WAIMATE DISTRICT COUNCIL
LONG TERM PLAN 2012-2022

VOLUME 2

Waimate District Council
Long Term Plan 2012 - 2022

Adopted

29 June 2012

Volume 2

A Guide to Waimate District's Long Term Plan 2012-22

Volume 1

Volume 2

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Significant Forecasting Assumptions

Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
Population Change					
Over the last few years our district has experienced some growth which is considered to be the result of increased activity in the dairying industry. A population projection study has been undertaken for the next ten years based on significant proposed projects such as the North Bank Hydro Project, Hunter Downs and Waihao Downs Irrigation Scheme. The results show that population will steadily increase and the pace will depend on the number of projects approved and when they occur.	Statistics NZ/ Waugh	That population growth increases/decreases significantly.	Low	If population was to significantly accelerate the Council would need to consider additional infrastructure to cope with demand. According to Statistics NZ over the recent years the population of Waimate has had a minor increase, therefore the risk of significant change occurring is low.	All activity groups
Demographic Changes					
Council is aware that for our district the proportion of residents aged 65 years or over is significantly greater than the average for the whole of New Zealand and that this trend is likely to intensify in future years. Council is also aware that our residents perceptions and expectations of the calibre of community facilities that should be provided increase over time, as community facilities in other districts are provided to a modern and up to date standard.	Statistics NZ	The demographic make up of the Waimate District changes significantly.	Low	Historic information from Statistics NZ show Waimate's population in the older age groups is increasing. It would take an extremely uncommon event to change the demographic make up.	All activity groups
Climate Change					
Our Council do not perceive propositions on the reality and effects of climate change to be an issue of significant concern to our residents during the foreseeable future. Council's Long Term Plan 2012-22 does not include any provisions in relation to climate change.	Ministry for the Environment ECan	Environmental changes accelerate.	Low	If environmental change was to significantly accelerate, an amendment would be shown in the next Long Term Plan due for publication in 2015.	Resource Management, Water Supply Urban, Water Supply Rural
Fuel Costs					
It is assumed that there will be no major change in fuel costs over and above those incorporated into the inflation assumption.	BERL/SOLGM	There is a risk that fuel prices will be greater than those assumed	Moderate	Increased fuel costs would have a particular impact on the costs of road maintenance, renewal and improvement. This may affect the Council's ability to carry out planned work without additional funding. It may also increase demand for alternative modes of transport.	Roading and Footpaths

Key: Level of Risk Low - Unlikely to occur Medium - Some likelihood of occurring High - More likely to occur

Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
New Zealand Transport Agency Revenue					
New Zealand Transport Agency subsidies. Roading expenditure comprises a significant portion of Waimate District Council's total expenditure and hence consumes a significant portion of Council's rate take. The bulk of Council's expenditure on our District's roads is eligible to attract a subsidy from New Zealand's national roading funding agency '**New Zealand Transport Agency**'. The subsidy rate received by Council for qualifying roading expenditure is fixed at 51% for maintenance and 61% for improvement projects. For the purposes of forecasting roading expenditure and roading subsidy revenue in the 10 years to 2022, Council have assumed the same subsidy rate.	NZTA	Changes in subsidy rate and variation in criteria for inclusion in subsidised works programme.	Moderate	Changes to the funding priorities of New Zealand Transport Agency are outside Council control. Minor variations would impact significantly on forecasted financials. A 1% reduction of NZTA subsidy rate would be a reduction of funding of $34,275 based on the 12/13 year. This would result in a 0.5% increase on rates.	Roading and Footpaths
Grants and Subsidies					
Council has assumed that all projects funded or partially funded from grants and subsidies will be available in the year the expenditure is planned. If the funding is not received it is most likely the project will not proceed in that year. Examples of projects where funding is assumed is new pensioner housing (Housing NZ) and roading maintenance, improvements and a bridge (NZTA).	Council	Subsidy is not received and projects do not proceed.	Moderate	Some projects have a more significant impact than others if they do not proceed in the planned year. The roading projects where we rely on NZTA subsidy may result in reduced level of service.	Roading and Footpaths Property
New Zealand Drinking Water Standards					
Council's planning and budgets including our work with rural water schemes, our statements of levels of service and our Water Asset Management Plan are all predicated on the basis that Council will achieve compliance with NZ Drinking Water Standards.	Central Government	New or amended legislation is introduced without financial support or within an inappropriate time frame.	Moderate	Over recent years Central Government has imposed new or amended legislation on Councils.	Rural Water Supply, Urban Water Supply
Emissions Trading Scheme (ETS)					
The Emissions Trading Scheme became law in September 2008 which resulted in minor rises in costs. As the ETS grows Council anticipates the introduction of new areas will continue to have only minor increases and that those increases are recognised in Councils inflation figures.	Ministry for the Environment	There is a risk of legislative changes that may result in the costs being higher or lower.	Low	Should the impact of the scheme increase significantly from that assumed, expenditure may need to be considered.	Community Property, Forestry, Roading and Footpaths, Rural Water Supply, Urban Water Supply

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Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
Resource Consents					
It is assumed that the conditions of resource consents held by Council will not be changed significantly and that Council will obtain the necessary resource consents for planned projects.	Council	That conditions of resource consents are altered significantly.	Low	Advance warning of likely changes is anticipated. The financial effect of any change to resource consent requirements would depend on the change.	Roading and Footpaths, Sewerage and Sewage, Stormwater Drainage, Waste Management, Water Supply - Urban/ Rural
Potential Natural Disasters					
Council is aware of the potential for natural disasters to damage, disable or destroy community infrastructure such as our districts roads, bridges and water supplies. Council assumes that if such damage occurs the cost of rapidly remedying it will be met from Council or its insurance providers and possible special government grants. Council's LTP 2012-22, has not provided any Council reserved monies against damage to community infrastructure by natural disasters.	Council	Inability to recover or continue business following a major disaster, should it occur.	Moderate	If a major emergency event did occur Council have some insurance for its infrastructure, and assistance would be offered from Central Government. To pay for additional emergency work not covered by the above, Council would increase borrowings.	Roading and Footpaths, Urban Water Supply, Rural Water Supply, Sewerage and Sewage, Stormwater Drainage, Emergency Management, Community Property
Legislation					
Council assumes that existing legislation will remain in place and that the structure and responsibilities of the Council will remain the same over the period covered by the LTP.	Council	There is a risk that legislative change will bring about changes to the responsibilities of Council.	Moderate	If legislative responsibilities change, it may increase or reduce the Council's expenditure and income and associated rate levels.	All activity groups
Water Irrigation Schemes					
Council Asset Management Plans take into account the possible impact of the Waihao Downs Irrigation Scheme and Meridian's Hunter Downs Irrigation Scheme.	Meridian Energy/Waugh	There is a risk of the projects not going ahead or changes to projected start dates.	Low	If the projects are delayed or cancelled it will have minimal impact as no major infrastructure development is planned.	Roading and Footpaths, Rural Water Supply, Sewerage and Sewage

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Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
North Bank Hydro Project					
Council's Asset Management Plans take into account the possible impact of the North Bank Tunnel Project. Council expects that the construction will commence mid way through the LTP 2012-22 period.	Meridian Energy/Waugh	There is a risk of changes to the projected start date.	Moderate	If the projects are delayed or cancelled it will have minimal impact as no major infrastructure development is planned.	Roading and Footpaths, Rural Water Supply, Sewerage and Sewage, Environmental Services
Useful Lives of Significant Assets and Depreciation					
It is assumed that asset lives will be as set out in the Statement of Accounting Policies.	NAMS	There is a risk that assets will wear out more quickly than forecast and require replacement earlier than planned.	Moderate	If assets require replacement earlier than forecast, capital expenditure projects may need to be brought forward.	Roading and Footpaths, Rural Water Supply, Urban Water Supply
Funds for Future Replacement of Significant Assets					
Councils have some flexibility in the policies they may set with regard to sources of funds for the future replacement of significant assets. Council's flexibility centres on whether we should collect depreciation monies from ratepayers during the lifetime of the asset to build up a reserve that can fund the replacement of the asset when it comes to the end of its useful life or when the asset comes to the end of its useful life, rely on borrowed money to replace it. Council considers that the prudent approach is to collect depreciation during the life of an asset so as to have reserve funds on hand at the time replacement is needed. See Council's Policy 401 'Revenue and Financing'and the Financial Strategy.	Council	Sufficient funds may not be available to pay for planned asset replacement.	Low	Funds may need to be borrowed or rated for which may be a burden to the Council or ratepayers in the future.	Community Property, Roading and Footpaths, Water Supply, Urban Water Supply, Sewerage and Sewage, Forestry

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Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
Revaluation of Non Current Assets					
Council revalues its infrastructure, land and building assets so that carrying values are maintained at fair value. It is assumed that revaluation will take place every three years in line with Asset Management Plans and that the value of the assets will increase in line with construction cost forecasts.	BERL	Revaluations will materially differ from those projected carrying values of the assets and depreciation expense.	Moderate	Variation in values is expected to be low unless valuation methodology changes.	Roading and Footpaths, Rural Water Supply, Urban Water Supply, Sewerage and Sewage, Community Property
Forestry Asset Values					
Council revalues it forestry assets so that its carrying value is maintained at fair value.	Council	The value of forestry asset may increase or decrease.	Low	A change in the value of the forestry asset will change Council's financial performance in the year it occurs. It will not have a direct impact on the level of rates or expenditure.	Forestry
Return on Investments - Alpine Energy					
It is assumed that Council will continue to receive dividend of 18.3 cents per share. Alpine Energy have advised that this return will not increase over the term of the LTP 2012-22.	Council in conjunction with its advisors	There is a risk that returns on investments will be higher or lower than forecasted.	Moderate	In 2012/13 Council is budgeting $570,000 from the Alpine Energy dividend. Council is aware the company is seeking more funds to invest in network development this may come from retaining profits. Should the directors choose to retain profits this will reduce dividends. If the dividend were to be 16.5 cents Council would receive $516,000 which would increase rates by 0.7%	Investments and Finance
Return on Investments - other					
It is assumed that Council's investments will generate a 4.5% return. As a comparison 3 – 10 year swap rates on the market as at 20 March 2012 range between 3.4% and 4.6%. It is assumed that Council's Forestry investments will generate a 5.2% return during the 10 years. Most of the forests are due for harvest beyond this period, at which time a better return is expected.	Council in conjunction with its advisors	There is a risk that returns on investments will be higher or lower than forecasted.	Moderate	If investment returns are lower than those assumed, Council may need to increase its rates or reduce expenditure. Conversely, higher investment returns may mean interest rates may be lower than they would have otherwise been. Council's preferred cash balance is $500,000. Interest on this amount at 4.5% equates to $22,500 p.a. A 1% reduction in interest to 3.5% would reduce interest to $17,500 p.a. and is therefore insignificant.	Forestry, Investments and Finance

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Inflation					
Waimate District Council along with many other New Zealand Councils calculates and applies inflation factors to its 10 year budget forecast, using predictions of future inflation levels from New Zealand economic research company, Business and Economic Research Ltd (BERL).	BERL	Inflation will be higher or lower than anticipated.	Moderate	Inflation is affected by external economic factors. If inflation increases it would have little effect as it is all relative e.g. rates increase as would wages increase.	All activity groups

Year	Road	Property and Parks	Water	Staff	Other	Wastewater
June 2014	3.1	2.9	3.9	2.4	3.2	4.4
June 2015	3.5	2.9	3.5	2.4	3.2	3.7
June 2016	3.1	3.0	3.7	2.6	3.4	3.8
June 2017	3.0	3.1	3.8	2.6	3.5	4.2
June 2018	3.2	2.8	3.5	2.4	3.4	4.5
June 2019	3.5	2.8	3.5	2.3	3.3	4.8
June 2020	3.7	3.0	3.8	2.6	3.3	5.2
June 2021	3.4	3.3	4.1	2.7	3.6	5.5
June 2022	3.5	3.3	4.1	2.7	3.5	5.7

Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
Borrowing Costs					
Interest cost are estimated to be: 2012/13 6.5% 2013/14 6.75% 2014 onwards 7.0%	Council in conjunction with its financial advisors	Interest rates will differ significantly from those estimated.	Low	If borrowing costs are greater than those assumed Council may need to increase its rates or reduce its expenditure. Conversely, lower costs may mean rates are lower than they would otherwise have been. Council has swap constraints fixing these rates for the next 3 years.	Investment and Finance
Unidentified Liabilities					
It is assumed that Council does not have any unidentified liabilities.	Council	There is a risk of an unexpected liability occurring. For example a claim against Council.	Low	If an unidentified liability arises it may increase Council's expenditure. This risk is mitigated by the Council's Risk Management and Insurance Policies.	N/A

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Assumptions	Source of Information	Risk	Level of Risk	Potential Impact	Activity
Insurance					
Insurance costs have been included within the Long Term Plan at between 100% and 200% higher than budgeted in 2011/12 and carried through the 10 years with price level adjustments. Currently Council has secured 100% cover for above ground assets for all perils insured by the policy, while infrastructural assets have limited cover provided by the Local Authority Protection Programme Disaster Fund (LAPP).	Historical data. Insurance renewal details for the 2011/12 year.	Further significant earthquakes. Reinsurance costs escalating beyond forecasted budgets. Insurance cover may not be available for certain assets or risks. LAPP may not be able to secure cover for the 40% balance not assured by government.	Moderate	Any further significant earthquake events in the next 10 years would impact on insurance renewal costs. The cost of insurance may be greater than forecasted, leading to unbudgeted expenditure. Insurance cover may not be available in the event of significant seismic activity and Council may have to reconsider its risk management strategy. Should LAPP not secure cover for the 40%, the cost of reinstating LAPP cover would be significant and need to be funded through rates. Council will need to consider the trade off between taking greater risk (self insurance) or paying higher insurance premiums. Every $72,000 in premiums adds 1% to rates.	All activity groups

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Financial Strategy

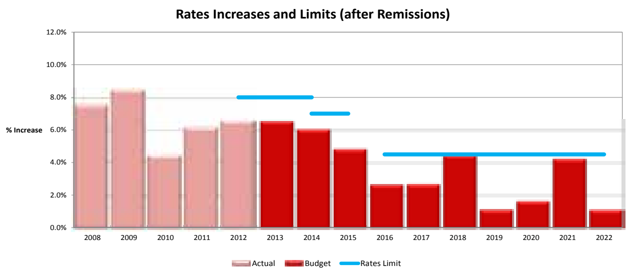
Introduction

The financial strategy summarises where Council is heading in providing services, the associated costs and the hurdles we need to manage over the next 10 years. It helps explain how Council is "balancing the books" and the implications for ratepayers.

Council services and the associated cost of these services are directly impacted by the district population and the levels of service expected by the community, central government and other regulators. The district is expected to be largely unchanged over the next 10 years. We are not experiencing the dramatic changes of other regions with a stable population base and farming economy. The district's infrastructure capacity is well positioned for the expected population increase of 9% over the next 10 years.

The community will receive service levels increases from the library extension and four new pensioner housing units. Service level increases will also occur in roading, waste, water and stormwater; with very minor increases in other activities.

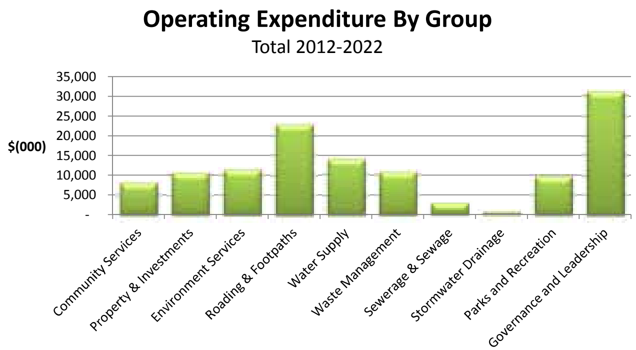
The size of council rates increases has received considerable press from the Minister of Local Government. Council is aware of these concerns and plans to address these by limiting rates increases in the future.



Like all households and businesses the costs of providing council services is increasing. One of the main issues faced by Council is providing services in a cost effective way that the ratepayers and community can afford, while still meeting its legal obligations and being fair to current and future ratepayers. Your rates are directly related to the levels of service provided and how each service will be paid for. It is important to remember that not all services are paid for by rates. Council has considered the most appropriate way to fund council services which is shown in the Revenue and Financing Policy.

Financial Overview

Budgets have been prepared based on agreed levels of service for each activity, which are set out in detail in the group activity plan. The total cost of delivering this program is forecasted to be $151 million over the 10 year period. The total cost by activity group is shown below. More information on what activities are in each group and expenditure details can be found in the activity sections of this plan.



Operating Expenditure Increases

Council is forecasting that its operating expenditure will increase from $13.1 million to $17.1 million (or approximately 30%) between July 2012 and June 2022. This increase is largely the effect of our estimated impact of inflation. Assuming property value movements are similar, the real effect of rates as a percentage of property values is expected to be nil.

Most of the increase is the result of price increases – contract fees, oil prices, insurance costs and inflation mean it costs more to do business.

There is a small increase in service in roading, water, stormwater and pensioner housing which have a very small impact on operating expenses. There is no significant increase in operating expenditure as a result of growth related costs.

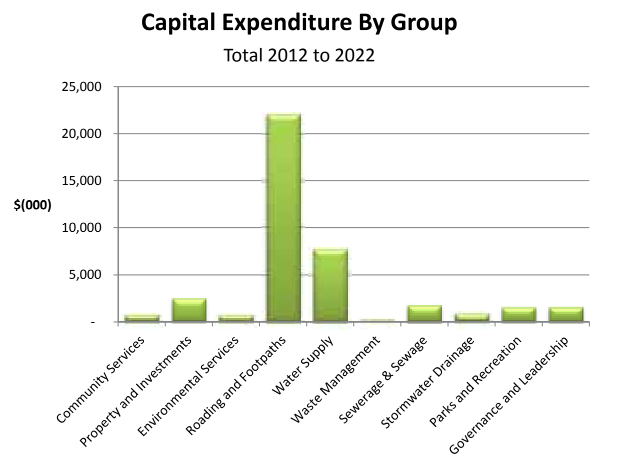
In 2012/13 Council is specifically addressing a number of significant operating expenses that must be funded and which are having a large impact on the 2012/13 rates increase. These are:

- Key personnel deficiencies.
- Interest only loans, which need repaying.
- Higher water and sewerage renewal costs.

Capital Expenditure Requirements

Over the next 10 years, Council is forecasting capital expenditure of $39.5 million. It should be noted that future depreciation costs as well as on-going operational expenses are tied to the level of capital expenditure Council is committed to. Capital works can cause significant downstream cost effects to ratepayers that may not be apparent at the outset. Council has been mindful of this in committing itself to any further capital works projects.

The following graph shows how this capital expenditure is broken down by activity group (missing activities have no budgeted capital expenditure):

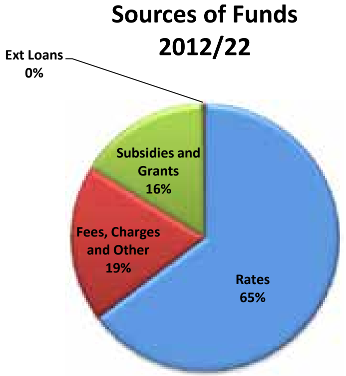


The following graph shows the capital expenditure planned for each of the next 10 years. It shows that the majority of the expenditure is being used to maintain our existing assets and the services they

deliver. A very small amount is being spent to meet growth or additional demand. As previously stated we believe that over the next 10 years our existing infrastructure can cope with the small demand for growth we are predicting.

How will Council Fund this Plan?

The total cost of council activities is funded from a number of sources, the graph below shows sources of funding that the council intends to use to fund this plan. Rates remain the major source of funds for Council.

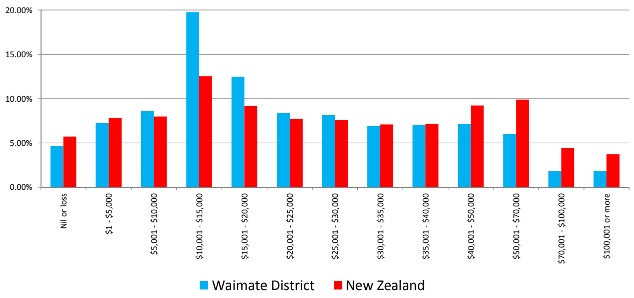


What about rates? Will they be affordable?

Council has been concerned about the level of rate increases that have been needed within this district in recent years to fund infrastructure development. Council is aware that income levels within the district are generally lower than the NZ average as shown in the following graph.

Income for People Aged 15 Years and Over

Waimate District and New Zealand, 2006 Census



In addition to what we know about low-income levels for some of our residents there is also concern about the effect of a continuing world financial crisis on household budgets.

Council continues to focus on affordability issues in developing this LTP. In particular, it has sought to:

- Use targeted rates where the direct beneficiaries can be clearly identified.
- Closely scrutinise and reprioritise both its operating and capital expenditure programmes in light of their potential impacts on rates where it is prudent to do so.
- Not fully fund depreciation where it is considered prudent to do so.
- Use borrowing to match costs of service provision with the timing of benefits, flowing to beneficiaries of those service benefits, balanced by repaying debt levels as available funds permit so as to minimise finance charges.

In 2009 the Department of Internal Affairs analysed all council's rates. Our rates were 14% lower than the average rates for New Zealand. Only 18 councils have cheaper rates and of those many had water charges excluded from their rates. Council does not expect this ranking to change as a result of this LTP.

Rates Limits

Council proposes the following limits:

Total rates to be no greater than 0.3% of total capital value of the District.

Total rates increase to be no greater than :

- 8% in 2012/13,
- 7% from 2013/14 to 2014/15, and
- 4.5% thereafter.

It is Council's view that it can maintain existing levels of services and manage any increases to service levels within these limits and this is supported by its financial projections, so long as inflation remains under 2.5%.

Planning for Improved Services

Every year the community request more services. Council receives many requests and it must prioritise these and chooses only those that sustainably support our community outcomes. In addition, the government and other regulatory bodies impose requirements to provide increased or improved services and often it is a statutory obligation that we must meet, for example, the requirements of the drinking water standards.

These projects often result in a change in the level of service provided to the community and may increase operating and capital expenditure. The following are the major planned level of service improvements:

District Water Supply Upgrades (2012 to 2019)

Council is required to upgrade the district water supplies to comply with the NZ Drinking Water Standards. The programme has a capital cost of $1,841,000 over six water schemes. The on-going additional operating expenditure is minimal. The capital cost of these upgrades will be funded from renewal reserves as well as three of which have a subsidy from the Ministry of Health. The timing and value of the increase in rates depends on when each water supply is upgraded.

Stormwater (2012 to 2017)

Starting with Harris Street a number of areas of Waimate will be getting improved stormwater management with the installation of new reticulation. $849,545 will be spent over the next 5 years, funded from a 20 year loan of $400,000, with the balance paid from renewal reserves.

Roading (2012 to 2022)

The roading budget includes an average of $290,000 each year for minor safety improvements and seal widening. This adds up to $2.9 million over the 10 years.

Extended Library (2015/16)

An extended library will provide much needed space to provide additional services and improved access to resources. Council will raise a 20 year loan, of $1.5 million, which will be funded through, the Civic Amenities Rate and be consistent with the Library activity.

The existing library shelving, books, computers, etc. will be utilised so there will be minimal capital expenditure required.

New Pensioner Flats (2015/16)

Four new units are proposed to be built, which is expected to cost $754,272. Council is expecting to receive a subsidy, budgeted at $264,710. The Council contribution will be made from an internal loan which will be repaid from future rental income.

Holme Station Corner Bridge (2015/16)

This bridge is in need of replacement. As we have to spend a significant amount renewing the bridge we have decided to double lane the bridge, thereby increasing the level of service the bridge offers. The cost of the upgrade is $455,584, although we will receive NZTA subsidy on this. The rate portion, $177,678, will be loan funded over 5 years, at which time Crouches bridge is likely to need renewing.

Planning to Maintain Existing Services

Assets wear out over time and need replacing. Each year we need to ensure that enough work is done to maintain these assets and eventually we will need to spend significant amounts to rebuild or replace them. If the assets are not maintained to the same level each year this may result in a change in the level of service.

It is council policy to fund future renewals using depreciation as an annual estimate of the rates revenue required to create a reserve over time. This is particularly important for where assets have a long life and replacement is costly. If renewals are not funded over time this may create an increased burden on future generations to fund services of the current generation. Council has made some exceptions to this policy, as disclosed in the Balanced Budget Statement.

Waimate Urban Water Renewals

The water asset management plan has identified that much of the cast iron pipe in the Waimate township could be near the end of its life. The estimated total cost of replacement is $2.35 million. This LTP has allowed for $930,000 of work to be done over the next 10 years (uninflated this is, $50,000 per annum in the first 5 years and $100,000 per annum in subsequent years). In order to get better information on the quality of these pipes and improve the timing of when this work is required, Council will complete a $30,000 inspection project in 2014/15. This will help us determine whether we need to accelerate or take more time with this potentially large renewal project. This work will be funded from reserves.

Water Supply Renewals

Rural water schemes are largely in good condition. Council has worked with the water committees and agreed a ten year renewal plan. This is largely made up of a number of small projects replacing components as they need replacing. All up $1.6m of renewals is planned in the next 10 years. All of these renewals can be funded from the asset renewal reserve funds. These funds are each set aside by the funding of the annual depreciation expense.

Roading Network

Council is undertaking an approved NZTA asset renewal programme. For the 10 years operating expenditure is approximately $23m and capital expenditure is approximately $22m. At $45m for the 10 years it is Council's single biggest budgeted item.

In this LTP Council will continue to only fund the annual renewal programme and to not set aside any funds for future renewals. It is assumed that the annual programme will be sufficient to maintain the season level for the foreseeable future. There may be some renewals that will need to be loan funded, as with the Holme Station Corner Bridge, but our modelling at present doesn't indicate this to be significant.

This LTP assumes the irrigation projects currently planned for the district will be operational towards the end of the 10 year period. An increase in farm productivity may have an impact on the roading network. This impact has not yet been assessed, and so for this plan, it is assumed that any growth in network demand can be met by the current network. It is likely that at the next LTP this issue will become more important to understand, model and budget for.

Borrowing/Debt

Council policy on the use of borrowing is outlined in its Revenue and Financing Policy and Liability Management Policy.

Borrowing is not a source of revenue in itself; rather it is a 'bridging' mechanism to assist with the financing required for the construction of long-term assets. The debt still needs to be repaid from other sources of revenue (e.g. rates). The use of debt allows us to enjoy the asset now while paying the debt back over time. In this sense it is much the same as a home mortgage. If Council had to fund these capital projects directly from rates it would cause large fluctuations in rates invoices to ratepayers.

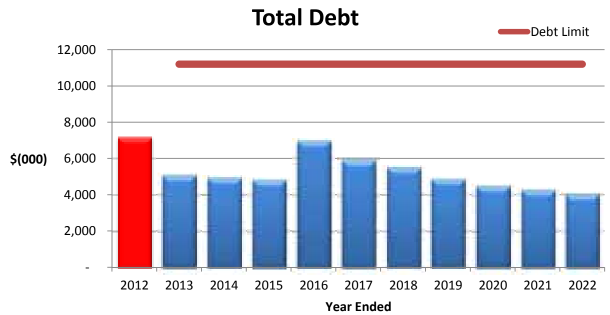
By financing long-term assets through its debt funding facilities Council seeks to strike an equitable balance between funding these assets from its current and future beneficiaries. This is known as the intergenerational equity principle. Intergenerational equity refers to a fair balance in the relative contributions of current and future generations to the cost of funding local government expenditure. As such, borrowing seeks to match the cost of the council's infrastructure to those who consume it over time.

Council maintains many reserves, some of which are in surplus and others in deficit. These net off and are included in our cash position. Council only borrows externally to meet cashflow requirements, however Council does account for the deficits in the reserve accounts in its Internal Borrowing. Internal Borrowing means that one group of ratepayers are lending to another group of ratepayers. For this reason Council recognises that internal borrowing should be recognised as debt, as a call on those funds may occur unexpectedly.

For many years now Council has not been repaying some of its internal debt. This has assisted to keep rates low, but has also meant current ratepayers are not paying their fair share of operating costs and are passing this cost on to future generations.

From 2012 it is proposed to repay all debt using a table loan approach. This debt is mostly internal debt raised on new urban water, sewage and recycling assets over the last 10 years. Council recognises that it is unfair to ask a generation of ratepayers to pay for a new asset and to start paying for its replacement at the same time. For this reason, for the next 10 years, renewal funding will be reduced by the amount of the increase in borrowing costs. This change in policy will be rates neutral, for 2012/13.

Debt Limit



For this LTP Council total debt will be no greater than $11.2m to maintain existing levels of services and manage the proposed increases to service levels. This leaves capacity for future generations or emergencies.

A detailed calculation of total debt can be found in note 3 to the financial statements. Council has included internal borrowing as it considers that it is holding its reserves in trust for parts of the community and that in using those reserves for efficient cash management it should recognise that at any time it may need to externally borrow those funds should those reserves be required.

Like most local authorities, it is Council policy to use its ability to rate as security for any long term debt if required.

Investments

Council has financial investments to create a return which can be used to pay for services and reduce rates. This section explains Council's objectives for holding and managing financial investments and equity securities and its targets for returns on those investments and equity securities.

Forestry

Council owns its 256.7 ha forestry investment largely to generate income for Council but also to provide some economic development benefit to the district. Council is expected to exit the joint venture forests when they are harvested. For the remaining Council owned forests we will continue to maintain the forest asset to maximise commercial returns, but also maintain and enhance public access. This will include replacing forest stock as trees are felled.

Income from forests varies from year to year. Council has budgeted income from forests conservatively for the purpose of the LTP. Council's target return on investment from forestry is expected to be 5.2% per annum during the 10 years of this plan. This is a low return as the bulk of the forest is due for harvest in 15 – 20 years. With this in mind Council maintains a forest reserve fund which at the end of 2021/22 is expected to be in deficit by $1.9 million. Council expects that when these forests are harvested the return from the sale of trees should at least meet these costs. Council will at that time reassess whether to replant or dispose of the land depending on the economics at that time.

Council from time to time reviews its investment and may determine that ownership sits better outside of Council. Should this be the case Council will benefit from the release of capital, although this LTP does not identify a need for that capital.

Alpine Energy Ltd Shares

Council owns 7.54 % of the shares in the company. Council primarily owns these shares for the commercial return received by way of dividend. Alpine Energy supplies part of the district, so Council's investment also helps ensure a secure power supply necessary for the development of the district. Council anticipates the company to continue with its current dividend rates and as such is budgeting on a targeted return on investment of 18.3 cents per share.

Property

Council owns and has developed the Eric Batchelor Subdivision. The sale of these properties increases the ratepayer base within Waimate and generates profits to Council. This project has a positive effect on social well-being, by expanding the range of options for new home owners and investors within our district. There are 10 sections still to be sold; the cost of these sections has been recognised in previous years. Council has budgeted for these to be sold gradually over the next 5 years.

Council owns many other properties for operational or community purposes that are not considered investment properties as any financial return is incidental to the reasons for ownership.

Council is proposing to increase its pensioner housing units by 4 in 2015/16. This activity is operated within its own reserve and should not impact on rates.

Cash

Council holds cash for the purpose of operating and maintaining stable cash flows. These funds are invested in internal borrowing or deposits as provided by council's Investment Policy. Council's target return on cash is to achieve the average 90 day bill rate. The return on net cash investments is budgeted at 4.5%.

Other Investments

Council holds a small number of low value investments in equity and loans for which the reasons for holding are related to purchasing benefits or for economic or community development. Council does not have a target return on investment for these investments, as this is incidental to Council's reason for ownership.

Conclusion

Our financial strategy is a conservative, low risk strategy. There are a few major projects planned, external debt levels are low and Council has no proposals to make new investments. Changes to the district will occur but in Council's opinion these are unlikely to have any significant impact on Council's planning, projects and continued service levels during the term of this plan. Council has assessed that the service levels and costs of new demand, as identified in this plan, can be met within the financial limits set in the strategy. Council recognises that operating revenues are insufficient to meet operating expenses but for the reasons explained in the balanced budget statement Council considers this to be acceptable and sustainable. Council therefore considers the LTP and this financial strategy to be prudent and adequate to meet the needs of current and future communities.

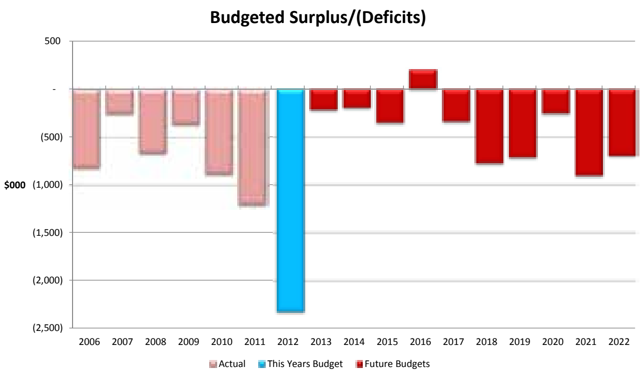
Balanced Budget Statement

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

To assess a financially prudent position, consideration is given to:

- The estimated expenses of achieving and maintaining the predicted levels of service, including the estimated expenses associated with maintaining the service capacity and integrity of the assets throughout their useful life;
- The projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life;
- The equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
- The funding and financial policies adopted by Council.

Waimate District Council has budgeted for deficits for the past 6 years and this trend continues over the 10 years of this plan:



Council has previously decided not to fully fund the depreciation cost of specific assets. This may be for a number of different reasons including:

- That Council has resolved not to replace the asset
- That it is unfair to existing ratepayers to pay for a new asset and its replacement
- That annual maintenance will maintain the service level
- That Council can fundraise or borrow the funds in the future to replace the asset
- That Council wishes to smooth the rate impact of revaluations

Assets That Council Will Not Cash- Fund Depreciation

Asset Name	Outcome From Not Rate Funding Depreciation
Roading	Council will not rate fund that portion beyond the level of capital expenditure
Bridges	Council will not rate fund depreciation beyond the level of capital expenditure
Water Supply Schemes	Council has phased in the funding of depreciation over a period of between 2-3 years following increased revaluations in 2012
Waimate Stadium	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Waitaki Lakes – Rubbish Enclosures	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Victoria Park Camp – Caravan	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Victoria Park Aviary	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Victoria Park – Scout Hall/Sound Shell	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Victoria Park – Netball/Tennis Courts	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Victoria Park – Iron Pavilion/Shed	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Manchester Park – Fencing	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
John Street Tennis Courts	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Southburn Hall	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Bluecliffs Reserve Picnic Shelter	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Bluecliffs Reserve Fencing	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life the end of its economic life
Hook Hall	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Cattle Creek Hall	Council is choosing not to rate fund for the replacement of these assets and will seek alternative funding towards the end of its economic life
Pensioner Housing	Council requires revenue from pensioner housing rents to fund half the cost of asset renewal. Council expects for major renewals to receive third party funding.

Other Items That Affect Budgeting For A Surplus or Deficit

The decisions around depreciation have the largest impact on the surplus or deficit. There are however a number of other items which may have an impact:

- Grants, Subsidies and Donations received for capital expenditure
- Self-funding activities that do not contribute to the rate or receive a rate allocation which may be funded from reserve funds
- Foresty – A deficit is budgeted for the forestry activity over each of the 10 years of this Long Term Plan as returns from harvesting are forecast in a period beyond the term of this Long Term Plan which will offset these deficits
- Rate Funding for contributions to Reserves Funds for use at a time in the future
- Operating expenditure and grants funded by Reserve Funds
- Rates Smoothing – the spreading of funding over more than one year to manage the rating impact. The term of this spreading is relative to the nature of the expenditure.
- Loan Principal Repayments

Recognition of Budget Deficits

Referring to the graph on the previous page and as stated above the graph Council has budgeted for deficits for the past 6 years and this trend continues over the 10 years of this plan.

Council resolved on 29 June 2012 that it is financially prudent to adopt this approach and is operating with due consideration to the factors outlined in this Balanced Budget Statement.

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE
FOR THE YEARS ENDED 30 JUNE 2013 - 2022

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Income											
Rates	6,197	6,695	7,052	7,376	7,566	7,792	8,193	8,289	8,442	8,839	8,924
Grants, subsidies and donations	2,338	2,372	2,205	1,983	2,563	2,074	2,161	2,215	2,296	2,375	2,458
Development and financial contributions	82	86	89	93	96	100	104	108	112	117	123
Fees and charges	1,795	1,774	1,890	1,968	2,014	2,052	2,100	2,139	2,174	2,223	2,286
Other revenue	1,788	2,002	2,054	2,094	2,376	2,456	2,342	2,392	2,520	2,503	2,621
Total income	12,200	12,929	13,290	13,514	14,615	14,474	14,900	15,143	15,544	16,057	16,412
Expenditure											
Employee benefit expenses	3,113	3,146	3,222	3,299	3,385	3,473	3,556	3,639	3,732	3,833	3,937
Depreciation and amortisation	3,309	3,614	3,757	4,058	4,191	4,186	4,536	4,519	4,552	4,991	5,002
Other expenses	7,558	6,305	6,423	6,426	6,737	7,074	7,536	7,674	7,508	8,134	8,138
Finance costs	543	82	83	83	97	83	45	23	5	-	28
Total expenditure	14,523	13,147	13,485	13,866	14,410	14,816	15,673	15,855	15,797	16,958	17,105
Surplus/(deficit) before tax	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)
Taxation expense	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED 30 JUNE 2013 - 2022

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Surplus/(deficit) after tax	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)
Increase/(decrease) in restricted reserves	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in revaluation reserves	9,245	-	39,218	1,293	-	42,013	1,758	-	55,650	2,009	-
Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive income	9,245	-	39,218	1,293	-	42,013	1,758	-	55,650	2,009	-
Total comprehensive income	6,922	(218)	39,023	941	205	41,671	985	(712)	55,397	1,108	(693)

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
FOR THE YEARS ENDED 30 JUNE 2013 - 2022

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Equity at start of year	351,812	362,837	362,619	401,642	402,583	402,788	444,459	445,444	444,732	500,129	501,237
Total comprehensive income	6,922	(218)	39,023	941	205	41,671	985	(712)	55,397	1,108	(693)
Equity at end of year	358,734	362,619	401,642	402,583	402,788	444,459	445,444	444,732	500,129	501,237	500,544
Components of equity											
Retained earnings at start of year	84,238	82,336	82,837	82,834	81,923	83,803	82,940	82,098	81,013	79,843	78,677
Surplus/(deficit) after tax	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)
Transfers (to)/from restricted/council created reserves	103	444	192	(559)	1,675	(521)	(69)	(373)	(917)	(265)	(268)
Transfers (to)/from revaluation reserves	-	275	-	-	-	-	-	-	-	-	-
Retained earnings at end of year	82,018	82,837	82,834	81,923	83,803	82,940	82,098	81,013	79,843	78,677	77,716
Revaluation reserves at start of year	266,743	278,950	278,675	317,893	319,186	319,186	361,199	362,957	362,957	418,607	420,616
Revaluation gains/losses	9,245	(275)	39,218	1,293	-	42,013	1,758	-	55,650	2,009	-
Revaluation reserves at end of year	275,988	278,675	317,893	319,186	319,186	361,199	362,957	362,957	418,607	420,616	420,616
Restricted/council created reserves at start of year	831	1,551	1,107	915	1,474	(201)	320	389	762	1,679	1,944
Transfers (to)/from reserves	(103)	(444)	(192)	559	(1,675)	521	69	373	917	265	268
Restricted/council created reserves at end of year	728	1,107	915	1,474	(201)	320	389	762	1,679	1,944	2,212
Equity at end of year	358,734	362,619	401,642	402,583	402,788	444,459	445,444	444,732	500,129	501,237	500,544

Note: The opening 2013 equity balance has been adjusted to reflect the estimated equity movements to 30 June 2012 and a reassessment of the opening Property, plant and equipment carrying value as at 30 June 2012. This does not align with the closing 2012 equity balance.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2013 - 2022

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
ASSETS											
Current assets											
Cash and cash equivalents	30	1,334	1,177	1,808	688	688	688	688	1,492	1,815	2,055
Trade and other receivables	684	908	932	949	1,031	1,022	1,051	1,069	1,097	1,133	1,158
Inventories	47	432	339	244	161	78	78	78	78	78	78
Non-current assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Other financial assets	2	-	-	-	-	-	-	-	-	-	-
Total current assets	763	2,674	2,448	3,001	1,880	1,788	1,817	1,835	2,667	3,026	3,291
Non-current assets											
Property, plant and equipment	349,951	350,956	390,276	390,488	392,249	433,410	434,504	433,680	487,943	488,657	488,363
Forestry assets	2,013	1,715	1,613	1,713	1,780	1,618	1,350	1,059	1,182	1,313	1,489
Investment property	565	-	-	-	-	-	-	-	-	-	-
Intangible assets	33	48	28	50	32	21	11	-	51	39	26
Other financial assets	10,169	9,971	9,968	9,966	9,963	9,910	9,907	9,907	9,907	9,907	9,907
Total non-current assets	362,731	362,690	401,885	402,217	404,024	444,959	445,772	444,646	499,083	499,916	499,785
Total assets	363,494	365,364	404,333	405,218	405,904	446,747	447,589	446,481	501,750	502,942	503,076
LIABILITIES											
Current liabilities											
Trade and other payables	681	923	946	974	1,016	1,047	1,106	1,121	1,117	1,200	1,211
Borrowings	310	35	35	37	393	205	411	128	-	-	-
Derivative financial instruments	95	99	52	-	-	-	-	-	-	-	-
Employee benefit liabilities	227	269	276	282	290	297	304	309	318	324	335
Total current liabilities	1,313	1,326	1,309	1,293	1,699	1,549	1,821	1,558	1,435	1,524	1,546
Non-current liabilities											
Provisions	177	210	208	205	203	200	196	191	186	181	171
Borrowings	3,270	1,209	1,174	1,137	1,214	539	128	-	-	-	815
Total non-current liabilities	3,447	1,419	1,382	1,342	1,417	739	324	191	186	181	986
Equity											
Public equity	82,018	82,837	82,834	81,923	83,804	82,942	82,100	81,015	79,845	78,679	77,718
Other reserves	276,716	279,782	318,808	320,660	318,984	361,517	363,344	363,717	420,284	422,558	422,826
Total equity	358,734	362,619	401,642	402,583	402,788	444,459	445,444	444,732	500,129	501,237	500,544
Total liabilities and equity	363,494	365,364	404,333	405,218	405,904	446,747	447,589	446,481	501,750	502,942	503,076

Note: The opening 2013 cash balance has been adjusted to reflect the estimated cash movements to 30 June 2012. This does not align with the closing 2012 cash balance. Additionally the opening Property, plant and equipment carrying value as at 30 June 2012 has been reassessed.

PROSPECTIVE STATEMENT OF CASH FLOWS
FOR THE YEARS ENDED 30 JUNE 2013 - 2022

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was received from:											
Receipts from rates revenue	5,668	6,696	7,052	7,376	7,567	7,792	8,193	8,289	8,442	8,840	8,925
Interest received	39	85	74	85	75	54	57	58	82	112	129
Dividends received	576	578	578	578	578	579	579	579	580	580	580
Receipts from other revenue	5,421	5,746	5,524	5,420	6,137	5,960	5,974	6,104	6,310	6,412	6,646
	11,704	13,105	13,228	13,459	14,357	14,385	14,803	15,030	15,414	15,944	16,280
Cash was applied to:											
Payments to suppliers & employees	10,670	9,469	9,567	9,847	10,003	10,289	10,693	10,911	11,261	11,936	12,130
Interest paid	126	82	82	84	97	82	45	23	4	-	29
	10,796	9,551	9,649	9,931	10,100	10,371	10,738	10,934	11,265	11,936	12,159
Net cash flow from operating activities	908	3,554	3,579	3,528	4,257	4,014	4,065	4,096	4,149	4,008	4,121
CASH FLOWS FROM INVESTING ACTIVITIES											
Cash was received from:											
Proceeds from sale of property, plant & equipment	52	25	25	25	25	25	25	25	25	25	25
Proceeds from sale of investments	-	2	3	4	3	53	2	-	-	-	-
Proceeds from sale of Eric Batchelor subdivision sections	138	127	134	137	120	120	-	-	-	-	-
	190	154	162	166	148	198	27	25	25	25	25
Cash was applied to:											
Purchase of property, plant and equipment	4,455	4,028	3,863	2,975	5,958	3,349	3,887	3,710	3,178	3,710	4,721
Purchase of intangible assets	-	-	-	53	-	-	-	-	64	-	-
Purchase of silviculture capital expenditure	-	-	-	-	-	-	-	-	-	-	-
Acquistion of investments	-	-	-	-	-	-	-	-	-	-	-
	4,455	4,028	3,863	3,028	5,958	3,349	3,887	3,710	3,242	3,710	4,721
Net cash flow from investing activities	(4,265)	(3,874)	(3,701)	(2,862)	(5,810)	(3,151)	(3,860)	(3,685)	(3,217)	(3,685)	(4,696)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was received from:											
Proceeds from borrowings	3,357	-	-	-	470	-	-	-	-	-	815
	3,357	-	-	-	470	-	-	-	-	-	815
Cash was applied to:											
Repayment of borrowings	-	36	35	35	37	863	205	411	128	-	-
	-	36	35	35	37	863	205	411	128	-	-
Net cash flow from financing activities	3,357	(36)	(35)	(35)	433	(863)	(205)	(411)	(128)	-	815
Net increase/(decrease) in cash held	-	(356)	(157)	631	(1,120)	-	-	-	804	323	240
Add cash at start of year (1 July)	30	1,690	1,334	1,177	1,808	688	688	688	688	1,492	1,815
Balance at end of year (30 June)	30	1,334	1,177	1,808	688	688	688	688	1,492	1,815	2,055
REPRESENTED BY:											
Cash, cash equivalents and bank overdrafts	30	1,334	1,177	1,808	688	688	688	688	1,492	1,815	2,055
	30	1,334	1,177	1,808	688	688	688	688	1,492	1,815	2,055

Notes to the Prospective Impact Statements

Note 1: Total Rates

Local Government Financial Reporting Regulations require rates to be disclosed excluding targeted rates for water supply - volumetric/metered charges only - and included then with Fees & Charges in the Funding Impact Statement. The following table shows the calculation for Total Rates that is used in Council's Financial Strategy for assessing rates limits.

	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
General rates, UAGC and rates penalties	5,089	5,385	5,641	5,805	5,953	6,300	6,322	6,411	6,727	6,783
Targeted rates (other than water supply)	1,641	1,703	1,772	1,800	1,878	1,934	2,009	2,075	2,158	2,189
Total Rates as per the Funding Impact Statement	6,730	7,088	7,413	7,605	7,831	8,234	8,331	8,486	8,885	8,972
Targeted Rates for Water Supply	1,054	1,147	1,202	1,223	1,235	1,257	1,270	1,277	1,294	1,325
Total Rates	7,784	8,235	8,615	8,828	9,066	9,491	9,601	9,763	10,179	10,297

The total of the rates in the Group Funding Impact Statements will not equal the total rates as outlined above due to the surplus from Property and Investments being used to reduce the overall rate requirement.

Community Services	544	580	599	837	855	876	863	855	880	895
Property & Investment	185	175	157	143	138	126	113	114	116	117
Environmental Services	584	610	634	643	639	677	693	708	733	767
Roading & Footpaths	1,881	2,095	2,173	2,240	2,296	2,392	2,451	2,540	2,589	2,676
Water Supply	559	603	640	661	715	727	752	779	789	802
Waste Management	908	932	950	984	1,005	1,029	1,060	1,085	1,133	1,160
Sewerage & Sewage	436	435	451	439	438	461	491	509	553	552
Stormwater Drainage	97	84	101	112	119	138	139	135	142	140
Parks & Recreation	554	573	622	598	618	657	691	706	740	719
Governance & Leadership	1,391	1,429	1,552	1,497	1,537	1,687	1,635	1,668	1,835	1,768
	7,139	7,516	7,879	8,154	8,360	8,770	8,888	9,099	9,510	9,596
Property & Investment	(409)	(428)	(466)	(549)	(529)	(536)	(557)	(613)	(625)	(624)
	6,730	7,088	7,413	7,605	7,831	8,234	8,331	8,486	8,885	8,972

Note 2: Depreciation per Activity

This table shows the depreciation expense charged to each activity in each year of the plan.

	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Community Support	-	-	-	-	-	-	-	-	-	-
Economic Development	-	-	-	-	-	-	-	-	-	-
Library	54	61	66	71	76	82	65	42	48	53
Property	219	216	222	339	340	342	313	313	314	290
Forestry	-	-	-	-	-	-	-	-	-	-
Investments & Finance	-	-	-	-	-	-	-	-	-	-
Building Control	12	16	17	18	8	11	12	12	16	19
Regulatory Services	1	1	2	2	1	1	1	1	1	2
Resource Management	1	1	2	2	1	1	1	1	1	2
Noise & Animal Control	3	3	4	4	2	3	3	3	3	4
Emergency Management	20	26	29	27	24	34	33	34	37	35
Roading & Footpaths	2,170	2,189	2,402	2,420	2,435	2,664	2,680	2,696	3,005	3,022
Rural Water Supply	422	469	486	492	491	512	522	528	554	569
Urban Water Supply	228	245	253	263	272	283	301	311	317	327
Waste Management	54	58	53	52	53	54	53	54	67	64
Sewerage & Sewage	199	203	221	221	222	248	256	258	295	299
Stormwater Drainage	30	34	38	41	43	48	48	48	56	56
Camping	24	25	26	24	25	27	24	24	25	21
Cemetery	7	9	10	9	7	10	10	10	11	11
Parks & Public Places	70	76	80	77	69	79	73	74	80	75
Swimming	17	17	18	17	17	19	16	17	17	15
Community Representation	2	3	3	3	3	3	3	3	3	3
Strategy	-	-	-	-	-	-	-	-	-	-
Managing Services	81	104	127	111	96	115	106	121	140	136
Total Depreciation	3,614	3,757	4,058	4,191	4,186	4,536	4,519	4,552	4,991	5,002

Note 3: Total Debt

Council's definition of total debt for the purpose of setting debt limits, includes both internal and external debt.

	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Internal Debt										
Waimate Urban Water Loan	1,464	1,426	1,385	1,341	1,294	1,244	1,190	1,131	1,069	1,002
Waste Management Loan	797	776	754	730	704	677	647	616	582	545
Sewerage & Sewage Loan	1,172	1,141	1,108	1,073	1,035	995	951	905	855	802
Stormwater Projects Loan	391	380	369	358	345	332	317	302	285	267
Bridge Replacements Loan	-	-	-	147	114	79	41	-	-	-
Library Extension Loan	-	-	-	1,464	1,426	1,385	1,341	1,294	1,244	1,190
Pensioner Housing Loan	-	-	-	244	238	231	223	216	207	198
Total Internal Debt	3,823	3,723	3,616	5,357	5,157	4,942	4,711	4,464	4,242	4,004
Council External Debt	1,244	1,209	1,174	1,607	744	539	128			
Downlands Water Scheme External Debt	-	-	-	-	-	-	-	-	-	815
Total External Debt	1,244	1,209	1,174	1,607	744	539	128	-	-	815
Total Debt	5,067	4,932	4,790	6,964	5,901	5,481	4,839	4,464	4,242	4,819

Note 4: Water Valuations

In June 2011, valuations were completed for Council's water schemes, along with its other infrastructural assets. A subsequent review found that these valuations were overstated. The June 2011 annual report included water assets at $24.2m. In this Long Term Plan a revised valuation of $14.0m has been used. The difference between these valuations has a considerable impact on water depreciation charges and water rates.

Note 5: Prospective Reconciliation of Net Surplus/(Deficit) to Operating Activities

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Surplus/deficit after tax	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)
Add/(Less) non cash expenses/revenue											
Depreciation & amortisation	3,309	3,614	3,757	4,058	4,191	4,186	4,536	4,519	4,552	4,991	5,002
Impairment charges	-	-	-	-	-	-	-	-	-	-	-
Cost of forestry harvested	-	41	28	43	60	136	47	9	28	-	-
(Gains)/losses on sale of biological assets	-	-	-	-	-	-	-	-	-	-	-
(Gains)/losses in fair value of biological assets	(64)	(121)	74	(143)	(127)	26	221	282	(151)	(131)	(176)
(Gains)/losses on sale of Eric Batchelor subdivision sections	-	(39)	(41)	(42)	(37)	(37)	-	-	-	-	-
(Gains)/losses on disposal of property, plant and equipment	-	281	-	-	-	-	-	-	-	-	-
	3,245	3,776	3,818	3,916	4,087	4,311	4,804	4,810	4,429	4,860	4,826
Add/(Less) items classified as investing or financing											
Increase/(decrease) in interest swaps accrued	(13)	(19)	(47)	(52)	-	-	-	-	-	-	-
(Increase)/decrease in capital creditors	-	-	-	-	-	-	-	-	-	-	-
	(13)	(19)	(47)	(52)	-	-	-	-	-	-	-
Plus/(less) movements in working capital											
(Increase)/decrease in inventories	(1)	-	-	-	-	-	-	-	-	-	-
(Increase)/decrease in debtors and other receivables	-	184	(23)	(17)	(83)	11	(28)	(18)	(27)	(34)	(25)
Increase/(decrease) in creditors and other payables	-	(167)	22	28	44	29	59	13	(3)	80	11
Increase/(decrease) in employee entitlements	-	-	6	7	7	8	7	7	8	9	9
Increase/(decrease) in provisions	-	(2)	(2)	(2)	(3)	(3)	(4)	(4)	(5)	(6)	(7)
	(1)	15	3	16	(35)	45	34	(2)	(27)	49	(12)
Net cashflow from operating activities	908	3,554	3,579	3,528	4,257	4,014	4,065	4,096	4,149	4,008	4,121

Note 6: Prospective Reconciliation of Net Surplus/(Deficit) to Council Funding Impact Statement

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
Operating surplus/(deficit) from cost of service statements											
Community services	-	-	(100)	-	-	-	-	-	-	-	-
Property and investments	(2,527)	(296)	(218)	(10)	217	(210)	(454)	(507)	(101)	(156)	(115)
Environmental services	(98)	(9)	43	44	46	45	47	49	49	(145)	(150)
Roading and footpaths	(190)	(519)	(192)	(360)	(29)	(264)	(432)	(376)	(320)	(605)	(555)
Water supply	346	601	261	(27)	(63)	71	27	62	68	(8)	36
Waste management	50	4	17	-	17	21	4	15	18	1	13
Sewerage and sewage	139	5	4	(10)	(32)	6	(13)	6	7	(14)	8
Stormwater drainage	(6)	11	12	9	13	13	10	16	17	14	19
Parks and recreation	35	(28)	(9)	(1)	12	12	11	21	26	10	21
Governance and leadership	(72)	13	(13)	3	24	(36)	27	2	(17)	2	30
add Vested assets	-	-	-	-	-	-	-	-	-	-	-
less Interest on internal borrowing	-	-	-	-	-	-	-	-	-	-	-
Surplus/(deficit) after tax per Statement of Financial Performance	(2,323)	(218)	(195)	(352)	205	(342)	(773)	(712)	(253)	(901)	(693)
less Capital grants, subsidies and donations	(1,415)	(1,597)	(1,403)	(1,133)	(1,705)	(1,193)	(1,230)	(1,276)	(1,321)	(1,367)	(1,416)
less Development and financial contributions	(82)	(86)	(89)	(93)	(96)	(100)	(104)	(108)	(112)	(117)	(123)
less Revaluation (gains)/losses not included in the FIS	-	(121)	74	(143)	(127)	26	221	282	(151)	(131)	(176)
add Loss on sale not included in the FIS	-	281	-	-	-	-	-	-	-	-	-
add Depreciation not included in the FIS	3,309	3,614	3,757	4,058	4,191	4,186	4,536	4,519	4,552	4,991	5,002
Surplus/(deficit) of operating funding	(511)	1,873	2,144	2,337	2,468	2,577	2,650	2,705	2,715	2,475	2,594
Balance as per Council FIS surplus/(deficit) of funding	(511)	1,873	2,144	2,337	2,468	2,577	2,650	2,705	2,715	2,475	2,594

Reserve Funds

Financial Reserves

The following statement of financial reserves concerns Restricted Reserves and council created reserves included in Council's equity.

Council has several types of council created reserves, which are maintained by the council for a specific purpose. These

- Council created General Reserves
- Council created Civic Amenities Rate Reserves
- Council created Targeted Rate Reserves
- Council created Internal Loan Reserves
- Asset Renewal Reserves

Restricted Reserves

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
Endowment Land	153	148	-	301
Downlands Asset Replacement Reserve	346	-	-	346
Downlands Capital Contributions	18	-	-	18
Perpetual Graves Reserve	63	61	-	123
Esplanade Reserve	63	143	-	206
Subdivision Contribution Reserve	254	469	125	598
Friends of Knottingly Park	4	3	-	7
Library Bequests	139	97	97	139
Waste Minimisation Reserve	37	186	200	22
Total Restricted Reserves	**1,075**	**1,107**	**422**	**1,760**

Council Created General Reserves

Separate Accounts are maintained for each activity to ensure that the funds are held and used for the specific purpose intended.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
General Reserves	215	641	1,261	(405)
Property Reserve	872	323	322	873
Pensioner Housing	36	373	1,060	(651)
Forestry Reserve	(508)	-	1,375	(1,883)
Camping	37	189	155	71
Rates Smoothing Reserve	348	549	898	(1)
Total Council Created General Reserves	**1,000**	**2,075**	**5,072**	**(1,996)**

Council Created Civic Amenities Rate Reserve

Separate Accounts are maintained for each activity to ensure that the funds are held and used for the specific purpose intended.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
Council Created Civic Amenities Rate Reserve	**(87)**	**1,077**	**741**	**249**

Council Created Targeted Rate Reserves

Separate Accounts are maintained for each activity to ensure that the funds are held and used for the specific purpose intended.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
Urban Water Scheme	(1,556)	1,542	422	(436)
Sewerage	(1,225)	1,200	-	(25)
Waste Management - Collection	70	-	-	70
Rural Water Scheme Operating Reserves				
Cannington / Motukaika	12	10	27	(6)
Cattle Creek	(2)	2	-	-
Hook / Waituna	56	25	25	56
Lower Waihao	(89)	-	125	(214)
Otaio / Makikihi	14	262	165	111
Waihaorunga	(33)	31	42	(44)
Waikakahi	25	111	5	131
Total Council Created Targeted Rate Reserves	**(2,730)**	**3,183**	**812**	**(358)**

Council Created Internal Loan Reserves

Separate internal loan accounts are maintained for each activity where a loan is required to fund specific projects. These loans are repaid and funded according to the revenue and financing policy.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
Waimate Library Extension	-	310	1,500	(1,190)
Pensioner Housing	-	52	250	(198)
Urban Water Scheme	-	498	1,500	(1,002)
Sewerage	-	398	1,200	(802)
Stormwater	-	133	400	(267)
Bridge Replacements Loan	-	178	178	-
Waste Management - Disposal	-	271	816	(545)
Total Council Created Internal Loan Reserves	**-**	**1,840**	**5,844**	**(4,004)**

Asset Renewal Reserves

Separate Asset Renewal Accounts are maintained for each activity to ensure that the funds are held and used for the specific purpose intended.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
General Asset Renewal Reserves				
General Asset Renewal Reserves	505	4,128	3,962	670
Property Reserve	(8)	3,198	1,620	1,571
Pensioner Flats	163	888	754	297
Forestry Reserve	1	-	-	1
Camping	-	343	237	105
Stormwater	104	843	850	97
Civic Amenities Rate Asset Renewal Reserves				
Civic Amenities Rate Asset Renewal Reserves	56	2,367	2,217	205
Targeted Rate Asset Renewal Reserves				
Sewerage	89	2,022	1,770	340
Waste Management - Collection	-	345	100	245
Roading Reserve	-	22,029	22,029	-
Urban Water Scheme	75	2,536	2,457	153
Rural Water Schemes				
Cannington / Motukaika	50	235	222	63
Cattle Creek	-			-
Hook / Waituna	300	1,269	573	996
Lower Waihao	-	1,129	791	338
Otaio / Makikihi	160	1,398	1,468	90
Waihaorunga	-	278	222	57
Waikakahi	50	826	292	584
Total Asset Renewal Reserves	**1,544**	**43,833**	**39,564**	**5,811**

Fair Value through other comprehensive income reserve

Financial assets revaluation gains / (losses) at fair value through other comprehensive income.

Reserve	Opening Balance 1/7/2012 $000	Deposits $000	Withdrawls $000	Closing Balance 30/6/2022 $000
Fair value through other comprehensive income	**748**	-	-	**748**
Total Restricted and Council Created Reserves	**1,551**			**2,210**

Funding Impact Statement

	Annual Plan 30 June 2012 $000	LTP 30 June 2013 $000	LTP 30 June 2014 $000	LTP 30 June 2015 $000	LTP 30 June 2016 $000	LTP 30 June 2017 $000	LTP 30 June 2018 $000	LTP 30 June 2019 $000	LTP 30 June 2020 $000	LTP 30 June 2021 $000	LTP 30 June 2022 $000
<u>OPERATING FUNDING</u>											
Sources of operating funding											
General rates, UAGC and rates penalties	4,627	5,089	5,385	5,641	5,805	5,953	6,300	6,322	6,411	6,727	6,783
Targeted rates (other than water supply)	1,593	1,641	1,703	1,772	1,800	1,878	1,934	2,009	2,075	2,158	2,189
Grants, subsidies and donations	923	773	801	849	860	880	929	940	974	1,007	1,043
Fees, charges and target rates for water supply	1,795	1,775	1,890	1,968	2,013	2,052	2,100	2,139	2,175	2,222	2,285
Interest and dividends from investments	39	663	652	663	653	632	636	637	662	692	709
Local authorities fuel tax, fines, infringement fees and other	1,726	950	996	1,001	1,054	1,213	1,080	1,088	1,170	1,135	1,189
Total operating funding	10,703	10,891	11,427	11,894	12,185	12,608	12,979	13,135	13,467	13,941	14,198
Applications of operating funding											
Payments to staff and suppliers	10,671	8,936	9,100	9,474	9,620	9,949	10,284	10,407	10,748	11,466	11,575
Finance costs	543	82	83	83	97	82	45	23	4	-	29
Other operating funding applications	-	-	100	-	-	-	-	-	-	-	-
Total applications of operating funding	11,214	9,018	9,283	9,557	9,717	10,031	10,329	10,430	10,752	11,466	11,604
Surplus/(deficit) of operating funding	(511)	1,873	2,144	2,337	2,468	2,577	2,650	2,705	2,715	2,475	2,594
<u>CAPITAL FUNDING</u>											
Sources of capital funding											
Grants, subsidies and donations	1,415	1,599	1,405	1,134	1,702	1,194	1,232	1,275	1,322	1,367	1,415
Development and financial contributions	82	86	89	93	96	100	104	108	112	117	123
Increase/(decrease) in debt	3,357	(36)	(35)	(35)	433	(863)	(205)	(411)	(128)	-	815
Gross proceeds from sale of assets	190	25	25	25	25	25	25	25	25	25	25
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Total capital funding	5,044	1,674	1,484	1,217	2,256	456	1,156	997	1,331	1,509	2,378
Applications of capital funding											
Capital expenditure - meet additional demand	884	25	10	-	22	23	152	158	-	-	-
Capital expenditure - improve level of service	826	1,640	1,120	378	3,284	503	281	416	298	507	315
Capital expenditure - replace existing assets	2,745	2,363	2,734	2,647	2,653	2,823	3,454	3,137	2,943	3,202	4,406
Increase/(decrease) in reserves	78	(481)	(236)	529	(1,235)	(316)	(81)	(9)	805	275	251
Increase/(decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding	4,533	3,547	3,628	3,554	4,724	3,033	3,806	3,702	4,046	3,984	4,972
Surplus/(deficit) of Capital Funding	511	(1,873)	(2,144)	(2,337)	(2,468)	(2,577)	(2,650)	(2,705)	(2,715)	(2,475)	(2,594)
Funding balance	-	-	-	-	-	-	-	-	-	-	-

Rating Information

The Funding Impact Statement should be read in conjunction with the Revenue and Financing Policy and Rating Policies. Figures in this statement are GST inclusive.

Setting of Rates for 2012/13

Council sets the following rates under the Local Government (Rating) Act 2002.

General Rate

Targeted Rates:

- Civic Amenities Rate
- Sewer
- St Andrews Sewer
- Refuse Collection
- Rural Water (each scheme)
- Urban Water
- Elephant Hill Drainage
- Downlands Water Scheme Targeted Rate
- Waimate District Stadium Rate
- Community Hall Rates

Uniform Annual General Charge

Council does not set a UAGC.

Lump Sum Contributions

Council does not require any lump sum contributions for targeted rates.

Details of the amount of rates to be collected and the categories who will pay these rates are listed below:

General Rate

A general rate is set and assessed on the capital value of all rateable land. General rates are set on a differential basis. The differential is based on where the land it situated and is classified as either Urban or Rural in accordance with the Rating Boundary Map.

Differential

The general rates required from each differential sector is calculated on an activity-by-activity basis as described in the Funding Needs Analysis.

The object of including differentials in the general rate is to achieve a fair and equitable distribution of the general rate between categories of land having regard to matters of social, economic, environmental and cultural well-being of the community.

A general rate is set and assessed on the capital value of all rateable land with a differential as follows:

General Rate	Differential Factor	General Rate in the dollar of Capital Value for 2012/13 (GST inclusive)	Revenue 2012/13 (GST Inclusive)
Urban	1.00	$0.0027239	$1,008,952
Rural	0.44	$0.0011939	$3,376,297
Total Revenue			**$4,385,249**

Targeted Rate - Civic Amenities Rate

The Civic Amenities Rate contributes towards the funding of the following activities:

- Community Property (Public Toilets)
- Library
- Cemeteries
- Parks and Public Spaces
- Swimming
- Waste Management (RRP Operation)

A Civic Amenities Rate is set and assessed on the number of separately used or inhabited parts of a rating unit (as defined below). The Civic Amenities Rate is set on a differential basis. The differential is based on where the land it is situated and is classified as either Urban or Rural in accordance with the Rating Boundary Map (Volume 1 - page xii).

Differential

The Civic Amenities Rates required from each differential sector is calculated on an activity-by-activity basis as described in the Funding Needs Analysis.

The object of including differentials in the Civic Amenities rate is to achieve a fair and equitable distribution of this rate between categories of land having regard to matters of social, economic, environmental and cultural well-being of the community.

A Civic Amenities Rate is set and assessed on a differential basis as follows:

Civic Amenities Rate	Differential Factor	Civic Amenities Rate for 2012/13 (GST inclusive)	Revenue 2012/13 (GST Inclusive)
Urban	1.00	$403.68	$669,305
Rural	1.00	$402.79	$757,916
Total Revenue			**$1,427,221**

Targeted Rate - Sewer

The sewer targeted rate contributes towards the funding of the Sewerage and Sewage activity.

The targeted rate for sewerage and sewage is set based on the service provided:
a) Serviced - The number of connections within each rating unit to Council's sewer reticulation system

b) Unserviced - Rating units not connected to the Waimate sewer scheme but have the service provided
c) Number of water closets within a Rating Unit (with more than 2 but less than 11 water closets) per water closet.

d) Number of water closets within a Rating Unit (11 or more water closets) per water closet.

Sewer Rate	Category	Differential Factor	Sewer charge for 2012/13 (GST Inclusive)	Revenue 2012/13(GST Inclusive)
Sewer Serviced	a) Serviced - The number of connections within each rating unit to Council's sewer reticulation system	1.00	$254.81	$442,863
Sewer Unserviced	b) Unserviced - Rating units not connected to the Waimate sewer scheme but have the service provided	0.50	$127.41	$12,995
Sewer Multi 1	c) Number of water closets within a Rating Unit (with more than 2 but less than 11 water closets) per water closet	0.80	$203.85	$30,170

Sewer Rate	Category	Differential Factor	Sewer charge for 2012/13 (GST Inclusive)	Revenue 2012/13(GST Inclusive)
Sewer Multi 2	d) Number of water closets within a Rating Unit (11 or more water closets) per water closet	0.60	$152.89	$6,727
Total Revenue				**$492,755**

Targeted Rate - St Andrews Sewer

The St Andrews sewer targeted rate contributes towards the funding of the Sewerage and Sewage activity.

The targeted rate for St Andrews sewer is set based on the service to the rating unit by Council as follows:

Rate	Category	St Andrews Sewer charge for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
St Andrews Sewer	Extent of provision of service	$90.00	$5,040
Total Revenue			**$5,040**

Targeted Rate - Refuse Collection

The refuse collection targeted rate contributes towards the funding of the Waste Management activity.

The targeted rate for refuse collection is set according to the service provided as follows:

a) Urban rating units 80 litre refuse bin (collected weekly)
b) Commercial rating units 80 litre refuse bin (collected weekly)
c) Rural rating units 240 litre refuse bin (collected fortnightly)
d) Urban Commercial rating units 240 litre refuse bin (collection weekly)
e) Riverside collective refuse bins (collected fortnightly)

Rate	Category	Differential Factor	Refuse Collection for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Urban 80L Bin	a) Urban rating units 80 litre refuse bin (collected weekly)	1.00	$204.31	$249,774
Commercial 80l Bin	b) Commercial rating units 80 litre refuse bin (collected weekly)	1.00	$204.31	$5,516
Rural 240l Bin	c) Rural rating units 240 litre refuse bin (collected fortnightly)	1.11	$225.88	$119,038
Commercial 240l Bin	d) Urban Commercial rating units 240 litre refuse bin (collection weekly)	3.00	$612.93	$12,259
Riverside Bin	e) Riverside collective refuse bins (collected fortnightly)	0.24	$48.40	$1,355
Total Revenue				**$387,942**

Targeted Rate - Recycling

The recycling targeted rate contributes towards the funding of the Waste Management activity.

The targeted rate for recycling is set according to the location of the rating unit:

a) Serviced recycling rating units - All rating units on the recycling collection route.
b) Unserviced recycling rating units - All rating units not on the recycling collection route.

Rate	Category	Differential Factor	Recycling Charge for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Recycling Collection	a) Serviced recycling rating units	1.00	$107.52	$195,413
Recycling Non Collection	b) Unserviced recycling rating units	0.50	$53.76	$87,250
Total Revenue				**$282,663**

Targeted Rate - Rural Water

The targeted rates for rural water contribute towards the funding of water supplies to the Cannington, Hook/Waituna, Lower Waihao, Otaio/Makikihi, Waihaorunga and Waikakahi rural water schemes included in the Rural Water activity.

Targeted rates for rural water supplies are set based on each rating units water allocation and is assessed per litre of water supplied per day.

Rural Water Scheme	Water Supply per litre charge for 2012/13	Revenue 2012/13 (GST Inclusive)
Cannington-Motukaika	$0.1509	$58,970
Lower Waihao Normal Supply	$0.2237	$214,281
Otaio-Makikihi	$0.2110	$200,232
Waihaorunga	$0.2590	$81,075
Waikakahi	$0.2409	$274,092
Hook-Waituna Normal Supply	$0.1235	$185,049
Hook-Waituna Irrigation Supply (55%)	$0.0680	$5,579
Total Revenue		**$1,019,278**

Targeted Rate - Urban Water

The urban water targeted rate contributes towards the funding of the Urban Water activity.

The targeted rate for urban water is set based on the service provided as follows:

a) Serviced - The number of connections within each rating unit to Council's urban water reticulation
b) Unserviced - Rating units not connected to the Waimate urban water scheme but where the urban water reticulation is available for connection

Rate	Category	Differential Factor	Urban Water for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Water Scheme Urban	a) Serviced - The number of connections within each rating unit to Council's urban water reticulation system	1.00	$330.77	$619,688
Water Scheme Urban Vacant	b) Unserviced - Rating units not connected to the Waimate urban water scheme but have the service provided	0.50	$165.38	$11,412
Total Revenue				**$631,100**

Targeted Rate - Downlands Rural Water Supplies

Downlands water scheme is a Joint venture between Timaru, MacKenzie and Waimate District Councils. The scheme is administered by Timaru District Council who determine the revenue needed per connection. Each Council sets the rate for the connections within its district and collects the revenue on behalf of the Joint Venture.

Targeted rates are calculated by Timaru District Council. For further information on these rates see Timaru District Council's Long Term Plan.

Rate	Water Supply Charge for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Domestic	$391.00	$27,370
Unit/Point	$112.00	$101,950
Ord/Extra	$378.00	$1,890
Service	$279.00	$62,217
Total Revenue		**$193,427**

Targeted Rate - Elephant Hill Drainage

The Elephant Hill drainage targeted rate contributes towards the funding of the Sewerage and Sewage activity.

The targeted rate for Elephant Hill drainage is set according to the area of land within the Rating Unit that is protected by any amenity or facility provided by Council. This rate is set and assessed on land value as follows:

a) Class I land per $ land value
b) Class II land per $ land value

Rate	Category	Differential Factor	Elephant Hill Charge for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Elephant Hill Class I	a) Class I land per $ land value	1.00	0.0007293	$2,099
Elephant Hill Class II	a) Class II land per $ land value	0.89	0.0006491	$1,182
Total Revenue				**$3,281**

Targeted Rate - Waimate District Stadium Rate

The targeted rate for the Waimate District Stadium contributes towards investigation and/or refurbishment of the existing stadium.

The rate is set and assessed on the number of separately used or inhabited parts of a rating unit (as defined below) as follows:

Rate	Category	Civic Amenities Rate for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
Waimate District Stadium Rate	Charged per separately used or inhabited part of a rating unit	$22.74	$80,500
Total Revenue			**$80,500**

Targeted Rates - Community Halls

The Hall rates are set based on where the land is situated in relation to each hall.

Community Hall	Hall Charge for 2012/13 (GST Inclusive)	Revenue 2012/13 (GST Inclusive)
St Andrews Hall	$23.00	$3,197
Ikawai Memorial Hall	$40.25	$3,542
Arno Hall	$28.75	$3,048
Waihaorunga Hall	$51.10	$2,913
Glenavy Hall	$34.50	$9,005
Hunter Hall	$35.00	$2,415
Southburn Hall	$28.75	$1,811
Studholme Hall	$28.75	$2,041
Hook Hall	$57.50	$3,105
Kurow Memorial Hall	$17.50	$2,118
Willowbridge Hall	$31.05	$1,770
Waituna Creek Hall	$25.00	$3,075
Makikihi Hall	$35.00	$1,645
Otaio Hall	$25.90	$1,632
Lyalldale Hall	$23.00	$782
Bluecliffs Hall	$46.00	$2,392
Maungati Hall	$35.70	$2,356
Cattle Creek Hall	$34.50	$1,587
Total Revenue		**$48,432**

Definition - Separately used or inhabited parts of a rating unit

This definition applies to all rates using SUIP as the basis for charging the rate.

Separately used or inhabited parts include any residential unit which consists of a single self-contained housekeeping unit, whether for one or more persons. It includes any house, emergency or refuge accommodation and holiday home. Where more than one kitchen facility is provided on the rating unit, other than for a kitchen facility in family flat, there shall be deemed to be more than one separately used or inhabited part.

A family flat is defined as any self-contained residential unit being part of or located on the same rating unit and occupied by dependent relatives of the household living in the principal residential unit. Dependent relatives do not include family members earning an income from the rating unit.

A rating unit will not be treated as being separately used or inhabited where it is a commercial visitor accommodation unit or not capable of being inhabited.

To assist in interpreting this policy the following examples indicate how Council will apply this policy:

Example	SUIP Charges
Rating unit with no house, flat or self-contained residential unit	0
Rating unit with 1 house, flat or self-contained residential unit	1
Rating unit with 2 flats, each being a self-contained residential unit	2
Rating unit with 4 flats, each being a self-contained residential unit	4
Rating unit with 3 dwellings, each being a self-contained residential unit	3
Rating unit operating a commercial activity with no residential unit	0
Rating unit operating a commercial activity with 1 flat attached being a self-contained residential unit	1
Rating unit operating a Hotel/Motel/camping/cabin facility with 1 owner/operator residence	1
Rating unit operating a Hotel/Motel/ camping/cabin facility with no owner/operator residence	0
Church / School with a house, flat or self-contained residential unit	1

Finanical Policy 409 - Statement of Accounting Policies

Reporting entity

Waimate District Council is a territorial local body governed by the Local Government Act 2002 (LGA 2002) and is domiciled in New Zealand.

Council consists of the Council, forestry joint ventures (53% owned) and Downlands joint venture (14.81% owned). Council is a separate legal entity and does not have any subsidiaries.

The primary objective of Council is to provide goods and services for the community or social benefit rather than making a financial return. Accordingly, Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial forecasts of Council are for the 10 years from 2012-2022. The financial forecasts were authorised for issue by Council on 28 June 2012.

Basis of preparation

Council which is authorised to do so and believes that the assumptions underlying these prospective financial statements are appropriate, approved the long term plan. Council and management of Waimate District Council accept responsibility for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures. No actual results or events have been incorporated within the prospective financial statements.

Statement of compliance

The financial forecasts of Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial forecasts have been prepared in accordance with NZ GAAP. They comply with FRS42: Prospective Financial Statements and other applicable FRS as appropriate for public benefit entities.

Measurement base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry assets and certain financial instruments (including derivative instruments).

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of the Council is New Zealand dollars.

Changes in accounting policies

There have been no changes in accounting policies during the financial year.

Standards, amendments and interpretations issued that are not yet effective and have not been early adopted

Standards, amendments and interpretations issued but not yet effective that have not been early adopted, and which are relevant to the Council are:

In September 2011, the External Reporting Board issued a position paper and consultation papers proposing a new external reporting framework for public benefit entities (PBEs). The papers proposed that accounting standards for PBEs would be based on International Public Sector Accounting Standards, modified as necessary. The proposals in these papers do not provide certainty about any specific requirements of future accounting standards. Therefore, the accounting policies on which the forecast information for 2012-22 has been prepared are based on the current New Zealand equivalents to International Financial Reporting Standards.

Comparatives

The 2011/12 Annual Plan figures are provided for comparative purposes. Forecast opening 2012/13 do not reconcile to the closing 2011/12 Annual Plan balances as updated forecasts of the opening position have been used.

Significant accounting policies

The following accounting policies which materially affect the measurement of results and the financial position have been applied:

Joint venture

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

Council has a proportionate share in 8 forestry joint venture agreements. This ranges from 34% to 77% and Council accounts for its share of income and all expenses.

Council also has a joint venture ownership of 14.81% with Timaru District Council and Mackenzie District Council for the maintenance and operation of the Downlands rural water scheme.

Revenue

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

Rates revenue

Rates are set annually by a resolution from Council and relate to a financial year. All ratepayers are invoiced within the financial year to which the rates have been set. Rates revenue is recognised when payable.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.

Government grants

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

Provision of services

Revenue from the rendering of services is recognised by reference to the stage of completion of the transaction at balance date, based on the actual service provided as a percentage of the total services to be provided.

Vested assets

Where a physical asset is acquired for nil or nominal consideration the fair value of the asset received is recognised as income. Assets vested in the Waimate District Council are recognised as revenue when control over the asset is obtained.

Sale of goods

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

Agency arrangements

Where revenue is derived by acting as an agent for another party,

the revenue that is recognised is the commission or fee on the transaction.

Interest and dividends

Interest income is recognised using the effective interest method.

Dividends are recognised when the right to receive payment has been established. Dividends are recorded net of imputation credits.

Development contributions

Development and financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contributions were charged. Otherwise development contributions and financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

Development contributions are classified as part of "other revenue".

Borrowing costs

Council has elected to defer the adoption of NZ IAS 23 Borrowing Costs (Revised 2007) in accordance with its transitional provisions that are applicable to public benefit entities.

Consequently, all borrowing costs are recognised as an expense in the period in which they are incurred.

Grant expenditure

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

Discretionary grants are those grants where Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of Council's decision.

Foreign currency transactions

Foreign currency transactions (including those for which foreign exchange contracts are held) are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Financial Performance.

Income tax

Income tax expense is the aggregate of current period movements in relation to both current and deferred tax.

Current tax is the amount of income tax payable based on the taxable surplus for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable surplus.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which Council expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset and liability in a transaction that is not a business combination, and at the time of the transaction, affects neither accounting surplus nor taxable surplus.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive income or directly in equity.

Leases

Finance leases

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

At the commencement of the lease term, finance leases are recognised as assets and liabilities in the Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The finance charge is charged to the Statement of Financial Performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Operating leases

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

Cash and cash equivalents

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

Bank overdrafts are shown within trade and other payables in current liabilities in the Statement of Financial Position.

Trade and other Receivables

Trade and other receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Derivative financial instruments and hedge accounting

Derivative financial instruments are used to manage exposure to foreign exchange and interest rate risks arising from financing activities. In accordance with its treasury policy, the Council does not hold or issue derivative financial instruments for trading purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value at each balance date. The associated gains or losses of derivatives that are not hedge accounted are recognised in the Statement of Financial Performance.

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Other financial assets

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

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

Financial assets are classified into the following categories for the purpose of measurement:

- Fair value through surplus or deficit
- Loans and receivables
- Held to maturity investments
- Fair value through other comprehensive income

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

Financial assets at fair value through surplus or deficit

Financial assets at fair value through profit and loss include financial assets held for trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term or it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of short-term profit-taking. Derivatives are also categorised as held for trading.

Financial assets acquired principally for the purpose of selling in the short-term or part of a portfolio classified as held for trading are classified as a current asset. The current/non-current classification of derivatives is explained in the derivatives accounting policy above.

After initial recognition, financial assets in this category are measured at their fair values with gains or losses on remeasurement recognised in the Statement of Financial Performance.

Loans and receivables

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

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

Loans to community organisations made 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 financial instrument. The loans are subsequently measured at amortised cost using the effective interest method. The difference between the face value and present value of the expected future cash flows of the loan is recognised in the Statement of Financial Performance as a grant.

Council's loans and receivables comprise debtors and other receivables, community and related party loans. Loans and receivables are classified as "trade and other receivables" in the Statement of Financial Position.

Held to maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities and there is the positive intention and ability to hold to maturity. They are included in current assets, except for maturities greater than 12 months after balance date, which are included in non-current assets.

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

Council's investments in this category include bank term deposits.

Fair value through other comprehensive income

Financial assets at fair value through other comprehensive income are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of the share investment within 12 months of balance date or if the debt instrument is not expected to be realised within 12 months of balance date.

Council includes in this category:

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

These investments are measured at their fair value, with gains and losses recognised in other comprehensive income, except for impairment losses, which are recognised in the Statement of Financial Performance.

On derecognition, the cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the Statement of Financial Performance.

Impairment of financial assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the Statement of Financial Performance.

Loans and other receivables

Impairment is established when there is objective evidence that Council will not be able to collect amounts due according to the original terms of the debt. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, and default in payments are considered indicators that the asset is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. For trade and other receivables, the carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in the Statement of Financial Performance. When the receivable is uncollectible, it is written-off against the allowance account. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due). Impairment in term deposits, local authority stock, government

stock, and community loans, are recognised directly against the instruments carrying amount.

Financial assets at fair value through other comprehensive income

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

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

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

Equity instrument impairment losses recognised in the Statement of Financial Performance are not reversed through the Statement of Financial Performance.

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

Inventory

Inventory held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost, adjusted when applicable, for any loss of service potential. Where inventory is acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

The amount of any write-down for the loss of service potential or from cost to net realisable value is recognised in the Statement of Financial Performance in the period of the write-down.

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

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

Non-current assets held for sale

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

Any impairment losses for write-downs of assets held for sale are recognised in the Statement of Financial Performance.

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

Non-current assets held for sale (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Property, plant and equipment

Property, plant and equipment consists of:

Operational assets - These include land, buildings, library books, plant and equipment, and motor vehicles.

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

Infrastructure assets - Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network to function. For example, sewer reticulation includes reticulation piping and sewer pump stations.

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

Revaluation

Land and buildings (operational and restricted) and infrastructural assets are revalued with sufficient regularity to ensure that their carrying amount does not differ materially from fair value and at least every three years. All other assets are carried at depreciated historical cost.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued.

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

The net revaluation results are credited or debited to other comprehensive income 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 income but is recognised in the Statement of Financial Performance. Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the Statement of Financial Performance will be recognised first in the Statement of Financial Performance up to the amount previously expensed, and then recognised in other comprehensive income.

Additions

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

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

Property, plant and equipment is recognised at cost. Where an asset is acquired at no cost, or for nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the Statement of Financial Performance. 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 (which also includes the landfill

and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. For financial modelling purposes depreciation is charged on new assets from the year after acquisition. The estimated useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Infrastructural Assets	Depreciable Life (years)	Depreciable Rate (SL%)
Roading		
Land	Not depreciable	
Road formation – shoulders	Not depreciable	
Road Pavement - sealed and unsealed	100	1.00%
Road surfacing	10-16	6.25-10.00%
Culverts	100	1.00%
Kerb and channel	50	2.00%
Footpaths	50-70	1.42-2.00%
Bridges	80-120	0.83-1.25%
Water		
Pipe reticulation	65-130	0.77-1.54%
Pumps	25	4.00%
Reservoir components	20-100	1.00-5.00%
Wastewater		
Pipe reticulation	100-120	0.83-1.00%
Treatment facilities	20-100	1.00-5.00%
Sanitation		
Transfer station	15-100	1.00-6.67%
Stormwater		
Network	100	1.00%

Operational Assets	Depreciable Life (years)	Depreciable Rate (SL% or DV%)
Buildings	5-67	1.5-20.0% SL
Furniture & fittings	10	20.0% DV
Office equipment	10	20.0% DV
Plant & machinery	10-20	10.0%-20.0% DV
Motor Vehicles	10	20.0% DV
Library collections	20	10.0% DV
Computer software	10	20.0% DV
Elephant Hill drainage	40	5.0% DV

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

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

Staff training costs are recognised in the Statement of Financial Performance when incurred.

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

Easements

Easements are recognised at cost, being the costs directly attributable in bringing the asset to its intended use. Easements have an indefinite life and are not amortised, but are instead tested for impairment annually.

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 an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance. The amortisation rate of major classes of intangible assets has been estimated as follows:

Computer software	20% DV
Aerial Photography	20% DV

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. 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 value in use.

Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash flows and where the entity would, if deprived of the asset, replace its remaining future economic benefits or service potential.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is 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 Statement of Financial Performance.

For assets not carried at a revalued amount, the total impairment loss is recognised in the Statement of Financial Performance.

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the Statement of Financial Performance, a reversal of the impairment loss is also recognised in the Statement of Financial Performance.

For assets not carried at a revalued amount (other than goodwill), the reversal of an impairment loss is recognised in the Statement of Financial Performance.

Forestry assets

Standing forestry assets are independently revalued annually at fair value less estimated cost to sell for one growth cycle. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined rate. This calculation is based on existing sustainable felling plans and assessments regarding growth, timber prices, felling costs and silvicultural costs and takes into consideration environmental, operational and market restrictions.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated costs to sell and from a change in fair value less estimated costs to sell are recognised in the Statement of Financial Performance.

Forestry maintenance costs are recognised in the Statement of Financial Performance when incurred.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at cost, including transaction costs.

After initial recognition, all investment property is measured at fair value as determined annually by an independent valuer.

Gains and losses arising from a change in the fair value of investment property are recognised in the Statement of Financial Performance.

Creditors and other payables

Creditors and other payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest method.

Borrowings

Borrowings are initially recognised at their fair value net of transactions costs incurred. After initial recognition, all borrowings are measured at amortised cost using the effective interest method.

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

Employee entitlements

Short-term employee entitlements

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, long service leave entitlements expected to be settled within twelve months, and sick leave.

A liability for sick leave is recognised to the extent that compensated absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The amount is calculated based on the unused sick leave entitlement that can be carried forward at balance date, to the extent it will be used by staff to cover those future absences.

A liability and an expense is recognised for bonuses where the Council has a contractual obligation or where there is a past practice that has created a constructive obligation.

Long-term employee entitlements - Long service leave

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actual entitlement basis at current rates of pay accrued on the number of years service. Entitlements have not been calculated on an actual basis as this would not be significantly different from the method used. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information.

Presentation of employee entitlements

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

Superannuation schemes

Obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Financial Performance as incurred.

Provisions

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised in the Statement of Financial Performance.

Financial guarantee contracts

A financial guarantee contract is a contract that requires Council to make specified payments to reimburse the holder of the contract for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are initially recognised at fair value, even if a payment under the guarantee is not considered probable. If a financial guarantee contract was issued in a standalone arms length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received, a liability is recognised based on the probability that Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial

recognition amount less any amortisation. However, if it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value for the future expenditure.

Equity

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.

- Public equity – accumulated funds
- Asset revaluation reserves
- Restricted reserves
- Fair value through other comprehensive income reserves

Asset revaluation reserves

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

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 are 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 references to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Council's objectives, policies and processes for managing capital are described in note 34 of the Annual Report for 2010/11.

Fair value through other comprehensive income reserves

This reserve comprises the cumulative net change in the fair value of fair value through other comprehensive income instruments.

Goods and services tax (GST)

All items in the financial statements are stated exclusive of goods and services tax (GST), except for debtors and other receivables and creditors and other payables, which are stated on a GST inclusive basis. GST not recoverable as input tax is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the 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.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

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 which cannot be identified in an economically feasible manner with a 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.

Statement of Cash Flows

Cash means cash balances on hand, held in bank accounts, demand deposits and other highly liquid investments in which Council invests as part of its day-to-day cash management. GST is disclosed net as disclosing gross amounts does not provide any further meaningful information.

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions are recognised as receipts and payments in the Statement of Cash Flows because they flow through Council's main bank account.

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

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

Assumptions Underlying Prospective Financial Information

The financial information contained within these policies and financial statements is prospective information in terms of FRS 42: Prospective Financial Information. The purpose for which has been prepared to enable the public to participate in the decision making processes as to the services to be provided by Council over the financial years 2012/13 to 2021/22 and to provide a broad accountability mechanism of the Council to the community. The prospective information may not be appropriate for purposes other than those described.

Critical accounting estimates and assumptions

In preparing these financial forecasts, 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 of future events that we believe to be reasonable under the circumstances.

Critical judgments in applying Council's accounting policies

Management has exercised the following critical judgments in applying accounting policies for the ten year period 2012-22:

Classification of property

The 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. The properties are held for service delivery objectives as part of the Council's social housing policy. The properties are accounted for as property, plant and equipment.

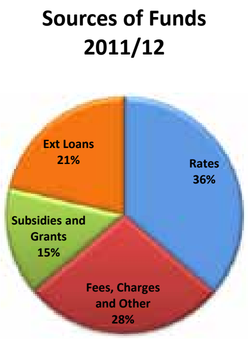
Financial Policy 401 - Revenue and Financing Policy

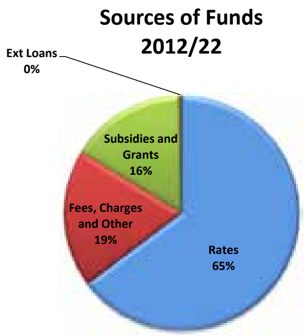
The Revenue and Financing Policy summarises Council's view on the equitable funding of Council's activities. It addresses all potential revenue and funding sources open to Council and how and when Council uses these sources. In choosing funding sources Council takes account of many factors including community outcomes, benefit, affordability, equity, simplicity, efficiency, transparency, accountability and overall community wellbeing. It addresses Council's assessment of equity between current and future generations.

In Council's assessment this policy represents the fairest and most equitable use of the funding sources available to meet operating expenses.

The following table shows the sources of funds for the year ended 30 June 2011 compared with Year 10 (2021/22) of this 10 Year Plan. It demonstrates that Council will get most of it's revenue from rates, although is highly reliant on subsidy. The changes shown in the charts are not significant and reflect Council's business as usual approach.

Table 1. Overall Sources of Funds





Funding Principles

Council has determined the following basic principles to guide the assessment of fairness and equity in choosing funding sources:

1. Each generation of ratepayers should pay for the services they receive
2. Rates are the funding source of last resort
3. Rates increases should be within the limits as set in the financial strategy
4. User charges are preferred whenever a private benefit can be identified and it is efficient to collect the revenue
5. Subsidies, grants and other income options are fully explored prior to rates being used, and
6. Borrowing should be within the limits as set in the financial strategy

Complying with these principles can at times be challenging. Council must apply judgment in assessing many options to determine fairness in its development of budgets and the choice of funding sources to implement these budgets.

Operating Costs

Operating costs are the day to day spending that maintains the services delivered by Council. This includes a contribution to the wear and tear on assets used. The first principle (above) means that operating costs should be met from operating income; a balanced budget. This ensures fairness, in that the users of the service pay for their use.

Operating Cost Funding Sources

User Charges

User charges are used for services where there is a benefit to an individual or group. The price of the service is set taking account of a number of factors. These could include:

- The cost of providing the service
- The estimation of the users' private benefit from using the service
- The impact the cost has to encourage or discourage behaviours
- The impact the cost has on demand for the service
- Market pricing, including comparability with other councils
- The impact of rates subsidies if competing with local businesses
- The cost and efficiency of revenue collection mechanisms
- The impact of affordability on users
- Other matters as determined by Council

Grants, Sponsorship and Subsidies

Grants, sponsorship and subsidies are used wherever they are available. Council expects to continue receiving substantial subsidies for road maintenance. Some services can only be continued so long as funding from this source continues. Council rarely budgets for grants income unless it has determined a likelihood of success in reaching the budget goal.

Investment income; Dividends, Interest

This includes income from investment activities such as dividends, interest, forestry returns and reserve funds. The income from these activities is generally used to offset the costs of the investing activity. Surplus revenues will be allocated by Council to operating or capital costs at each Annual Plan. For some activities Council applies funds from a Reserve Fund in order to reduce the rates contribution in that activity.

Investment income; Rents

Income from Council owned properties is recorded in the Community Property Activity. Income offsets the cost of operating these properties and should a surplus be achieved any portion of that surplus not required for reinvestment is distributed to general rate. Pensioner Housing surplus are placed in a reserve for Asset Renewal.

Rates

Having exhausted all other funding sources, Council funds its remaining operating expenses from rates. For many activities this is the main funding source (see Table 2), reflecting Council's view that the collective benefit to the District is greater than any identifiable individual benefit.

To assess the allocation of rates Council has reviewed each activity of Council and considered the following factors to determine the fairness of that allocation:

- Community outcomes
- Distribution of benefits to individuals, groups or the whole districts
- When the benefit will occur
- The impact of individuals or groups on the need to undertake the activity
- The costs and benefits of funding the activity separately
- Affordability, transparency, accountability and overall community wellbeing

Having considered these factors Council recognises that rates are a tax on property owners and each property will use a different mix of services than represented by the rate charge.

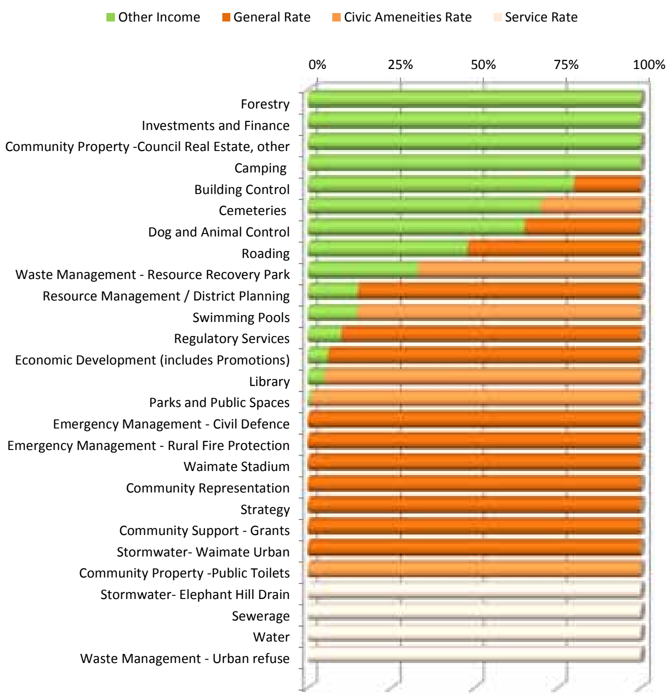
In considering the overall impact of the liability to pay rates Council is of the view that it is not possible or fair to allocate the cost solely on individuals' benefits (i.e. as if rates replicated user pays). It is through the collective contribution of the whole district that the District is best able to develop and prosper.

For these reasons Council does prefer a strong general rate based system, with a simple differential between urban and rural to provide a degree of balance to the imposition of the tax on rural properties with the perceived benefit that urban properties receive, mainly through proximity to services or to higher levels of service.

Council considers however, that a simpler rating structure is easier for ratepayers to understand and is simpler and easier to administer. To this end Council uses two main rates to fairly and equitably distribute the rate. A general rate allocated on capital value and the civic amenities rate allocated as a uniform targeted rate.

Both rates are modified following a funding needs analysis of the share of each activity the Urban and Rural areas should fairly pay.

Table 2: List of Activities and Summary of Funding Sources



Targeted Rates

Council uses targeted rates to fund services where Council has determined the cost of the service should be targeted to the group that benefits much more than the general benefit most ratepayers receive. Targeted rates may be set on a uniform basis and/or a value basis (either land or capital).

Council uses "separately used and habited parts" of rating units for charging some rates. Council's definition of this term is contained within the Funding Impact Statement.

Council does not set a Uniform Annual General Charge rate.

Details of the rates charged are included in the Funding Impact Statement.

Capital Costs

Capital costs, for the purpose of this policy, is spending on assets that provide the community with a service over a longer period of time than operating expenditure. Council owns $363 million worth of assets and plans to spend between $3m and $6m each year of the next 10 years on asset improvement.

Council has a mix of funding tools available to purchase and improve assets.

Capital Cost Funding Sources

User Charges

User charges are used for services where there is a benefit to an individual or group. Generally user charges are not used to pay for asset purchases, as the amount to pay is unaffordable and generally the beneficiaries are many and change over the long period of the asset's life. This makes user charges impractical and unfair. As such borrowing and charging users annually for financing costs using rates is often a more affordable method of charging users contribution.

Grants, subsidies, and other income

Grants and subsidies are used wherever they are available. Council expects to continue to receive substantial subsidies for the development of new and existing roads. Council looks to maximise the subsidies and grants that are available, at all times.

Grants are often available for capital projects. Council rarely budgets for grants income unless it has determined there is a strong likelihood of success in reaching the budget goal. Some capital projects are dependent on successful grant income for these projects to be undertaken.

Development and Financial Contributions

Council has adopted a development and financial contributions policy. The funds collected under this policy will be applied to the projects as identified by those policies or where not identified as resolved by Council. Funds are held in reserve should they be received in advance of a project.

Proceeds from the Sale of Assets

From time to time Council sells assets.

Property Reserve

When major asset sales are made Council will determine the best allocation of those funds taking account of the Financial Strategy. Some assets have restrictions on how the proceeds may be used; for example endowment property proceeds must be placed in the District Endowment Reserve Fund.

Borrowing

For larger capital costs that provide a long term benefit to the community Council may determine that borrowing the funds is the fairest method of allocating the costs of a project over time to users. The financing costs (including principal and interest) are charged as operating expenses and funded under the operating expense funding policy unless funded otherwise as determined by this policy.

Council will manage its borrowing within Council's rate and debt limits as defined in the Financial Strategy.

Reserves

From time to time Council will have reserve funds accumulated specifically for the purchase of assets. Council allocates portions of the funds to asset purchase in accordance with the purpose of the fund. In making the allocation Council will have regard to current and future calls on the fund and make allocations that are fair to current and future ratepayers.

Rates

Rates are used firstly to fund the day to day expenses of Council. This includes funding an annual amount (depreciation) toward the ongoing replacement of existing assets, and the funding of its financing costs on debt created to purchase assets.

As a last resort, rates may be required to fund the balance of the capital cost of a new asset. Council will make an assessment on each major project and determine:

- How much the rates contribution will be
- Which group of ratepayers should pay
- Whether to include that in the General Rate or some other targeted rate as determined by Council

Council may consider the establishment of targeted rates to collect funds to repay loans. In doing so Council will also consider the options for remission, postponement, early repayment or lump sum repayment that are available to assist with the fair allocation of the rates.

Additional Information

This policy represents the high level revenue and financing policies of Council. Council has separately completed a funding needs analysis (s 101 (3) LGA) for each activity and major capital project. Further information relevant to this policy is contained in the Financial Strategy, Rating Policies and Funding Impact Statement.

Financial Policy 404 - Financial Contributions Policy

Council has reviewed opportunities to rationalise contributions payable towards provision of services such as sewerage, water supply, roading stormwater, open space and recreation and has decided that:

- Contributions associated with new development and subdivision, are to continue to be obtained through financial contributions provisions in the District Plan
- Part of Plan Change 14 did introduce financial contributions for residential lots in rural zone and for multiple residential units on the same site (where no subdivision is involved)
- The other part of Plan Change 14 which sought to reduce the financial contribution ceiling for major developments has been appealed to the Environment Court. Some mediation has been undertaken but no agreement or court decision has been made
- Council has notified its 10 yearly review of the District Plan. A submission has been received seeking to exclude utilities from the definition of a development. No Council hearings have been held yet
- Connection fees to existing services such as sewerage, water supply and stormwater are listed in the Schedule of Fees and Charges
- Council does not collect development contributions

1. Purpose

To outline the approach Council uses for assessing any financial contributions to help provide appropriately for reserves, network infrastructure, and/or community infrastructure.

2. Background

Development contributions are levied under the Local Government Act 2002. Financial contributions are levied under the Resource Management Act 1991 and are stipulated in the District Plan. These provisions in the plan were consulted in the review of the District Plan in 2011/12, which have yet to become operative. The provisions in this plan are unchanged provisions from the current operative District Plan.

Council has considered its options for funding new assets under its Revenue and Financing Policy and applied that through the Long Term Plan. This policy summarises the assets that are proposed to be purchased or developed in the Long Term Plan 2012-22 and how they are funded.

The revenue expected to be collected over the next 10 years is reconciled to the Financial Statements in the Long Term Plan as are the movements in the Financial Contributions Reserves.

3. Scope

The policy is applied by Council's Planning and Regulatory Department, in order to assess if any contributions are required, according to the District Plan.

4. Responsibility

Responsibility to implement this policy lies with Council's Planning and Regulatory Department.

5. Policies

5.1. Capital Expenditure for Growth

The following table lists the capital expenditure for growth, for each Activity Group. The table also shows the funding sources for these assets which Council has budgeted for in the Long Term Plan.

Activity	Description	2012/22 Total Amount	Funding Source
Cemetery	Cemetery Extension	$65,000	Rates
Parks and Public Spaces	Playground Extension	$15,000	Financial Contributions Reserve
Urban Water Supply	New Well	$310,000	Debt/Rates

All financial contributions collected are placed in one of the RMA contributions Reserves and are allocated by Council resolution or through a Long Term or Annual Plan.

5.2 Funding Needs Analysis

These projects have been funded in accordance with Council's Revenue and Financing Policy, as contained in the Long Term Plan 2012-22.

Section 101(3) of the LGA 2002 requires that the following be considered:

The funding needs of the local authority must be met from those sources that the local authority determines to be appropriate, following consideration of,-

a) in relation to each activity to be funded,-

(i) the community outcomes to which the activity primarily contributes; and

(ii) the distribution of benefits between the community as a whole, any identifiable part of the community, and individuals; and

(iii) the period in or over which those benefits are expected to occur; and

(iv) the extent to which the actions or inaction of particular individuals or a group contribute to the need to undertake the activity; and

(v) the costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities; and

b) the overall impact of any allocation of liability for revenue needs on the current and future social, economic, environmental, and cultural well-being of the community.

Responses to these requirements in relation to the Financial Contributions Policy are:

Community outcomes

This policy contributes to:

- District has assets that provide recreation and leisure choice
- Our services, infrastructure and environment maintains quality of life
- A District that provides infrastructure for economic activity.

Distribution of benefits

Council apportions all capital expenditure into the classifications of growth, renewal, and level of service, by the areas of benefit. This apportionment represents the distribution of benefit to the community as a whole, to identifiable parts of the community and to individuals.

Period over which the benefits are expected to occur

Once a financial contribution has been paid in relation to a subdivision or development, the benefits of the asset, service, or environmental enhancement is expected to be on going and should occur indefinitely.

Action or inaction that contributes to the need for this activity

The provision of assets, services, or environmental standards that promote the community outcomes may not be willingly provided by the development community. In addition Council is often the only viable supplier (often legally required to provide services) of these services and therefore Council has a moral and legal obligation to supply additional assets, services to meet the new community needs.

Costs and benefits of funding this activity

The benefits to the existing community are significantly greater than the cost of policy making, calculations, collection, accounting and distribution of funding for development and financial contributions.

Allocation of liability for revenue needs

The liability for revenue falls directly with the development community. At the effective date of this policy, Council does not perceive any impact on the social, economic, environmental and cultural well-being of this particular sector of the community. At any stage in the future where there may be impacts of this nature, Council may revisit this policy.

5.3 Overview of financial, open space and esplanade provisions

The terms by, and for, which financial contributions are charged are specified in the District Plan. The following provides a high level summary of those most common provisions. For full understanding of these provisions they must be read in the context of District Plan and Resource Management Act 1991.

Extracted from the Waimate District Council District Plan, issued 17th October, 2001.

References are to the District Plan document.

Activity Development	Subdivision	Residential, Commercial, Industrial, Recreational, Community, Visitor Accommodation, Utility Development Valued $1 Million	Any Industrial, Service, Commercial, Recreational, And Community Activities And Visitor Accommodation
Financial Contributions			
Provision and Maintenance of Land and Facilities for Open Space and Recreation.	Cash contribution for residential subdivision 5% average value (Rule 7f) Process :- Specified as a condition of the subdivision consent. If wish to pay less then a discretionary activity.	Cash contribution 5% value (Rule 9c) Process :- Payable at time of up-lifting building consent. If wish to pay less then a discretionary activity.	
Stormwater Disposal	Financial contribution can be required for stormwater disposal including connection fees (Rule 3a Pg. 10/23 Process :- Conditional on subdivision consent		Contributions required if exceed existing coefficient. Process:-Determined through separate Controlled Activity resource consent. Assess amount on the basis of 8h (10/42-43)
Water Supply	Financial contribution for water supply including connection fee but excluding capital contributions (Rule 3a Pg. 10/23) Process :- Conditional on subdivision consent.		Contributions required if connecting to reticulated supply with pipes > 25mm. Process:- Amount determined by Controlled Activity resource consent. Amount assessed on basis of 8g (pg. 10/41-42)
Sewage Disposal	Financial contribution for sanitary sewage provision including connection fees, but excluding capital contributions (Rule 3a Pg. 10/24) Process :- Conditional on subdivision consent.		Contribution required if need connection to reticulated system (other than from staff ablutions). Process :- Determined through Controlled Activity resource consent. Amount assessed on basis of 8(i) (pg. 10/44-45).
Property Access	Financial contribution for property access other than as provided in rule 7b (Rule 3a Pg. 10/22) Process :- Conditional on subdivision consent.		Contribution required for road widening, construction and/or formation where access doesn’t meet standards in 7b. Process :- Determined through Controlled Activity resource consent. Amount to be assessed on the basis of 8d (pg. 10/36-39).

Activity Development	Subdivision	Residential, Commercial, Industrial, Recreational, Community, Visitor Accommodation, Utility Development Valued $1 Million	Any Industrial, Service, Commercial, Recreational, And Community Activities And Visitor Accommodation
Esplanade Provision	Esplanade strip of 20m required in Rural Zone on listed rivers (Rule 7c (i). Esplanade strip or reserve may be required for lots > 4ha depending on volumes (Rule 7c (iii)) Esplanade strip of 20m required in Rural Zone where lot less than 4ha and adjoining coast, lake or river (Rule 7c (iv)). Process :- Specify as a condition of subdivision consent.		Possible esplanade provision for lots less than 4ha adjoining coast, lake or rivers. Process :- Controlled Activity resource consent (Rule 9d (v)).

Financial Policy 407 - Rates Remission Policy

1. Qualification
The Rates Remission policy of Council is adopted pursuant to sections 102 (5), and 109 of the Local Government Act 2002.

2. Purpose
The purpose of this policy is to provide rates relief through remissions to enable a fairer allocation of rates having regard to the districts social, cultural, environmental and economic wellbeing. Parts of this policy extends the non-rateable provisions of schedule 1 of the Local Government (Rating) Act 2002. This policy applies to the following types of rating units:

- Community and Cultural organisations
- Halls and Community Centres
- Sporting Clubs
- Land upon which the occupier has voluntarily preserved or enhanced natural, historical or cultural features
- Deceased estates
- Civic Amenities Rate on Glenavy River Camp and Pareora River Huts
- Rural land within the General Rate Urban Differential boundary
- Properties classified as Urban, that were previously classified as Rural, following the 2011/12 review of the Urban rating boundary
- Pensioner Housing
- Natural Calamity or Fire
- Penalties upon rates in circumstances where the ratepayer has agreed to and abided by the terms of an arrangement acceptable to Council
- Rates Penalty

3. Scope
This policy applies to any rate charges remitted by Council.

4. Responsibility
This policy shall be implemented by Council's Support Services Manager and Rates Officer. Council may from time to time resolve to confirm the applicability of a new applicant in terms of this policy

5. Specific Policies

5.1 Halls And Community Centres - Waimate Urban Ward
Council will remit 50% of the General Rates and 50% of the Sewer Charge for all qualifying Halls and Community Centres within the Waimate Urban Ward. These Halls and Community Centres are identified as follows:

Church	
Presbyterian Church & Hall	Shearman Street.
Jehovah's Witness Church & Hall	Leonard Street.
Assembly of God Church & Hall	Queen Street.
Salvation Army Church & Hall	Queen Street.
Methodist Church & Hall	Glasgow Street.
Catholic Church	Timaru Road
Anglican Church	John Street
Catholic Church	St Andrews
Vintage Car Club	Harris Street.
Waimate Bridge Club	Augustine Street.
Waimate Croquet Club	Shearman Street.
Waimate Senior Citizens Club	Shearman Street.
Public Halls	
Silver Band Hall	High Street.
Highland Pipe Band	Paul Street.
St Augustine Masonic Lodge Hall	Leonard Street.
St John Hall / Rooms	Shearman Street.

Liquor Licences
Council will not provide any remission of rates on clubs and organisations holding a liquor licences.

This remission will be funded from within the General Rate Urban, Water Scheme Urban, or Sewer Rate as appropriate.

5.2 Halls & Community Centres Outside of the Waimate Urban Rating Area Qualifying for Rates Remissions
Council will remit 50% of the General Rate on the following qualifying Halls and Community centres outside of the Waimate Urban rating area:

Arno Hall	Arno
Atwell Park Scout Camp	Kelceys Bush
Blue Cliffs Hall	Blue Cliffs
Cattle Creek Hall	Cattle Creek
Glenavy Hall	Glenavy
Hook Hall	Hook
Hunter Hall	Hunter
Ikawai Hall	Ikawai
Lyalldale Hall	Lyalldale
Makikihi Hall	Makikihi
Maungati Church & Hall	Maungati Clubs
Otaio Hall	Otaio
St Andrews Hall	St Andrews
Southburn Hall	Southburn
Studholme Hall	Studholme
Waituna Hall	Waituna
Waihaorunga Hall	Waihaorunga
Willowbridge Hall	Willowbridge

This remission will be funded from within the General Rate Rural, or Water Scheme Rural as appropriate.

5.3 Regent Theatre
Council will remit all rates on the Regent Theatre excluding that portion which is leased to a private concern.

This remission will be funded from within the General Rate Urban, Water Scheme Urban, or Sewer Rate as appropriate.

5.4 Land Upon which the Occupier has Voluntarily Preserved or Enhanced Natural Historical or Cultural Features

Council will grant full remission of the General Rate where application is made to Council and Council is satisfied that the owner of the land has voluntarily preserved or enhanced natural, historical or cultural features of the land. Council may also consider the extent to which public access to the land is provided by the landowner and the extent to which commercial gain is derived by the landowner.

This remission will be funded from within the General Rate Urban, or General Rate Rural as appropriate.

5.5 To Provide for Remission of Rates Penalties in Certain Circumstances where the Ratepayer is a Deceased Estate

In order to codify a reasonable and long standing custom and practice, Council resolves that in the case of a deceased estate, upon receipt of a letter from a Solicitor who has been granted probate, that while the winding up of the affairs of the estate are in progress and that Council may expect full payment of rates charges outstanding within three months from the date of the letter, Council may remit rates penalties from time of death.

This remission will be funded from within the rate type where the remission is granted.

5.6 Civic Amenities Rates Remission on Glenavy Fishing Camp and Pareora River Huts

This remission provides relief to Glenavy Fishing Camp and Pareora River Huts recognising their special circumstances and uniqueness within the District.

Council shall remit 75% of Civic Amenities Charges (per separately used or inhabitable part) at the Glenavy Fishing Camp, 449 Fisheries Road, Glenavy and Pareora River Huts, 1538 Pareora River Road. The level of remission will be reviewed at each LTP.

This remission will be funded from within the Civic Amenities Rate Rural.

5.7 General Rate Remission – Urban Differential

This remission provides relief to large property owners within the general rate urban area boundary that would otherwise make an unfair contribution to the rates allocated to the urban area. This relief is given by remission to approximate the general rate rural differential.

Rating Units liable to be assessed on the General Rate Urban Differential that are greater than 20 hectares shall receive a partial remission of the general rate.

The remission will be calculated:
A. Capital value of rating unit divided by area of land.
B. Area of land greater than 20ha multiplied by A.
C. Generate Rate Urban Differential less General Rate Rural Differential.
D. Remission equals B multiplied by C.

This remission will be funded from within the General Rate Urban.

5.8 Properties classified as Urban, that were previously classified as Rural, following the 2011/12 review of the Urban rating boundary

This remission provides relief to those ratepayers affected by the 2011/12 Waimate Urban Boundary change for Rating purposes and are now classified as Urban, where previously they were classified as Rural.

Council shall remit 25% of the General Rate Urban for the 2012/13 Rating year, 16.5% of the General Rate Urban for the 2013/14 Rating year, and 8% of the General Rate Urban for the 2014/14 Rating year. Thereafter no remission will be granted.

This remission will be funded from within the General Rate Urban.

5.9 Pensioner Housing – Waimate District Council

This remission provides relief to Pensioner Housing recognising their special circumstances and uniqueness within the District.

Council shall remit 50% of Civic Amenities Charges (per separately used or inhabitable part) at the Pensioner Housing, 8 – 16 Kennedy Crescent, Waimate. The level of remission will be reviewed at each LTP.

This remission will be funded from within the Civic Amenities Rate Urban.

5.10 Rating Units affected by Natural Calamity or Fire

This remission provides relief to the ratepayer where there is significant loss incurred due to a natural calamity, such as earthquake, flood or wildfire, and fire (not deliberately lit by the owner, occupier or related party).

Council may, on written application, remit wholly or in part, any rate or charge, where in the opinion of Council or its delegate it is fair and reasonable to do so, taking account of the individual ratepayers circumstances and the impact on the district.

This remission will be funded from within the rate type where the remission is granted.

5.11 Penalties on Rates in Circumstances where the Ratepayer has agreed to and abided by the Terms of an “Arrangement” acceptable to the Waimate District Council

While any Ratepayer who has a repayment plan acceptable to Council and continues to make regular payments over defined periods of not greater than 18 months, Council will:

- Hold the charging of any further penalties and on completion of the payments as agreed between Council and the Ratepayer, remit in total the penalties as charged by Council.

This remission will be funded from within the rate type where the remission is granted.

5.12 Rates Penalty

That once every 5 years, a Ratepayer, provided he or she pays rates within ten working days of the instalment penalty due, be allowed automatic remission of penalties.

This remission will be funded from within the rate type where the remission is granted.

Democracy Policy 301 - Significance Policy

1. Purpose

The Waimate District Council endeavours to be open in its decision making, having taken into account the views of its community. The policy on significance details:

- The Waimate District Council's general approach to determining the significance of proposals and decisions in relation to issues, assets or other matters that have not been included in the Annual Plan and/or Long Term Plan consultation processes
- The thresholds and criteria to be used in determining the extent of significance
- The Waimate District Council procedures for making decisions
- The strategic assets of the Waimate District Council

If a proposal or decision is determined by this policy to be significant, the Council will engage and consult with the community before making a final decision.

2. General Approach

The Waimate District Council will use the following general approach to identify the significance of any proposal and decisions in relation to issues, assets or other matters by its likely impact on:

1. The well-being of the community and community outcomes
2. Those who will be directly and indirectly affected
3. The community's financial responsibilities

3. Thresholds and Criteria

The Waimate District Council will assess the significance threshold of a proposal or decision by having regard to:

- The communities which may by particularly affected and their response options
- The costs (financial and non-financial)
- Implications on Council's capacity to undertake its activities

The following financial thresholds are identified as significant:

1. Issues, proposals, or other matters that will incur more than 7.5% of total budgeted expenditure per group of activities and have not been provided for in the Annual Plan or Long Term Plan
2. Any transfer of ownership or control, or the construction, replacement or abandonment, of a strategic asset as a whole as defined by the Act or listed in this policy
3. Section 97 (Certain decisions to be taken only if provided for in Long Term Plan), Local Government Act 2002

The Waimate District Council will use the following criteria to determine the level of significance where a proposal or decision meets the significance threshold test:

Whether the decision flows logically and consequentially from a decision already incorporated into the Long Term Council Community Plan or Annual Plan. The closer the linkage, the lesser the significance.
Impact on Council's capacity to undertake its activity. The greater the impact on Council's capacity to function, the more significance it has.
The degree to which the decision can be reversed. The more irreversible the effects of a decision, the more significance it has.
Consistency with matters already consulted on. Where there is consistency with decisions where there has been consultation, the lesser the significance.
Practicality matters. Consideration of the cost of consultation, urgency of the matter and commercial/compassionate considerations.
Precautionary approach. The greater the level of uncertainty, the more significance it has.

4. Procedure

The Waimate District Council (or the relevant Committee) will consider the staff report with respect to proposals and decisions in relation to issues, assets or other matters that have not been included in the Annual Plan and/or Long Term Plan consultation processes. The report will include an assessment of whether the proposal, issue, decision or other matter is significant. Where the report concludes that the threshold and criteria tests have been triggered, the report will also include a statement addressing the appropriate decision making and consultation procedures under the Local Government Act.

5. Strategic Assets

Council considers the following assets to be strategic (Section 90, Local Government Act 2002), and therefore significant in ensuring Council's capacity to contribute towards Community Outcomes and the well-being of the community:

Strategic Assets
Regent Theatre (Subject to a transfer of ownership to the Waimate Regent Theatre Trust)
Waimate Public Library - building and collections
Resource Recovery Park
Parks and Reserves
Public Toilets
Roading Networks and connected infrastructure
Sewerage Networks and Treatment Plants
Norman Kirk Memorial Pool
Stormwater Networks
Water Treatment, Storage and Supply Networks
Pensioner Housing
Local Government Centre
Memorials
Cemeteries
Council Forests
Waimate Sports Stadium

Where a strategic asset has many components, decisions can be made on individual components within the whole without it being regarded as significant. Section 97, Local Government Act 2002 will only apply to any decision being made on a strategic asset as a whole or a major part thereof.

An amendment to the Long Term Plan will be required to construct, replace or abandon these assets, unless explicitly provided for in the document.

Statement on Involvement of Maori

Statement on Participation of Maori in the Decision-making Process

Requirements of the Local Govenment Act, 2002

The Local Government Act, 2002, requires all Councils to take specific actions with regard to Maori. The relevant sections of the Act are as follows:

The 'headline' provision referring explicitly to Maori is section 4. It reads:

> *In order to recognise and respect the Crown's responsibility to take appropriate account of the Principles of the Treaty of Waitangi and to maintain and improve opportunities for Maori to contribute to local government decision-making processes, Parts 2 and 6 provide principles and requirements for local authorities that are intended to facilitate participation by Maori in local authority decision-making processes.*

Section 14(1)(d) reads:

> *In performing its role, a local authority must act in accordance with …the principle that a local authority should provide opportunities for Maori to contribute to its decision-making processes.*

Section 77(1)(c) reads:

> *A local authority must in the course of the decision-making process, - …if any of the options identified under paragraph (a) involves a significant decision in relation to land or a body of water, take into account the relationship of Maori and their culture and traditions with their ancestral land, water, sites, waahi tapu, valued flora and fauna, and other taonga.*

Section 81(1) requires that a local authority must:

> *(a) Establish and maintain processes to provide opportunities for Maori to contribute to decision-making processes of the local authority; and*
>
> *(b) Consider ways in which it may foster the development of Maori capacity to contribute to the decision-making processes of the local authority; and*
>
> *(c) Provide relevant information to Maori for the purposes of paragraphs (a) and (b).*

Section 82(2) states:

> *A local authority must ensure that it has in place processes*
>
> *for consulting with Maori in accordance with subsection (1).*

Waimate District Council Initiatives

The Waimate District Council addresses these requirements by actively pursuing the following initiatives:

- The Council will work together with Maori organisations and individuals, to identify citizens who are considered to be Maori with an interest in the Community in accordance with the requirements of Section 81(1) of the Act. This includes all Maori, regardless of tribal affiliation, who reside in the District, who own land within the District or who have a recognised cultural affiliation with the District.

  This will also include Maori organisations that are directly involved in the interests of local Maori.

  This identified list of Maori will be maintained in partnership with local Maori groups.
- The Council will mail written advice of all issues to be referred to Community consultation to all Maori and organisations who have been identified as in the previous paragraphs, and where a postal address is known. This advice will include an overview of the proposals and instructions on registering submissions. This will be additional to all normal advertising methods employed for the community at large.
- The Council will take note of all issues that may have special importance to Maori as outlined in its Policy document 301, 'Significance Policy', and seek Community consultation on all matters that fit these criteria.
- The Council will continue to invite Maori participation by all Maori groups, in all meetings of its Community Panel which provides direct community advice to the Council elected members and staff.
- The Council will meet with representatives of Maori groups within the District at least twice a year, to discuss current issues and the progress of the Long-Term Council Community Plan. These meetings are in addition to other contact as part of the consultation process.
- The Council will provide meetings, on request, to explain current issues and proposals for consultation specifically for Maori groups, whenever practical considerations permit. These meetings can be, by request, limited to specific Maori group participation.
- The Council will continue to involve tangata whenua in all relevant deliberations with regard to the application of the Resource Management Act.

The Council will adhere to the basic principle that all its citizens are of equal importance in the community and are all part of that community. Accordingly, it will always strive to ensure that the interests of all its Maori citizens are fully addressed and considered in all decision-making processes and recognises the special need to ensure the capacity of Maori to play a full part in the decision-making process.