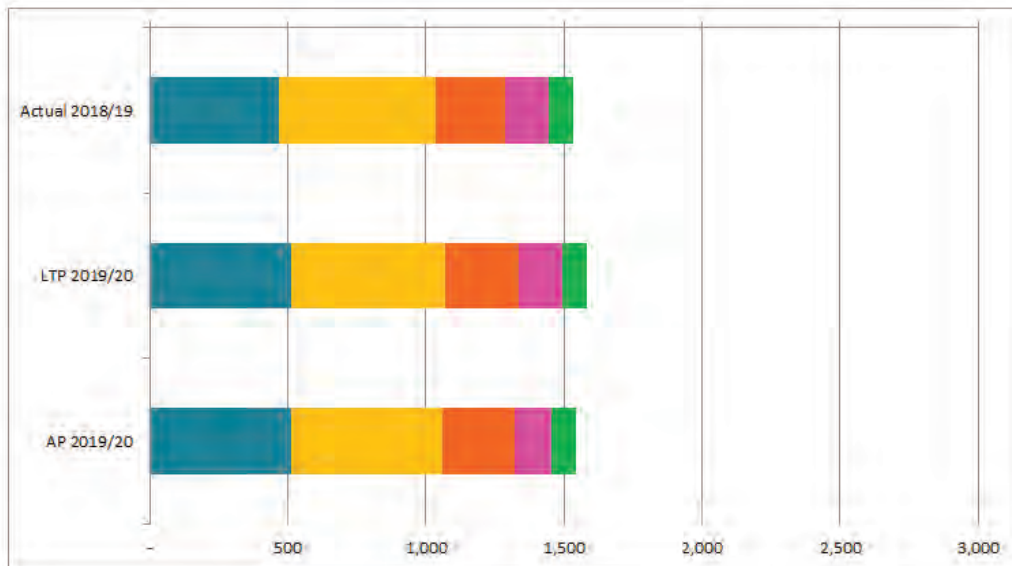
	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 76,000			
Capital Value 225,000			
GENERAL (UAGC)	470	514	512
ROADING	210	208	201
WATER, SEWERAGE & STORMWATER	1,115	1,160	1,172
COMMUNITY FACILITIES	120	128	123
SOLID WASTE	158	161	134
OTHER	33	33	35
TOTAL	\$2,106	\$2,204	\$2,177



- **General**
- **Roding** (Includes new footpaths for urban areas.)
- **Water, Sewerage & Stormwater**
- **Community Facilities**
- **Solid Waste**
- **Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - LIFESTYLE

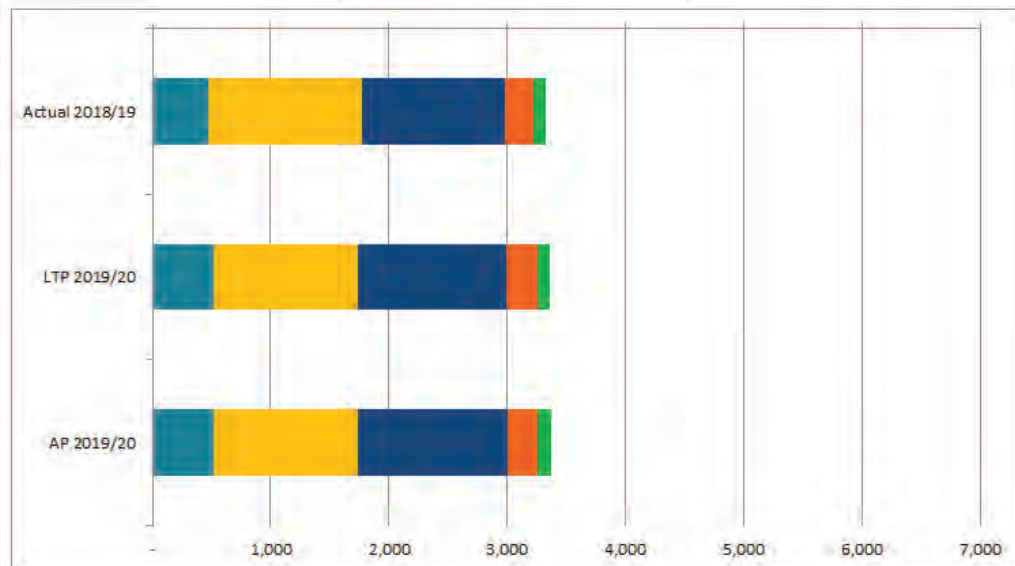
Lifestyle	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 300,000			
Capital Value 580,000			
GENERAL (UAGC)	470	514	512
ROADING	568	557	544
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	85	85	91
TOTAL	\$1,532	\$1,582	\$1,550



- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

RATES EXAMPLE - COMMERCIAL

Commercial	2018/19	2019/20	2019/20
Land Value 485,000	(ACTUAL)	(LTP)	(AP)
Capital Value 720,000			
GENERAL (UAGC)	470	514	512
ROADING	1,301	1,222	1,253
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	105	106	112
TOTAL	\$3,332	\$3,359	\$3,414



- General**
- Roading** (Includes new footpaths for urban areas.)
- Water, Sewerage & Stormwater**
- Community Facilities**
- Solid Waste**
- Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

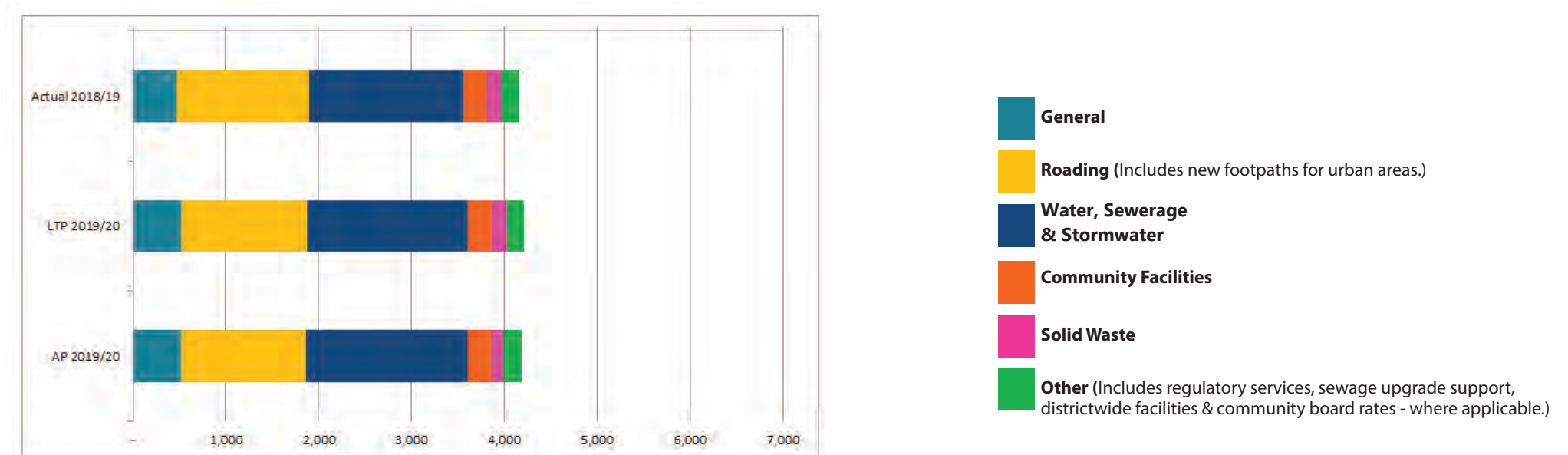
RATES EXAMPLE - INDUSTRIAL URBAN

Industrial - Urban

Land Value 405,000

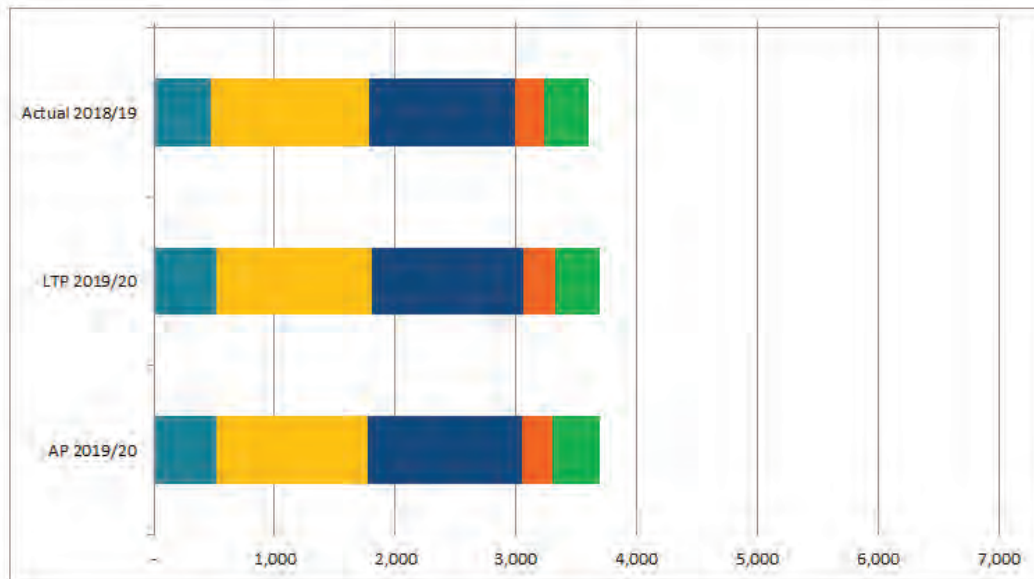
Capital Value 1,280,000

	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
GENERAL (UAGC)	470	514	512
ROADING	1,436	1,365	1,378
WATER, SEWERAGE & STORMWATER	1,653	1,724	1,731
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	158	161	134
OTHER	186	188	200
TOTAL	\$4,154	\$4,216	\$4,224



RATES EXAMPLE - INDUSTRIAL RURAL

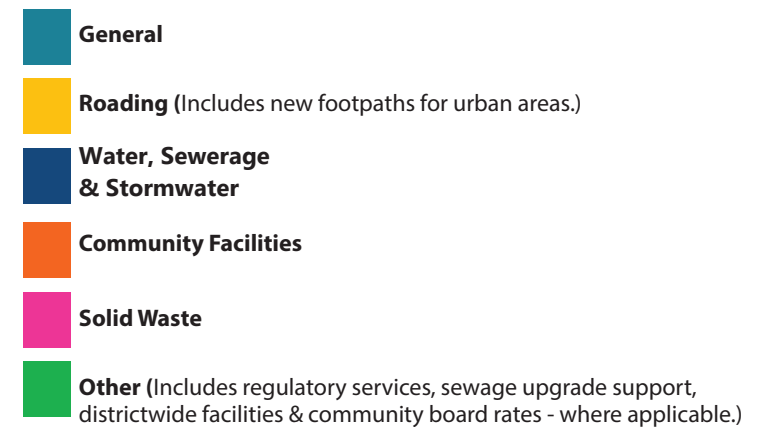
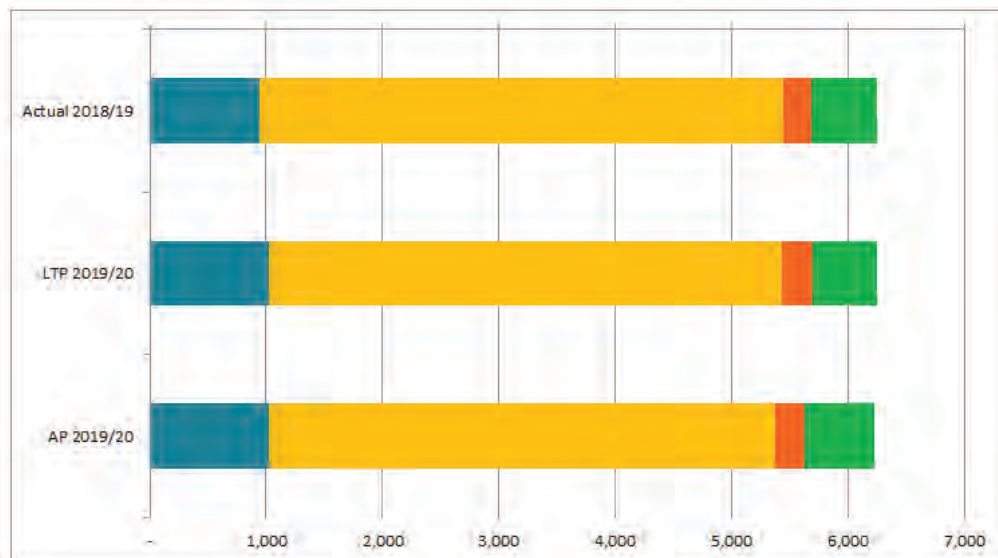
Industrial - Rural	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 139,000			
Capital Value 2,469,000			
GENERAL (UAGC)	470	514	512
ROADING	1,313	1,296	1,251
WATER, SEWERAGE & STORMWATER	1,205	1,253	1,268
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	360	363	385
TOTAL	\$3,599	\$3,690	\$3,685



- **General**
- **Roading** (Includes new footpaths for urban areas.)
- **Water, Sewerage & Stormwater**
- **Community Facilities**
- **Solid Waste**
- **Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

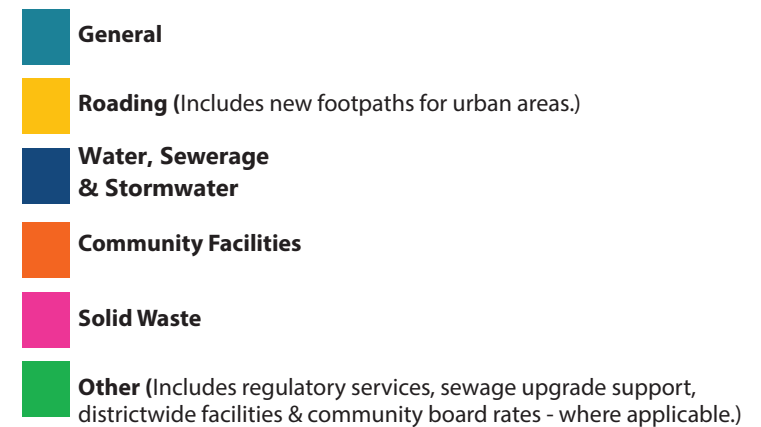
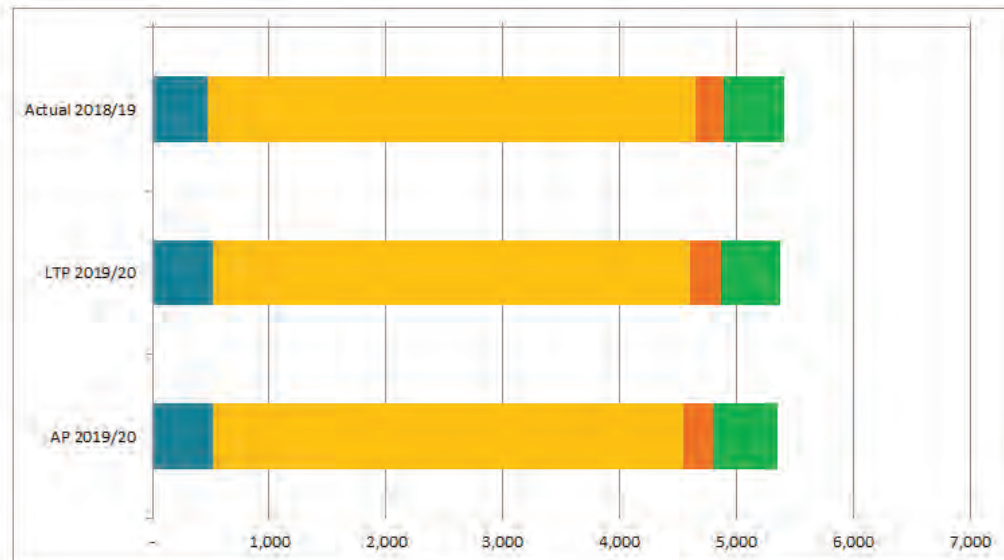
RATES EXAMPLE - RURAL DAIRY 1

Rural - Dairy 1	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 3,170,000			
Capital Value 3,800,000			
GENERAL (UAGC)	940	1,028	1,024
ROADING	4,500	4,405	4,317
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	554	558	593
TOTAL	\$6,245	\$6,256	\$6,203



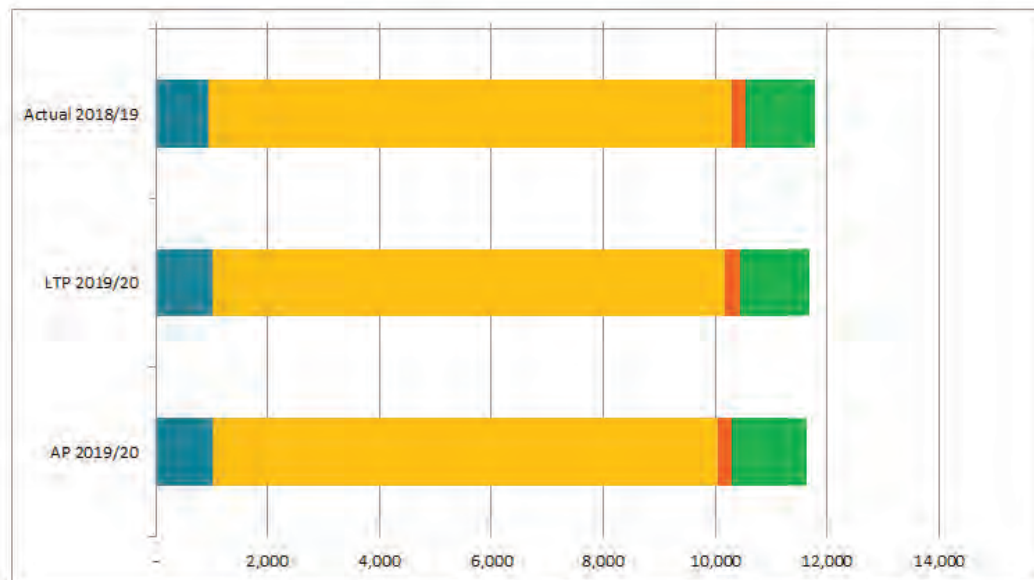
RATES EXAMPLE - RURAL SHEEP & BEEF 1

Rural - Sheep & Beef 1	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 3,010,000			
Capital Value 3,500,000			
GENERAL (UAGC)	470	514	512
ROADING	4,175	4,085	4,003
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	510	515	546
TOTAL	\$5,406	\$5,378	\$5,330



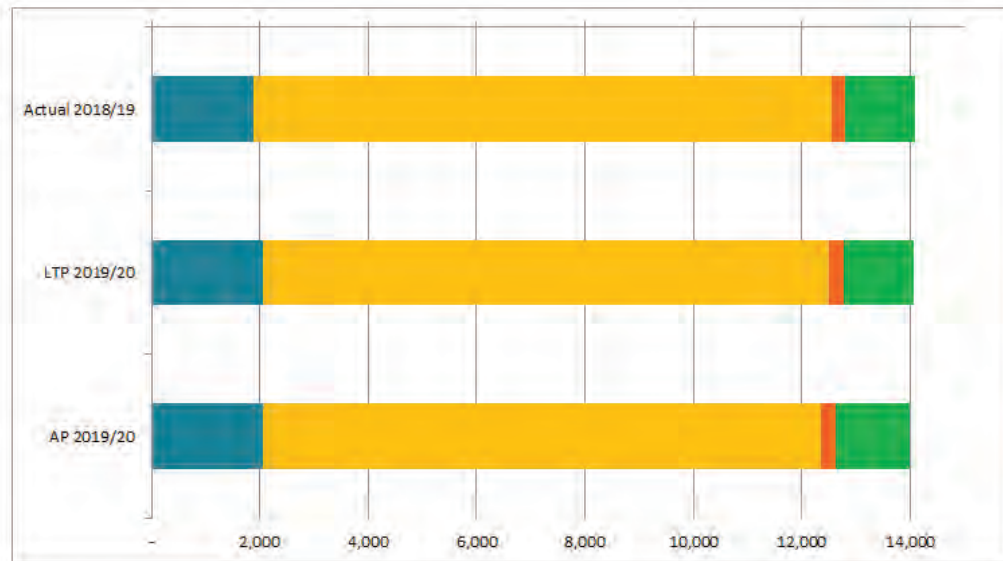
RATES EXAMPLE - RURAL DAIRY 2

Rural - Dairy 2	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 6,450,000			
Capital Value 8,450,000			
GENERAL (UAGC)	940	1,028	1,024
ROADING	9,347	9,148	8,957
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	1,232	1,241	1,319
TOTAL	\$11,770	\$11,681	\$11,569



RATES EXAMPLE - RURAL SHEEP & BEEF 2

Rural - Sheep & Beef 2	2018/19 (ACTUAL)	2019/20 (LTP)	2019/20 (AP)
Land Value 7,700,000			
Capital Value 8,750,000			
GENERAL (UAGC)	1,880	2,056	2,049
ROADING	10,674	10,448	10,240
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	251	264	269
SOLID WASTE	-	-	-
OTHER	1,275	1,286	1,366
TOTAL	\$14,081	\$14,054	\$13,924



- **General**
- **Roding** (Includes new footpaths for urban areas.)
- **Water, Sewerage & Stormwater**
- **Community Facilities**
- **Solid Waste**
- **Other** (Includes regulatory services, sewage upgrade support, districtwide facilities & community board rates - where applicable.)

FINANCIAL STATEMENTS

Find out more in the Long Term Plan 2018/28
Section 7 - Financial pages 261-295

ANNUAL PLAN 2019/20



INTRODUCTION

THE PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE ON 12 JUNE 2019 BY THE COUNCIL OF THE CLUTHA DISTRICT COUNCIL.

THE COUNCIL IS RESPONSIBLE FOR THE PROSPECTIVE FINANCIAL STATEMENTS PRESENTED, INCLUDING THE APPROPRIATENESS OF THE ASSUMPTIONS UNDERLYING THE PROSPECTIVE FINANCIAL STATEMENTS AND ALL OTHER REQUIRED DISCLOSURES.

THE FINANCIAL INFORMATION CONTAINED IN THIS PLAN IS PROSPECTIVE FINANCIAL INFORMATION IN TERMS OF PBE FRS 42 'PROSPECTIVE FINANCIAL STATEMENTS', THE PURPOSE FOR WHICH IS TO ENABLE RATEPAYERS, RESIDENTS AND ALL INTERESTED PARTIES TO OBTAIN INFORMATION ABOUT THE EXPECTED FUTURE FINANCIAL PERFORMANCE, POSITION AND CASHFLOW OF COUNCIL.

NO ACTUAL FINANCIAL RESULTS ARE INCORPORATED IN THE PROSPECTIVE FINANCIAL STATEMENTS.

IT IS NOT INTENDED TO UPDATE THE PROSPECTIVE FINANCIAL STATEMENTS SUBSEQUENT TO PRESENTATION.

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Revenue			
Rates	26,035	26,844	26,952
Rental Revenue	911	930	930
Grants, Subsidies and Donations	8,920	10,617	10,873
Fees and User Charges	2,970	3,058	3,187
Permits and Licences	598	610	699
Other Income	9	9	9
Interest Income	1,257	1,264	1,275
TOTAL REVENUE	40,700	43,332	43,925

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(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Expenditure			
Employee Benefit Expense	6,921	6,765	7,266
Administration Costs	2,803	2,863	2,909
General Expenses	1,786	1,835	1,913
Operating Expenditure	13,407	13,783	14,435
Grants	1,734	2,409	2,230
Finance Costs - External Loan	0	474	608
Depreciation and Amortisation	12,581	12,951	13,320
TOTAL EXPENDITURE	39,232	41,080	42,681
SUPLUS FOR THE YEAR	1,469	2,252	1,244
Other Comprehensive Revenue and Expense			
Property, plant and equipment Revaluations	0	83,722	81,711
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	1,469	85,974	82,955

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)

	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
ACCUMULATED FUNDS			
Opening Balance	242,457	246,066	244,397
Add Total Comprehensive Revenue and Expense for the Year	1,468	85,974	82,955
Transfers to Reserves	2,141	2,838	7,997
Transfer to Asset Revaluation Reserve	0	(83,722)	(81,711)
Closing Balance	246,066	251,156	253,638
RESERVES			
Opening Balance	46,434	44,293	47,791
Transfers from Accumulated Funds	(2,141)	(2,838)	(7,997)
Closing Balance	44,293	41,455	39,794
ASSET REVALUATION RESERVE			
Opening Balance	744,208	744,208	744,208
Add Transfer from Accumulated Funds	0	83,722	81,711
Closing Balance	744,208	827,930	825,919

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(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
OTHER			
Available for Sale Revaluation Reserve - Equity Securities	(25)	(25)	(25)
Trust Funds - Restricted	396	396	408
Closing Balance	371	371	383
EQUITY AT THE END OF THE YEAR	1,034,938	1,120,912	1,119,735

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Revenue			
Current Assets			
Cash & Cash Equivalents	375	542	63
Trade & Other Receivables	3,732	3,811	4,480
Inventory	1,000	1,020	3,940
Other financial assets	25,281	25,718	25,947
Development Property	500	0	500
Non-current assets held for sale	317	317	60
TOTAL CURRENT ASSETS	31,205	31,408	34,990
Non Current Assets			
Property, Plant & Equipment	1,015,312	1,110,137	1,109,693
Other Financial Assets	52	52	52
TOTAL NON CURRENT ASSETS	1,015,364	1,110,189	1,109,745
TOTAL ASSETS	1,046,569	1,141,597	1,144,735

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(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Current Liabilities			
Payables and Accruals	4,657	4,900	6,134
Employee Entitlements	482	482	551
TOTAL CURRENT LIABILITIES	5,139	5,382	6,685
Non Current Liabilities			
Other Liabilities	5,742	14,553	17,565
Provisions	750	750	750
TOTAL NON CURRENT LIABILITIES	6,492	15,303	18,315
TOTAL LIABILITIES	11,631	20,685	25,000
NET ASSETS	1,034,938	1,120,912	1,119,735
Accumulated Funds	246,066	251,156	253,638
Available for Sale Revaluation Reserve - Equity Securities	(25)	(25)	(25)
Asset Revaluation Reserve	744,208	827,930	825,919
Trust Funds - Restricted	396	396	408
Reserves	44,293	41,455	39,795
TOTAL EQUITY	1,034,938	1,120,912	1,119,735
NET CURRENT ASSET POSITION	26,066	26,026	28,305

PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from customers, rates, grants and other services	39,443	42,192	42,649
Interest received	1,257	1,264	1,275
Payments to suppliers and employees	(26,651)	(28,285)	(28,951)
NET CASHFLOW FROM OPERATING ACTIVITIES	14,049	15,171	14,973
CASHFLOW FROM INVESTING ACTIVITIES			
Receipts from the sale of PP&E	0	0	0
Purchase of PP&E	(23,360)	(24,056)	(36,434)
(Acquisition) / sale of other financial assets	(138)	(438)	(297)
(Acquisition) / sale of development property	2,324	500	1,500
NET CASH FROM INVESTING ACTIVITIES	(21,174)	(23,994)	(35,231)

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(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	6,000	9,300	19,600
Repayment of borrowings	0	(310)	(1,654)
TOTAL CASHFLOW FROM FINANCING ACTIVITIES	6,000	8,990	17,946
Net increase (decrease) in cash and cash equivalents	(1,125)	167	(2,312)
Cash and cash equivalents at beginning of the year	1,500	375	2,375
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	375	542	63

RECONCILIATION OF PROSPECTIVE NON-EXCHANGE & EXCHANGE REVENUE

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Revenue from non-exchange transactions			
Rates	26,035	26,844	26,952
TOTAL NON - EXCHANGE REVENUE	26,035	26,844	26,952
Revenue from exchange transactions			
Rental Revenue	911	930	930
Grants, Subsidies & Donations	8,920	10,617	10,873
Fees and User Charges	2,970	3,058	3,187
Permits and Licences	598	610	699
Other Income	9	9	9
Interest Income	1,257	1,264	1,275
TOTAL EXCHANGE REVENUE	14,665	16,488	16,973
TOTAL REVENUE	40,700	43,332	43,925

RECONCILIATION OF PROSPECTIVE CASHFLOW TO COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	1,469	85,974	82,955
Add non-cash items			
Revaluation of Property, Plant and Equipment	0	(83,722)	(81,711)
Working Capital Inflation	0	(32)	409
Depreciation and Amortisation	12,581	12,951	13,320
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	14,050	15,171	14,973

PROSPECTIVE DEPRECIATION & AMORTISATION

(All in \$000s)	Long Term Plan		Annual Plan
	2018/19	2019/20	2019/20
Buildings	382	383	429
Furniture and Equipment	575	576	240
Plant and Motor Vehicles	210	307	494
Library Books	130	130	119
Roads	8,470	8,507	9,094
Stormwater	284	315	298
Sewerage	833	861	871
Water	1,697	1,872	1,775
PROSPECTIVE DEPRECIATION AND AMORTISATION	12,581	12,951	13,320

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The Clutha District Council (“the Council or CDC”) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled in New Zealand. The relevant legislation governing the Council’s operations includes the LGA and the Local Government (Rating) Act 2002.

The Council’s principle address is 1 Rosebank Terrace, Balclutha, New Zealand. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with and comply with Tier 1 PBE standards. The

financial statements are fully compliant with the requirements of PBE FRS 42.

BASIS OF PREPARATION

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

PRESENTATION CURRENCY AND ROUNDING

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

GOODS AND SERVICES TAX

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. 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 IRD is included as part of receivables or payables in the 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 statement of cash flows.

REVENUE ACCOUNTING POLICY

Revenue is measured at fair value.

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for Council in the statement of comprehensive revenue and expenditure, these transactions are eliminated.

Council receives its revenue from exchange or non-exchange transactions.

Exchange transaction revenue arises when Council provides goods or services to a third party and directly receives approximately equal value in return.

Non-exchange transaction revenue arises when Council receives value from another party without giving approximately equal value directly in exchange for the value received. Non-exchange revenue comprises rates and transfer revenue.

Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates.

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

Type	Recognition and measurement
Rates revenue	<p>The following policies for rates have been applied:</p> <ul style="list-style-type: none"> • 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. • 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 Council has received an application that satisfies its rates remission policy.
Financial contributions	<p>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.</p> <p>Financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.</p>
New Zealand Transport Agency roading subsidies	<p>Council receives funding assistance from the New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.</p>
Grants	<p>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.</p>

Vested or donated physical assets For assets received for no or nominal consideration, the asset is recognised at its fair value when 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 (for example, land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.

Infringement fees and fines When the infringement notice is issued.

Interest revenue Interest revenue is recognised using the effective interest method.

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

Water and wastewater user charges When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.

Sale of goods Revenue from the sale of goods is recognised when a product is sold to the customer.

Sale of services On a percentage of completion basis over the period of the service supplied.

Building and resource consent revenue Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date. Partially refundable after administration and inspection fees if application is cancelled.

Licence and permit fees On receipt of application as these are non-refundable.

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

Landfill fees Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.

OPERATING EXPENDITURE ACCOUNTING POLICIES

GRANTS AND SUBSIDIES

Council's grants awarded have no substantive conditions attached.

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

Intangible assets subsequently measured at cost that have indefinite useful life are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, the Council estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is recognised in surplus or deficit in the statement of comprehensive revenue and expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.

For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost (DRC).

Property, plant and equipment that is measured at fair value, is not required to be separately tested for impairment.

GROUP OF ACTIVITIES

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

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

PERSONNEL COSTS ACCOUNTING POLICY

Personnel costs for salaries and wages, annual leave, long service leave and other similar benefit are recognised as an expenditure and liability when they accrue to employees.

DEPRECIATION AND AMORTISATION ACCOUNTING POLICY

Depreciation is provided on all property, plant and equipment except for land, land under forests, road formation and land under roads. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight line basis over their useful economic lives.

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight line basis over their useful economic lives.

FINANCE COSTS ACCOUNTING POLICY

Finance costs include interest expenditure, the unwinding of discounts on provisions and financial assets; and net realised losses on the early close-out of derivatives. Interest expenditure is recognised using the effective interest rate method. Interest expenditure includes the amortisation of borrowing costs recognised over the borrowing term. Borrowing costs are recognised as an expense in the financial year in which they are incurred.

NET GAINS AND LOSSES ACCOUNTING POLICY

Net other gains and losses on the sale of property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that Council will receive the consideration due.

INCOME TAX ACCOUNTING POLICY

Council is exempt from income tax under the Income Tax Act 2007.

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

Property, plant and equipment consist of:

- **Operational Assets**
Land, buildings, furniture and equipment, plant and motor vehicles, land under forests and library books.
- **Infrastructural Assets**
Infrastructural assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function:
 - Roads, bridges and lighting.
 - Land under roads.
 - Stormwater.
 - Wastewater.
 - Water.

Land (operational and restricted), buildings (operational and restricted), and library books are measured at cost less accumulated depreciation, and infrastructural assets (except land under roads) are measured at fair value less accumulated depreciation. All other asset classes are measured at cost less accumulated depreciation and impairment losses.

- **Restricted Assets**

Restricted assets are mainly parks and reserves owned by Council that provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions.

REVALUATION

Infrastructural assets (except land under roads) are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years.

Revaluation movements are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expenditure and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expenditure but is recognised in the surplus or deficit. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expense.

ADDITIONS

The cost of an item of property, plant, and equipment is recognised as an asset 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.

Work in progress is recognised at cost less impairment and is not depreciated.

In most instances, an item of property, plant, and equip-

ment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

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 surplus or deficit as they are incurred.

DISPOSALS

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

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 carrying value 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 per the following table:

The following estimated useful lives are used in the calculation of depreciation:

ASSET CLASS	USEFUL LIFE YEARS	DEPRECIATION RATE
Operational Assets		
Land	n/a	Not depreciated
Buildings	40-50	2% - 2.5%
Furniture and Equipment	3-10	10% - 33.3%
Plant and Motor Vehicles	3-10	10% - 33.3%
Land Under Forest	n/a	Not depreciated
Library Books	7	14.3%
Infrastructural Assets		
Roads - Formation	n/a	Not depreciated
Roads - Pavement (Sealed)	2-100	1%-50%
Roads - Pavement (Unsealed)	35-100	1%-2.86%
Roads - Other Roding Assets	20-150	0.6%-5%
Roads - Other	10-50	2%-10%
Roads - Bridges	50-150	0.6%-2%
Land Under Roads	n/a	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%
Restricted Assets		
Reserves	Not applicable	Not applicable
Endowments	Not applicable	Not applicable
Other	Not applicable	Not applicable

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment that have a finite useful life are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written-down to the recoverable amount. For revalued assets, the impairment loss is recognised against the revaluation reserve for that class of asset. Where that results in a debit balance in the revaluation reserve, the balance is recognised in the surplus or deficit.

From the 30 June 2017 year onwards, Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. Council can therefore impair a revalued asset without having to revalue the entire class of-asset to which the asset belongs. For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

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

For assets not carried at a revalued amount, the

reversal of an impairment loss is recognised in the surplus or deficit.

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, a 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.

VALUE IN USE FOR CASH-GENERATING ASSETS

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

INTANGIBLE ASSETS ACCOUNTING POLICY

SOFTWARE ACQUISITION AND DEVELOPMENT

Computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable to the development of software for internal use are recognised as an intangi-

ble asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

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

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

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

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 financial year is recognised in the surplus or deficit.

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

Computer software	3 to 5 years	20% to 33.3%
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IMPAIRMENT OF INTANGIBLE ASSETS

Intangible assets that have an indefinite useful life, or are not yet available for use, are not subject to amortisation and are tested annually for impairment.

BORROWINGS ACCOUNTING POLICY

Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

DERIVATIVE FINANCIAL INSTRUMENTS ACCOUNTING POLICY

FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised on the statement of financial position when Council becomes a party to contractual provisions of the instrument. Council is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, other financial assets, trade and other receivables, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

FINANCIAL ASSETS

Financial assets are classified into the following specified categories:

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

The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest revenue over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

Financial assets are classified as financial assets at fair value through surplus or deficit where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that Council manages together and has a recent actual pattern of short term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through surplus or deficit are stated at fair value, with any resultant gain or loss recognised in the Statement of comprehensive revenue and expenditure. The net gain or loss is recognised in the Statement of comprehensive revenue and expenditure and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Council has classified its managed funds, held with Nikko Asset Management, as financial assets at fair value through surplus or deficit.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those that are designated as fair value through other statement of comprehensive revenue or expenditure or are not classified in any of the other categories. This category encompasses investments that Council intends to hold long-term but which may be realised before maturity and equity securities held for strategic purposes.

Equity securities have been classified as being available-for-sale and are stated at fair value.

Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve; with the exception interest calculated using the effective interest method and impairment losses which are recognised directly in the Statement of comprehensive revenue and expenditure. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of comprehensive revenue and expenditure for the period.

Dividends on available-for-sale equity securities are recognised in the Statement of comprehensive revenue and expenditure when Council's right to receive payments is established.

LOANS AND RECEIVABLES

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is expensed in the Statement of comprehensive revenue and expenditure.

Loans, including loans to community organisations made by Council at nil, or below-market interest rates are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset/investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of expected future cash flows of the loan is recognised in the Statement of comprehensive revenue and expenditure as a grant.

Money Market Deposits are included within this classification.

IMPAIRMENT OF FINANCIAL ASSETS

Financial assets, other than those at fair value through surplus or deficit, are assessed for indicators of impairment at the end of each reporting period. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by

the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of comprehensive revenue and expenditure.

With the exception of available-for-sale equity instruments, 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, the previously recognised impairment loss is reversed through the Statement of comprehensive revenue and expenditure to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

Trade payables and other accounts payable are recognised when Council becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of comprehensive

revenue and expenditure over the period of the borrowing using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS

From time to time Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps.

Council does not hold derivative financial instruments for speculative purposes. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

Derivative instruments entered into by Council do not qualify for hedge accounting. The resulting gain or loss is recognised in the Statement of comprehensive revenue and expenditure immediately.

There were no derivative financial instruments held by Council.

• Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices

or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

- **Assets Held For Sale**

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets (including those that are part of a disposal) are not depreciated or amortised while they are classified as held for sale.

OTHER FINANCIAL ASSETS ACCOUNTING POLICY

Other 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.

Other financial assets include unit trusts, loans to related parties, credit support annex, bonds, borrower notes, community loans and listed and unlisted shares.

FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS

ACCOUNTING POLICY FAIR VALUE HIERARCHY ACCOUNTING POLICY

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The carrying amount of financial assets and financial liabilities are recorded at amortised cost in the financial statements which approximates their fair values.

Fair value measurements recognised in the Statement of comprehensive revenue and expenditure. The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, reconciled into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data unobservable inputs).

For the purpose of measurement financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held.

Management determines the classification of financial assets and liabilities and recognised these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented on the next page:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Loans and receivables	Amortised cost less provision for impairment	Surplus or deficit
Available for sale financial assets	Fair value	Other comprehensive revenue and expenditure
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Held to maturity financial assets	Amortised cost less provision for impairment	Surplus or deficit

Council does not have financial assets for purposes of trading. Council has listed shares and unit trusts that are

designated on initial recognition at fair value through surplus or deficit. This is because the performances of these groups of assets are managed, and performance evaluated, on a fair value basis, in accordance with Council's investment management policy. Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenditures arising as a result of financial instrument earnings or fair value adjustments are recognised as a net result for like items.

CASH AND CASH EQUIVALENTS ACCOUNTING POLICY

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments with original maturities of three months or less.

RECEIVABLES AND PREPAYMENTS ACCOUNTING POLICY

Short-term receivables are recorded at the amount due, less any provision for uncollectability. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected.

FAIR VALUE

Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

PROVISION FOR IMPAIRMENT OF RECEIVABLES ACCOUNTING POLICY

ASSESSMENT FOR UNCOLLECTABILITY

Council does not normally provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. Council provides for impairment on rates receivables only for abandoned land and properties at rating sales with little chance of recovery.

All receivables more than 30 days in age are considered to be past due.

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a

collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs.

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

Council holds no other collateral as security or other credit enhancements over receivables that are either past due or uncollectable.

Other than NZTA, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. Council believes no further credit provision is required in excess of the allowance for doubtful debts.

PAYABLE & ACCRUALS ACCOUNTING POLICY

Current payables and accruals are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore the carrying value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICY

Employee entitlements to be settled within 12 months are reported at the amount expected to be paid. The liability for long-term employee entitlements is reported at the present value of estimated future cash outflows.

PROVISIONS ACCOUNTING POLICY

Provisions are recognised in the statement of financial position only where Council has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably. Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit.

EQUITY ACCOUNTING POLICY

Equity is the community's interest in Council and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserve; and
- Fair value through other comprehensive revenue and expenditure reserve.

RESTRICTED RESERVES

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned.

Reserves may be legally restricted or created by Council.

Restricted reserves include those subject to specific conditions accepted as binding by Council and

which may not be revised by 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.

Also included in restricted reserves are reserves restricted by Council decision. 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.

PROPERTY REVALUATION RESERVE

This reserve relates to the revaluation of property, plant, and equipment to fair value.

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expenditure.

CAPITAL MANAGEMENT

Council's capital is its equity (or ratepayers' funds), which comprise accumulated funds and reserves. Equity is represented by net assets.

The LGA requires Council to manage its revenues, expenses, assets, liabilities, investments, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayers' funds are largely managed as a by-product of managing revenues, expenses, assets, liabilities, investments, and general financial dealings.

The objective of managing these items is to achieve inter-generational equity, which is a principle promoted in the LGA and applied by Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council-created reserves:

- Reserves for different areas of benefit;
- Self-insurance reserves; and
- Trust and bequest reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from payers of general rates. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Self-insurance reserves are built up annually from general rates and are made available for specific unforeseen events. The release of these funds can generally be approved only by Council.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

NON-CURRENT ASSETS HELD FOR SALE ACCOUNTING POLICY

Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. They are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs are recognised in the surplus or deficit.

Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

DEVELOPMENT PROPERTY ACCOUNTING POLICY

Development Properties are measured at the lower of cost

and net realisable value. Net realisable value represents the estimated selling price for the development properties less all estimated costs to make the sale.

SIGNIFICANT JUDGEMENTS & ESTIMATES

Critical accounting estimates and assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future.

These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next ten years are:

- Estimating the fair value and useful lives of land, buildings, and infrastructural assets.

Critical judgements in applying accounting policies

Management has exercised the following critical judgements in applying accounting policies:

- **Classification of property.**
Council owns a number of properties held to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding them. These properties are held for service delivery objectives as part of Council's social housing policy. The properties are therefore accounted for as property, plant and equipment rather than investment property.

Estimating the fair value of infrastructure

- The most recent valuation of infrastructural assets effective 30 June 2017 was performed by:
 - Stormwater, wastewater and water infrastructural assets were valued at depreciated replacement cost as at 30 June 2017 by Council staff and reviewed by Rationale Limited.
 - The roading infrastructural assets (excluding land under roads) were revalued at depreciated replacement cost at 30 June 2017 by MWH Limited (Stantec).

Sewerage, water, drainage, and roading infrastructural assets are valued using the depreciated replacement cost method. There are a number of estimates and assumptions exercised when valuing infrastructural assets using the depreciated replacement cost method. These include:

- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2017 quarter index) for civil constructions to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenditure. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by

the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

- Valuation of derivative financial instruments**
 Council's derivatives are all under level 2 of the fair value hierarchy. The fair values of level 2 derivatives are determined using discounted cash flows valuation technique based on the terms and valuation inputs from independently sourced market parameters summarised (below):

Item	Valuation input
Interest rate swaps	Forward interest rate yield

- Landfill aftercare provision**
 The management of the Mt Cooe landfill will influence the timing of recognition of some future liabilities. However, it is likely that the main restriction on the future use of the current site will be the statutory and regulatory limitations rather than the capacity of the site. At the current rates of usage there will be significant volumetric capacity remaining in 2023.

The cash outflows for closed landfills are expected to occur until 2026. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6%.

Other assumptions made in the calculation of the provision are:

No major capital projects will be required at existing closed landfill sites and

The Mt Cooe Landfill will close when the current consent expires in 2023.

STANDARDS ISSUED AND NOT YET EFFECTIVE, AND HAVE BEEN EARLY ADOPTED

IMPAIRMENT OF REVALUED ASSETS

In April 2017, the XRB issued Impairment of Revalued Assets, which now scopes in revalued property, plant, and equipment into the impairment accounting standards. Previously, only property, plant, and equipment assets measured at cost were scoped into the impairment accounting standards.

Council has early adopted this amendment in preparing its 30 June 2017 financial statements. From the 30 June 2017 year onwards, Council is required to assess at each reporting date whether there is any indication that an asset may be impaired. If any indication exists, Council is required to assess the recoverable amount of that asset and recognise an impairment loss if the recoverable amount is less than the carrying amount. Council can therefore impair a revalued asset without having to revalue the entire class of-asset to which the asset belongs.

STANDARDS AND AMENDMENTS, ISSUED BUT NOT YET EFFECTIVE THAT HAVE NOT BEEN EARLY ADOPTED; AND WHICH ARE RELEVANT TO THE COUNCIL

FINANCIAL INSTRUMENTS

In January 2017, the XRB issued PBE IFRS 9 Financial Instruments. PBE IFRS 9 replaces PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2021, with early application permitted. The main changes under PBE IFRS 9 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

Council plans to apply this standard in preparing its 30 June 2022 financial statements. Council has not yet assessed the effects of the new standard.

EMPLOYEE BENEFITS

PBE IPSAS 39 Employee Benefits replaces the current standard on employee benefits, PBE IPSAS 25. PBE IPAS 39 is effective for annual period beginning on or after 1 January

2019, with early application permitted. The changes mainly focus on defined benefit plans where the new standards:

- Removes the option to defer the recognition of certain actuarial gains and losses arising from defined benefit plans.
- Eliminates some of the presentation options for actuarial gains and losses arising from defined benefit plans.
- Introduces the net interest approach, which is to be used when determining the defined benefit cost for defined benefit plans.

Structures the disclosures for defined benefit plans according to explicit disclosure objectives for defined benefit plans.

Council does not have defined benefit plans and therefore, Council does not expect this standard to have significant impact on the financial statements.

OTHER CHANGES IN ACCOUNTING POLICES

There have been no other changes in accounting policies.



PROSPECTIVE SCHEDULE OF RESERVE FUNDS

FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Community Leadership						
Election Fund	Spec	56	-	1	35	21
Lawrence Tuapeka Community Board	Spec	29	-	1	4	26
West Otago Community Board	Spec	106	-	3	-	109
Tuapeka Bursary	Spec	37	-	1	-	38
Clutha Gold Trail	Spec	37	-	0	26	12
Opportunities Fund	Spec	71	-	2	-	73
Signage	Spec	8	-	0	-	8
Welcome to Signage	Spec	4	-	0	-	4
Internal Services						
Information Technology	Depn	(1,409)	191	(47)	361	(1,626)
Rosebank Terrace Main Office	Depn	1,231	108	18	755	603
Underground Insurance	Spec	300	55	11	-	365
Human Resources	Spec	19	-	1	-	19
Cars	Spec	682	245	21	240	707
Gratuities	Spec	74	-	2	-	77
District Assets Infrastructure	Spec	2	-	0	-	2
Policy and Communications	Spec	118	-	3	35	86

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FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Community Services						
Library	Depn	47	132	2	113	68
Balclutha Pool	Depn	58	51	2	51	60
Kaitangata Pool	Depn	205	-	6	-	211
Kaitangata Pool	Spec	82	-	2	-	84
Lawrence Pool	Depn	134	-	4	-	138
Lawrence Pool	Spec	46	-	1	-	48
Milton Pool	Depn	(16)	24	0	-	8
Reserve Contributions	Spec	62	8	2	-	72
Parks and Reserves	Depn	56	15	1	24	48
Sports Grounds	Depn	239	-	7	-	246
Grandstand 2000	Depn	150	-	5	-	155
Cemetery	Depn	87	-	2	10	79
Cemeteries	Spec	506	-	15	-	522
Kaitangata Cemetery	Spec	14	-	0	-	15
Lawrence Cemetery	Spec	29	-	1	-	30
Public Conveniences	Depn	221	49	7	22	256
Balclutha Town Hall	Depn	498	47	1	500	46
Balclutha Town Hall	Spec	174	-	5	-	179
Kaitangata Hall	Depn	27	-	0	25	2
Clutha Valley Hall	Depn	45	3	1	-	50
Hillend Hall	Depn	18	3	1	-	22
Kaka Point	Depn	31	7	1	-	39
Lovells Flat	Depn	13	0	0	-	14
Moneymore	Depn	10	0	0	-	11
Owaka Hall	Depn	68	3	2	-	73

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FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Community Services						
Waihola Hall	Depn	(19)	0	(1)	-	(19)
Waipahi Hall	Depn	2	1	0	-	3
Waitahuna Hall	Depn	108	4	3	-	115
Waiwera Hall	Depn	8	0	0	-	8
Various halls	Depn	142	-	4	-	146
Naish Park Camping Ground	Depn	55	16	2	3	69
Kaka Point Camping Ground	Depn	76	11	3	-	89
Taylor Park Camping Ground	Depn	57	1	2	3	57
Pounawea Camping Ground	Depn	9	7	0	3	13
Waihola Camping Ground	Depn	7	0	0	-	8
Community Housing	Depn	693	107	23	31	792
Endowment Land	Spec	592	-	18	-	610
Depots	Depn	352	-	11	-	362
Other Property	Depn	125	-	4	-	129
Dunrobin Recreation Reserve Board	Spec	70	-	2	-	72
Parkhill Recreation Reserve Board	Spec	5	-	0	-	5
Waikoikoi Domain Board	Spec	17	-	0	-	17
Solid Waste						
Solid Waste	Depn	1,735	56	29	815	1,006
Stormwater						
Urban SW	Depn	2,034	283	33	1,211	1,140
Milton Stormwater	Spec	23	-	-	-	23

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FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Water						
Urban Water	Depn	114	699	14	352	475
Urban Water	Spec	394	-	12	4	402
Balmoral No.1	Depn	290	23	3	205	111
Balmoral No.1 Plant Renewal	Spec	31	-	1	-	32
Balmoral No. 2	Depn	14	52	2	14	54
Clydevale/Pomahaka	Depn	83	125	1	172	38
Glenkenich	Depn	299	110	3	310	102
Glenkenich Rural Water Scheme Renewal	Spec	1	-	0	-	1
Moa Flat	Depn	446	125	1	530	43
Moa Flat Rural Water Scheme Pump Renewal	Spec	2	-	0	-	3
North Bruce	Depn	613	105	4	600	121
Richardson	Depn	493	121	0	600	15
Richardson Rural Water Scheme Renewal	Spec	1	-	0	-	1
South Bruce	Depn	121	21	3	33	112
Tuapeka Rural Water Scheme	Depn	9	81	1	60	31
Waipahi	Depn	220	28	6	52	202
Waitahuna	Depn	263	49	0	325	13
Wangaloa	Depn	137	14	4	1	153
Stirling Treatment Plant	Depn	96	38	1	100	35
Kaitangata Treatment Plant	Depn	277	45	4	184	142
Wangaloa Plant Renewal	Spec	16	-	0	-	16
Telemetry	Depn	474	-	14	-	488
Telemetry	Spec	169	-	5	-	174

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FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Roading						
Roading - Bridge Lights	Spec	42	-	1	-	44
Roading	Depn	4,373	406	82	2,035	2,827
Balclutha Main Street	Spec	57	-	2	-	59
Deferred Roothing	Depn	1,484	259	45	259	1,529
Sewerage						
Urban	Depn	5,102	838	72	3,544	2,458
Tapanui Works Infrastructure Fund	Spec	8	-	0	-	8
Balclutha Sewerage	Spec	649	-	19	1	667
Kaitangata Sewerage	Spec	47	-	1	-	49
Kaka Pt Sewerage Renewal	Spec	79	-	2	-	82
Stirling Sewerage Plant	Spec	3	-	0	-	3
Waiholo Sewerage	Spec	103	-	3	-	106
Regulatory and Emergency Services						
Animal Control	Depn	15	2	1	-	18
Regulatory Reserve	Depn	-	50	2	-	52
Not Specifically Allocated Funds						
Emergency Fund	Spec	4,415	-	132	-	4,548
General Reserve	Spec	3,158	399	-	554	3,003
Serdel - Externally Invested	Spec	4,773	-	-	-	4,773
Forestry Fund - Externally Invested	Spec	6,311	-	126	-	6,437
Rates Disbursement Reserve	Spec	1,509	-	-	-	1,509
Treasury Return to Balance Reserve	Spec	783	-	0	-	783
Community Plan Projects	Spec	-	399	12	-	411
Lawrence Heritage	Spec	28	-	1	-	29
Milton Pipe Band	Spec	15	-	0	-	15

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FUND (All rounded to \$000s)	Type/ Purpose	Opening balance as at 1 July 2019	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2020
Trust Funds						
Tapanui Domain Trust	Trust	15	-	0	-	16
Milton Brass Band	Trust	1	-	0	-	1
O'Hara Sports Trust	Trust	2	-	0	-	2
J D Swan Estate	Trust	9	-	0	-	9
George Melville Estate	Trust	157	-	5	-	161
Kate Leslie Trust	Trust	117	-	4	-	120
Elderly Citizens Trust Lawrence	Trust	30	-	1	-	31
Clinton Endowment Land	Trust	89	-	3	-	92
TOTAL RESERVE FUNDS		48,198	5,420	816	14,211	40,224