

YOUR COMMUNITY - YOUR COUNCIL
YOUR FUTURE

Draft Annual Plan 2020/21



CONTENTS

CONSULTATION DOCUMENT

Message from the Mayor	3
Financial Update	4
Rates, Debt & Investment Update	8
Our Place Balclutha Annual Plan Update	

SUPPORTING INFORMATION

Draft Rates Information 2020/21	13
Draft Financial Information 2020/21	45

KEY DATES & NEXT STEPS

We're keen to hear from you about the changes Council is proposing to make for the upcoming 2020/21 year compared to what we forecast for 2020/21, when we put together the 2018 Long Term Plan.

You can give us feedback by going to www.cluthadc.govt.nz/consultation and filling in the online form. There is also a form attached to this document.

Pass on your feedback by 25 March 2020, so that Council can consider this ahead of making final decisions for the Annual Plan 2020-21 at their meeting on 7 May 2020.

If you would like to speak in support of your submission, a hearing will be held at Council's Rosebank Office, 1 Rosebank Terrace on 16 April 2020.

Council will adopt the Annual Plan 2020-21 on 12 June 2020. It will take effect and apply from 1 July 2020.

For further supporting information check out the Consultation and Plans pages on our website www.cluthadc.govt.nz, or call 0800 801 350.

MESSAGE FROM THE MAYOR



MAYOR

Bryan Cadogan

In recent years the Clutha District Council has strived to initiate the necessary changes to ensure that our district maximises the opportunities that presently exist, while maintaining focus on providing more of the core services that legislation and the public demand.

This has required fundamental changes to how we operate and every step of the way we need the public to be aware of and have input into how we propose to implement these changes. This year's annual plan reflects the determination of council to further refine our overall strategy and direction and with so much at stake we would appreciate your assistance. So please take the time to consider what we are proposing and make sure you have your say.

This document outlines the key points, and for me the fact that we are continuing the positive momentum with more projects and spending, while containing the average rate rise to 3.61% is a crucial factor.

Pleasingly of the approximately \$32 million dollars we are proposing to spend on capital projects, almost \$26 million of this is on the core services, roads and the 3-waters (wastewater, stormwater and drinking water). Interestingly every single dollar that still attracts support from our roading partner NZTA is being allocated.

There are a combination of factors that allow us to make these necessary advances while not breaching

our self-imposed rates cap. Along with the constant search for greater efficiency we are now also committing to taking on external debt, as part of the intergenerational apportionment of cost for projects, that will benefit not only today's ratepayers but generations to come. Please be aware of our balance between investments of money we presently have, with the taking on of debt for projects.

Another highlight of this year's plan is that Lawrence and Kaitangata have their opportunity to develop community plans that highlight their unique flavour and hopes for the future. This has been a transformational process for other areas in the district that have already developed their plans and it is imperative that locals actively participate and get excited about the potential this process offers.

Council is presently in a rapid growth phase and is endeavouring to reflect the aspirations and needs of our District, consequently in recent years we have consulted at unprecedented levels, we need your feedback and advice, and look forward to hearing from you.

A handwritten signature in black ink, appearing to read 'B. Cadogan'. The signature is fluid and cursive, with a long, sweeping tail that extends to the right.

Bryan Cadogan
Mayor

FINANCIAL UPDATE

There are some differences between what was forecast for 2020/21 in the 2018 Long Term Plan, and the updated forecasts we are looking at now for the 2020/21 Annual Plan. The main variances are outlined in this section.

DRAFT PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE*

(All in \$000s)	Long Term Plan 2020/21	Annual Plan 2020/21	Overview of changes
Rates	27,730	27,920	
Rental Revenue	948	948	
Grants, Subsidies & Donations	9,670	9,982	1
Fees and User Charges	1,117	883	2
Other fees	464	1,227	2
Permits & Other Licences	621	756	
Other gains	1,599	1,219	
Other Income	9	9	
Interest Income	1,286	1,019	3
TOTAL REVENUE	43,444	43,963	
Employee Benefit Expense	6,879	7,837	4
Operating Expenditure	12,596	12,544	
Roading repairs and maintenance	6,540	5,952	5
Grants	1,432	1,363	
Finance Costs	697	470	
Depreciation and Amortisation	14,285	13,026	6
TOTAL EXPENDITURE	42,429	41,192	
Other Comprehensive Revenue & Expense	0	0	
TOTAL COMPREHENSIVE REVENUE & EXPENSE FOR THE YEAR	1,015	2,771	

* For further details refer to the Draft Financial Statements which are supporting information to this document.

OVERVIEW OF CHANGES

1 Grants, subsidies and donations

The main variation here is the timing of NZ Transport Agency financial assistance which is dependent on the build programme.

2 Fees and user charges and other fees

This mainly reflects increased activity in the building and resource consent activity.

3 Interest income

This reflects the drop in budgeted returns from the Nikko portfolio from a 5% forecast to 3.8%.

4 Employee benefit expense

Additional resourcing is proposed to enable the following:

- To improve contract supervision and responsiveness and follow-up for customer service requests.
- To focus on reducing water losses and assisting the public to reduce water loss. This may also need to be expanded once the proposed Water Services Bylaw is implemented, for support relating to trade waste discharge consenting and charging.
- To meet drinking water and compliance obligations, with more regulation now on the horizon.
- To assist with delivery of building regulatory functions such as a Compliance Schedule. This is to be funded from a combination of salaries and increases to fees and charges in the relevant areas.

Continues on
next page

5 Roothing repairs and maintenance

Reflects changes to the roading programme.

6 Depreciation and amortisation

Less building of assets than forecast has had a knock on reduction in depreciation and amortisation for the use of assets.

DRAFT PROSPECTIVE STATEMENT OF FINANCIAL POSITION*

(All in \$000s)	Long Term Plan 2021/21	Annual Plan 2020/21	Overview of changes
Current assets	31,690	31,109	1
Non-current assets	1,117,770	1,107,488	2
TOTAL ASSETS	1,149,460	1,138,597	
Current liabilities	4,952	7,401	
Non-current liabilities	22,580	23,277	3
TOTAL LIABILITIES	27,532	30,678	
EQUITY	1,121,928	1,107,919	
NET CURRENT ASSETS	26,738	23,708	

* For further details refer to the Draft Prospective Financial Statements which are supporting information to this document.

OVERVIEW OF CHANGES

1 Current assets

The main variation here is the removal of the roading metally stockpile from this updated forecast, and the removal of earlier budgets for KiwiBuild houses in Balclutha and Kaitangata.

2 Non-current assets

The main variation here is due to fewer forecast projects being built due to timing changes and other factors which impact on balances going forward.

3 Current liabilities

These are higher than forecast due to an increased asset build programme.

PROPOSED SCHEDULE OF FEES & CHARGES

The Annual Plan 2020/21 is also linked with the proposed updates to the Schedule of Fees and Charges 2020/21.

We encourage you to also refer to the statement of proposal information available about this, particularly for proposed trade waste charges.

You will find the Statement of Proposal for the Proposed Schedule of Fees & Charges 2020/21 on the Council website and it is also available at all Council offices. Submissions also close 25 March 2020.

RATES, DEBT & INVESTMENTS UPDATE

There are some differences between what was forecast for 2020/21 in the Long Term Plan 2018, and the updated forecasts we are looking at now for the proposed Annual Plan 2020/21 . The main variances are included in this section.

UPDATED DRAFT FORECASTS FOR RATES, DEBT & INVESTMENTS 2020/21

\$000	LTP 2018 Year 3 (2020/21)*	Annual Plan 2020/21	Difference
RATES			
Total (excluding penalties)	27,500	27,900	400
Forecast rates change (%)**	3.31%	3.61%	(0.3%)
Rates limit at 4%	27,700	27,807	107
DEBT			
Internal borrowing	41,800	45,400	3,600
External debt	21,800	23,307	1,507
External interest costs as a % of rates***	1.6%	1.68%	(0.08%)
Debt limit****	65,200	65,944	747
INTERNAL INVESTMENTS			
Closing balance	41,800	45,400	3,600
Interest earned	1,300	900	(400)
EXTERNAL INVESTMENTS			
Closing balance	26,200	26,986	786
Interest earned	1,300	1,019	(281)
Amount to off-set rates	800	840	40

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

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

Note: Internal debt and rates off-sets will be subject to review prior to finalising Annual Plan 2020/21 budgets.

Updated Internal Debt, Internal Investment & External Debt Forecasts

These variances are linked with progress of the 2020/21 capital programme, levels of expenditure and their flow-on impact.

Updated External Investment Forecast

The 2019/20 returns are higher than the LTP 2018 forecasts, giving a higher forecast opening balance at 1 July 2020, and a higher closing balance at 30 June 2021.

**An individual property's rates changes vary depending on its land value, capital value and the bundle of services received. Refer to the Draft Rates Information 2020/21 supporting document for examples of rating changes.

PROJECT UPDATES

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

Capital Programme Overall

Projected spend in 2020/21: \$32,172,000

The overall programme is forecast to spend \$32,172,000 in 2020/21. This compares to averages of approximately \$19M in previous years. The impact is in future years as loans start kicking in. It includes a total of approximately \$26M for infrastructure core services of which \$11.9M is roading and \$14M is for water, wastewater and stormwater. It can also be broken down into \$14M for increased levels of service, just over \$17M for renewals and \$0.8M for growth projects.

The risk that has been identified is Council's ability to complete such a large increase in capital Projects and the impact it would have on future years if the budgeted programme was not achieved. Staff will carry out further investigations of this risk over the consultation period and will provide the results and any proposed changes to the work programme as a submission to this Annual Plan.

Capital Carry-Forward Projects

Projected spend in 2020/21: \$9,700,000

Following on from the proposed capital programme overall spend of \$32M and the risk associated with not being able to complete the programme, \$9.7M of that programme is for projects carried forward from 2019/20, including \$5.19M of rural water treatment plant upgrades and renewals, \$3.5M of wastewater treatment plant upgrades and \$9,995,000 of stormwater upgrades and extensions

Biofiltro & Oxidation Pond Upgrade

Projected spend in 2020/21 \$960,000

Council's Biofiltro wastewater plants in Kaka Point, Stirling, Tapanui, Lawrence and Owaka have had significant non-compliance issues in 2019 including at times overflows from the oxidation ponds. This funding has been included as new work to meet our compliance and health obligations with respect to wastewater.

Milton Service Centre and Pool Development

Projected spend in 2020/21 \$1,515,000

Consultation on this project was carried out in 2019/20 and a decision was made to proceed with a combined Service Centre, Library and Pool on the site of the existing Service Centre and Library in Union Street. This project reflects that decision and the timing of spending for this multi-year project.

NEW PROJECT

District Plan Review

Projected spend in 2020/21 \$350,000

Consultation on this project was carried out in 2019/20 and a decision was made to carry out a whole of District Plan Review over two years rather than rolling reviews of parts of the District Plan as was done in previous years. This project reflects that decision and the timing of spending for this multi-year project.

NEW PROJECT

Clutha Community Hub








Following on from developing the Our Place Balclutha Community Plan this community-led project has now progressed to seeking feedback from the community and ratepayers about the future options and the cost of those options. Refer to the Our Place Balclutha update section in this document.

SCHEDULE OF PROJECTS

ANNUAL PLAN 2020-21

	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Roading Improvements		
Balclutha Streetscape (Stage 2)	240	240
Milton Main Street/Streetscape Project	731	731
Urban Seal Extensions	659	659
Low cost low risk roading improvements	221	186
Roading Renewals		
Unsealed Road Metalling	2,023	2,023
Sealed Road Resurfacing	2,937	2,937
Drainage Renewals	488	488
Pavement Rehabilitation	425	425
Structure Component Replacement	738	904
Traffic Service Renewals	272	196
Milton Main Street/Streetscape Project	244	244
Replacement of bridges and structures	-	1,050
Low cost low risk roading improvements	1,574	1,433
Footpath upgrades (renewals)	415	415








Key - Explanation of variances to the 2020/21 LTP:

	Change in amount
	New Project
	Carried forward from 2019/20 to 2020/21
	Change in timing over 3 year period for Roading projects
	Brought forward from 2020/21 to 2019/20 or to 2018/19
	Brought forward from a future year into 2020/21
	Project cancelled/deleted - no longer required

Continues on
next page

	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Urban Water Improvements		
Treatment Plant Upgrades	210	120
Commercial Meter Installation	200	-
Urban Water Loss Management	30	30
Milton to Waihola Pipeline - 70%	71	50
Urban Water - Small town water metering for meeting consent requirement	-	60
Urban Water Renewals		
Pipeline Renewals	540	340
Treatment Plant Renewals	65	65
Treatment Plant backwash tank inspections and renewals	45	45
District-wide Urban condition assessment of pipelines and modelling	-	20
Urban Water - Reconfigure water meter takes	-	40
Milton to Waihola Pipeline - 30%	30	21
Rural Water Improvements		
Treatment Plant Upgrades	-	3,190
Clydevale RWS - Additional Bore	-	150
Rural Water Renewals		
Treatment Plant Renewals	-	2,000
Booster Pump Station Renewals	200	200
Pipeline Renewals	957	211
Reservoir Tank Renewals and Assessments	711	711
Water Take Resource Consent Renewals	-	20

Key - Explanation of variances to the 2020/21 LTP:

-  Change in amount
-  New Project
-  Carried forward from 2019/20 to 2020/21
-  Change in timing over 3 year period for Roading projects
-  Brought forward from 2020/21 to 2019/20 or to 2018/19
-  Brought forward from a future year into 2020/21
-  Project cancelled/deleted - no longer required

Continues on next page

	LTP 2020/21 (\$'000)	AP 2020/21 (\$'000)
Sewerage Improvements		
Treatment Plant Upgrades	2,410	3,522
Biofiltro and Oxidation Pond Upgrade		960
Sewerage Renewals		
Network Renewals	40	40
Treatment Plant Renewals	25	25
Wastewater Pond Desludging	755	755
Pump Station Renewals	155	155
Sewer Modelling	-	80
Stormwater Renewals		
Network Renewals	-	-
Stormwater Improvements		
Stormwater Upgrades & Extension	445	995
Solid Waste Improvements		
Resource Recovery Park	325	325
Mount Cooe Landfill - Leachate Curtain - Stage 2	-	60
Investigation of leachates from abandoned landfills and associated permitting	-	150
Solid Waste Renewals		
Operational Consent Extensions	30	30







Key - Explanation of variances to the 2020/21 LTP:

	Change in amount
	New Project
	Carried forward from 2019/20 to 2020/21
	Change in timing over 3 year period for Roading projects
	Brought forward from 2020/21 to 2019/20 or to 2018/19
	Brought forward from a future year into 2020/21
	Project cancelled/deleted - no longer required

Continues on
next page

Community Service Improvements		
Milton Service Centre Library Pool Community Facility - Service Centre/Library Component	-	419
Milton Service Centre Library Pool Community Facility - Pool Component	-	1,096
Parks and Reserves - Proposed upgrades	276	166
Cemeteries - Proposed upgrades	2	32
Balclutha & Milton Destination Toilets	-	350
Community Services Renewals		
Camping Ground Renewals	9	-
Swimming Pool Renewals	14	14
Community Hall Renewals	1,964	1,600
Library Renewals	113	113
Community Centre Renewals	10	10
Community Housing Renewals	200	200
Parks and Reserves Renewals	-	-
Public Toilet Renewals	-	-
Sports Grounds Renewals	4	4
Internal Services		
Information Services	35	380
Administration Office	50	445
Vehicle Renewals	240	240
District Plan Review	-	350

Key - Explanation of variances to the 2020/21 LTP:

	Change in amount
	New Project
	Carried forward from 2019/20 to 2020/21
	Change in timing over 3 year period for Roading projects
	Brought forward from 2020/21 to 2019/20 or to 2018/19
	Brought forward from a future year into 2020/21
	Project cancelled/deleted - no longer required

DRAFT RATES

CONSULTATION DOCUMENT FOR THE ANNUAL PLAN 2020/21 - SUPPORTING INFORMATION



RATING BASE INFORMATION

OVERALL RATES CHANGE

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

(\$000)	LTP FORECAST 2020/21	ANNUAL PLAN 2020/21
Total	27,500	27,900
Change	3.31%	3.61%

The rates revenue received by Council will increase by 3.61% which is higher than the 3.31% forecast in the LTP 2018. Refer to the rating examples that follow for examples of what impacts ratepayers in each of the rating areas might expect in 2020/21.

FORECAST RATING UNITS AS AT 30 JUNE 2021

AS AT 30 JUNE 2021	LTP FORECAST 2020/21	ANNUAL PLAN 2020/21
Number of rating units	11,190	11,185

PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2019/20	LONG TERM PLAN 2020/21	ANNUAL PLAN 2020/21
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	2,980	2,902	2,847
Targeted rates	23,865	24,827	25,073
Subsidies and grants for operating purposes	3,783	4,020	3,949
Fees and charges	3,058	3,180	883
Interest and dividends from investments	1,264	1,286	1,019
Fuel tax, infringement fees and other receipts	1,742	1,776	4,160
TOTAL SOURCES OF OPERATING FUNDING	36,692	37,993	37,931
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	27,687	27,479	27,410
Finance Costs	474	697	470
Other operating funding applications	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	28,161	28,176	27,880
SURPLUS (DEFICIT) OF OPERATING FUNDING	8,531	9,817	10,051

Continues
on next page

PROSPECTIVE FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)

	LONG TERM PLAN 2019/20	LONG TERM PLAN 2020/21	ANNUAL PLAN 2020/21
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	6,639	5,452	6,033
Development and financial contributions	0	0	0
Increases in debt	9,300	7,500	15,000
(Debt repayments)	-310	-720	-1,164
Gross proceeds from sale of development property	500	0	1,500
Lump sum contributions	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	16,129	12,231	21,369
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	0	75	790
Capital expenditure to improve level of service	7,813	6,716	13,998
Capital expenditure to replace existing assets	16,241	15,074	17,384
Increase (decrease) in reserves	168	-264	88
Increase (decrease) in investments	438	446	-840
TOTAL APPLICATIONS OF CAPITAL FUNDING	24,660	22,047	31,420
Surplus (deficit) of capital funding	(8,531)	(9,817)	(10,051)
FUNDING BALANCE	0	0	0

DETAILED DESCRIPTION OF RATE FUNDING MECHANISMS

PROPOSED RATES TO BE SET FOR THE YEAR COMMENCING 1 JULY 2020 AND ENDING 30 JUNE 2021
ALL MONETARY VALUES DISCLOSED ARE INCLUSIVE OF GST.

DEFINITIONS

UAGC - A' Uniform Annual General Charge'

is a rate set at a fixed amount across the district and which every rateable SUIP pays.

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

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

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

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

COMMUNITY LEADERSHIP

Community Board Targeted Rate

	FIXED CHARGE (\$ PER SUIP)	TOTAL AMOUNT TO BE COLLECTED (\$)
West Otago Community Board	68.10	84,100
Lawrence/Tuapeka Community Board	124.00	118,100
TOTAL		202,200

COMMUNITY BOARDS

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

community board area as per the table above:

WEST OTAGO HEALTH TRUST

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

catchment area, which mirrors the West Otago Community Board boundaries. The rate is set to fund repayment of loans taken out for Council's grant to West Otago Health for the construction of their facility in Tapanui. The rate is set as a fixed charge of \$72.70 per SUIP. The total amount to be collected is \$90,700.

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Continues from
previous page

ACTIVITY	AMOUNT (\$) PER UAGC	TOTAL AMOUNT TO BE COLLECTED (\$)
Council	113.40	1,208,600
Economic development	79.50	847,200
Community support	38.10	406,200
Culture and heritage	22.80	243,000
District wide main street	7.00	74,800
Parks, reserves, sportsgrounds and playgrounds	51.50	549,000
Halls & community centres	23.90	254,700
Swimming pools	71.90	766,500
I-Site	24.50	261,200
Service Centres & Libraries	150.30	1,601,600
Cross Recreation Centre	9.90	105,400
Animal Control	7.00	74,100
Emergency Services	16.10	171,400
Cemeteries	19.30	205,400
Public conveniences	28.40	302,900
Environmental health	15.20	162,400
Rural fire	0.50	5,400
Waste Minimisation	7.60	81,400
SUB TOTAL	686.90	7,321,200
Income		
Property including Camping Grounds	21.00	224,100
General - Petrol Tax and Penalties	135.00	1,438,300
Investment Income	23.40	251,300
SUB TOTAL	179.40	1,913,700
TOTAL	507.50	5,407,500

Council has set a 'UAGC' of \$507.50 on each rateable separately used or inhabited part of a rating unit (SUIP) in the district.

The amount to be collected is \$5,407,500.

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

DISTRICT ROADING

Council has set a 'District Roding' rate on every rateable rating unit in the district. The rate is 0.041991 cents per \$1 of capital value and funds approximately 37% of Councils share of the cost of providing operating and managing the local roading network, including roads, bridges, streetscapes and footpaths.

The amount to be collected is \$3,380,100.

LOCAL ROADING

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

The amount to be collected is \$5,755,600.

NEW FOOTPATHS

Council has set a 'New Footpath Rate' to fund repayment of loans taken out to provide new footpaths. The total to be collected is \$226,500.

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

LOCAL ROADING TARGETED RATE

	TARGETED FIXED CHARGE (\$) PER SUIP	CENTS PER \$ OF LAND VALUE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	70.40	0.17686	425,400
Clinton	70.40	0.83565	40,800
Heriot	70.40	0.24665	7,200
Kaitangata	70.40	0.77500	116,500
Kaka Point	70.40	0.08065	47,400
Lawrence	70.40	0.25967	73,300
Milton	70.40	0.16294	165,800
Owaka	70.40	0.41957	42,800
Papatowai	70.40	0.06593	13,700
Pounaweia	70.40	0.09583	14,300
Stirling	70.40	0.25449	31,100
Taieri Mouth	70.40	0.08732	42,700
Tapanui	70.40	0.40103	63,600
Waihola	70.40	0.05675	31,400
Rural	57.50	0.08690	4,639,600
TOTAL			5,755,600

NEW FOOTPATHS TARGETED RATE

	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	47.70	105,600
Clinton	15.20	2,800
Kaitangata	18.20	7,900
Kaka Point	28.30	8,100
Lawrence	13.70	5,100
Milton	72.10	79,400
Owaka	42.70	8,600
Stirling	24.50	3,700
Tapanui	11.30	5,300
Waihola	0.00	0
TOTAL		226,500

URBAN WATER SUPPLY

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

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

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

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

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

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

Restricted water rates will be charged to a serviced or serviceable SUIP where a small flow is supplied through a flow control device, and storage is provided by the customer to cater for the customer's demand fluctuations.

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

The total amount to be collected is \$3,737,000.

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

URBAN WATER SUPPLY TARGETED RATE

	FIXED CHARGE (\$) PER SERVICABLE SUIP	FIXED CHARGE (\$) PER SERVICED SUIP	SCHEME TYPE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	660.50	330.25	On-demand	1,495,700
Benhar	660.50	N/A	On-demand	34,300
Clinton	561.50	280.75	Restricted	101,400
Kaitangata	660.50	330.25	On-demand	290,600
Kaka Point	561.50	280.75	Restricted	145,100
Lawrence	660.50	330.25	On-demand	251,300
Milton	660.50	330.25	On-demand	699,100
Owaka	561.50	280.75	Restricted	137,600
Stirling	660.50	330.25	On-demand	104,700
Tapanui	660.50	330.25	On-demand	336,500
Waihola	561.50	280.75	Restricted	140,700
TOTAL				3,737,000

RURAL WATER SCHEMES

Council has set 'Rural Water Scheme' rates to fund the operation, maintenance and capital expenditure for individual rural water schemes areas that are primarily for stock but also for domestic consumption. The total amount to be collected is \$5,666,500. The rates are set as a fixed charge for each unit (one m3 of water per day) of water supplied, as per the table to the right:

SEWERAGE UPGRADE SUPPORT

Council has set a 'District Sewerage Upgrade Support' rate on every rateable rating unit in the district. This will be used to fund 10% of capital costs of treatment upgrades, investigations into establishing new sewerage schemes and reticulation extensions and improving sewage disposal from existing systems. The rate is 0.001691 cents per \$1 of capital value. The amount to be collected is \$136,000.

SEWERAGE

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

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

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

The total amount to be collected is \$2,741,900.

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

Rural Water Scheme Targeted Rate

	FIXED CHARGE (\$) PER UNIT SUPPLIED	TOTAL AMOUNT TO BE COLLECTED (\$)
Balmoral 1	322.10	244,100
Balmoral 2	327.40	516,200
Clydevale/Pomahaka	382.90	895,300
Glenkenich	326.20	668,000
Moa Flat	218.60	570,600
North Bruce	285.90	550,600
Richardson	309.30	776,400
South Bruce	180.40	277,300
Tuapeka	475.00	767,100
Waipahi	245.40	203,900
Wangaloa	474.70	197,000
TOTAL		5,666,500

Sewerage Targeted Rate

	FIXED CHARGE (\$) PER SERVICED SUIP	FIXED CHARGE (\$) PER SERVICED SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha (including Benhar)	482.10	241.05	1,093,600
Clinton	482.10	241.05	88,000
Heriot	482.10	N/A	36,600
Kaitangata	482.10	241.05	192,600
Kaka Point	482.10	241.05	126,300
Lawrence	482.10	241.05	165,600
Milton (including Tokoiti)	482.10	241.05	521,900
Owaka (including Pounaweia)	482.10	241.05	112,300
Stirling	482.10	241.05	70,900
Tapanui	482.10	241.05	224,200
Waihola	482.10	241.05	109,900
TOTAL			2,741,900

SEWERAGE LOAN RATES

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

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

STORMWATER

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

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

The total amount to be collected is \$932,500. The rate for each scheme is shown in the table to the right:

SEWERAGE CAPITAL TARGETED LOAN RATE

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

STORMWATER TARGETED RATE

	FIXED CHARGE (\$) PER FULL SERVICED SUIP	FIXED CHARGE (\$) PER LIMITED SERVICED SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	162.40	81.20	351,800
Clinton	162.40	81.20	29,300
Heriot	162.40	81.20	11,400
Kaitangata	162.40	81.20	66,900
Kaka Point	162.40	81.20	41,800
Lawrence	162.40	81.20	53,100
Milton	162.40	81.20	158,600
Owaka	162.40	81.20	33,000
Pounawea	162.40	81.20	15,300
Stirling	162.40	81.20	23,500
Taieri Mouth	162.40	81.20	37,800
Tapanui	162.40	81.20	72,100
Waihola	162.40	81.20	37,900
TOTAL			932,500

COMMUNITY FACILITIES

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

The amount to be collected is \$1,733,500.

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

Community Facilities Targeted Rate

COMMUNITY RATING AREA	FIXED CHARGE PER SUIP (\$)	TOTAL AMOUNT TO BE COLLECTED (\$)
Bruce	125.40	328,000
Catlins	42.30	39,600
Clinton	64.70	38,300
Lawrence Tuapeka	88.70	79,200
Lower Clutha	268.70	1,206,100
West Otago	35.30	42,300
TOTAL		1,733,500

SOLID WASTE MANAGEMENT

A 'Waste Management' rate has been set to fund waste collection and disposal services. This rate is set as a fixed charge of \$134.80 per pair of wheelie bins provided to each SUIP.

The amount to be collected is \$834,200.

DISTRICTWIDE ASSETS

Council has set a 'Districtwide Facilities' rate on every rateable rating unit in the district. This will fund approximately 50% of the costs of public toilets. The rate is 0.003780 cents per \$1 of capital value.

The amount to be collected is \$302,900.

PLANNING/REGULATORY

Council has set a 'Planning/Regulatory' rate on every rateable rating unit in the district. This will part-fund resource management, building control, compliance and liquor licensing. The rate is 0.011376 cents per \$1 of capital value.

The amount to be collected is \$915,700.

VOLUNTARY TARGETED RATE SCHEMES

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

These voluntary targeted rates are subject to an agreement between the ratepayer and Council, and

the application of a specified interest rate (currently 2.5%), over a specified timeframe (currently between 3 to 5 years).

The rate is set as a targeted rate for each rating unit in the Clutha District Voluntary Targeted Rate Scheme. As at 1 July 2020 specific schemes and amounts to be collected are:

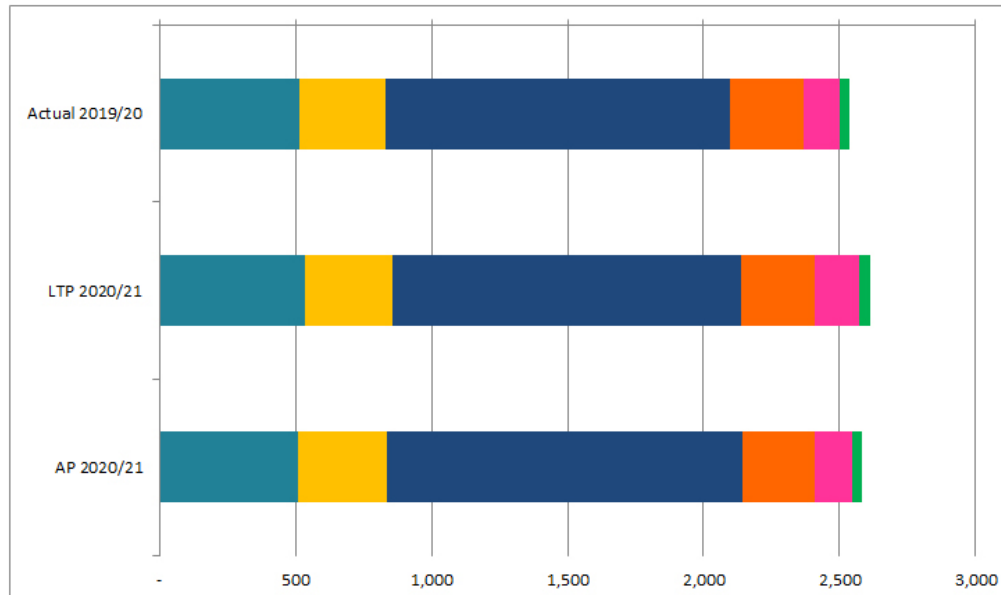
VOLUNTARY TARGETED RATE	TOTAL AMOUNT TO BE COLLECTED (\$)
Dust Suppression	31,600
Warm Air Clean Homes	103,000
Cosy Homes	11,600
Sewerage Connection	4,900
Total	151,100

RATING EXAMPLES

RATES EXAMPLE - BALCLUTHA

Residential - Balclutha

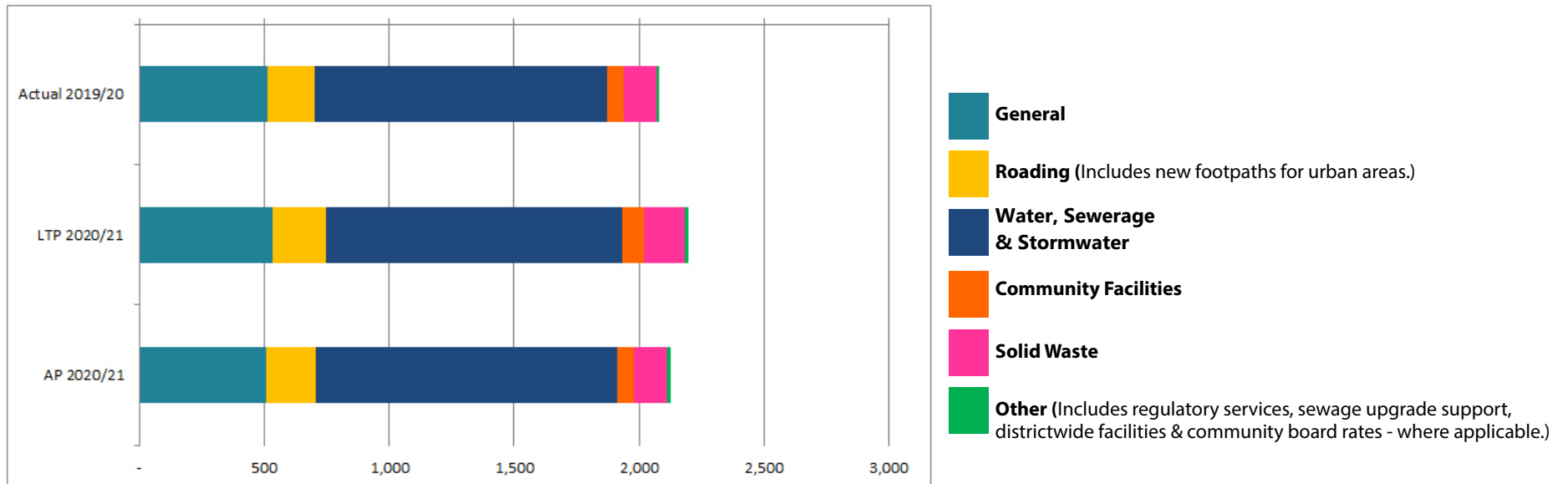
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 62,000			
Capital Value 240,000			
General (UAGC)	512	533	507
Roading	318	324	329
Water, Sewerage & Stormwater	1,268	1,279	1,305
Community Facilities	269	273	269
Solid Waste	134	165	135
Other	37	38	40
TOTAL	\$2,538	\$2,611	\$2,585



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

RATES EXAMPLE - CLINTON

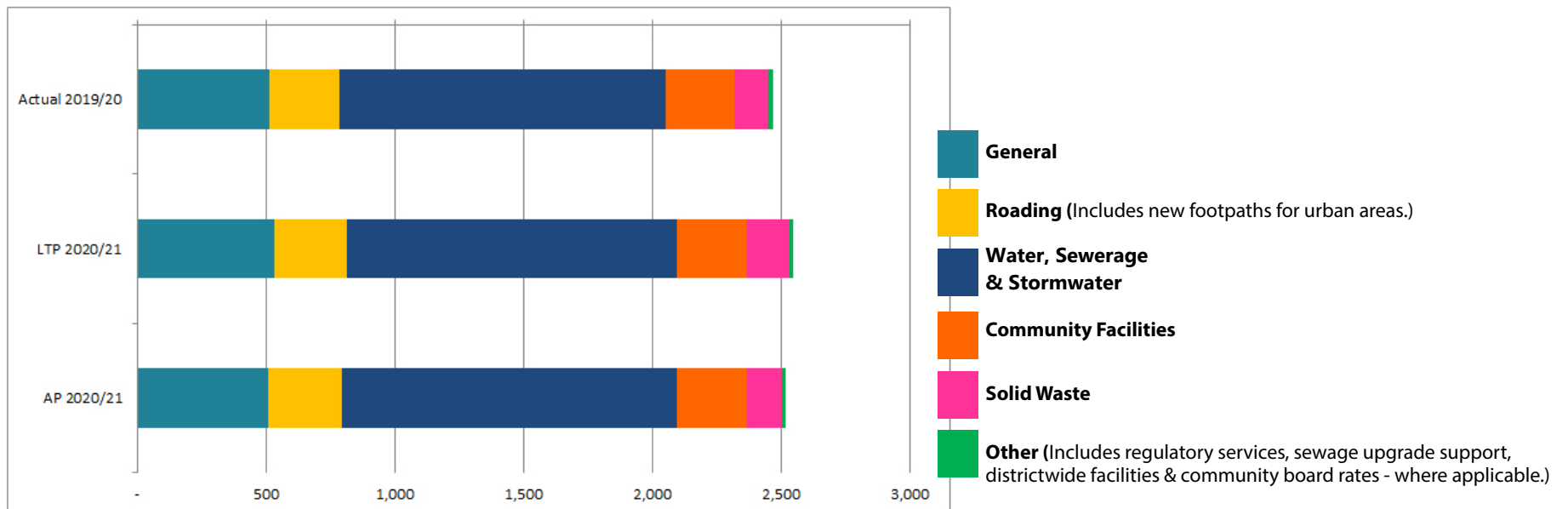
Residential - Clinton	2019/20	2020/21	2020/21
Land Value 9,000	(ACTUAL)	(LTP	(AP
Capital Value 90,000		FORECAST)	FORECAST)
GENERAL (UAGC)	512	533	507
ROADING	187	214	199
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,206
COMMUNITY FACILITIES	64	88	65
SOLID WASTE	134	165	135
OTHER	14	14	15
TOTAL	\$2,083	\$2,199	\$2,127



RATES EXAMPLE - KAITANGATA

Residential - Kaitangata

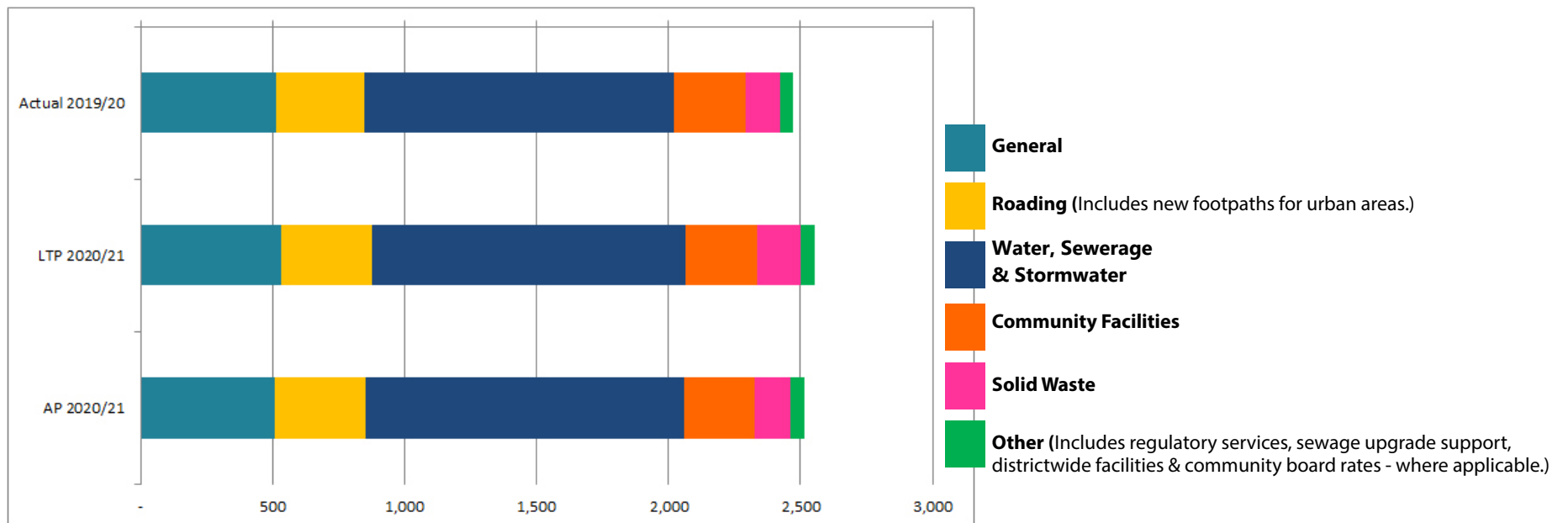
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 20,000			
Capital Value 101,000			
GENERAL (UAGC)	512	533	507
ROADING	271	282	286
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	134	165	135
OTHER	16	16	17
TOTAL	\$2,469	\$2,547	\$2,519



RATES EXAMPLE - KAKA POINT

Residential - Kaka Point

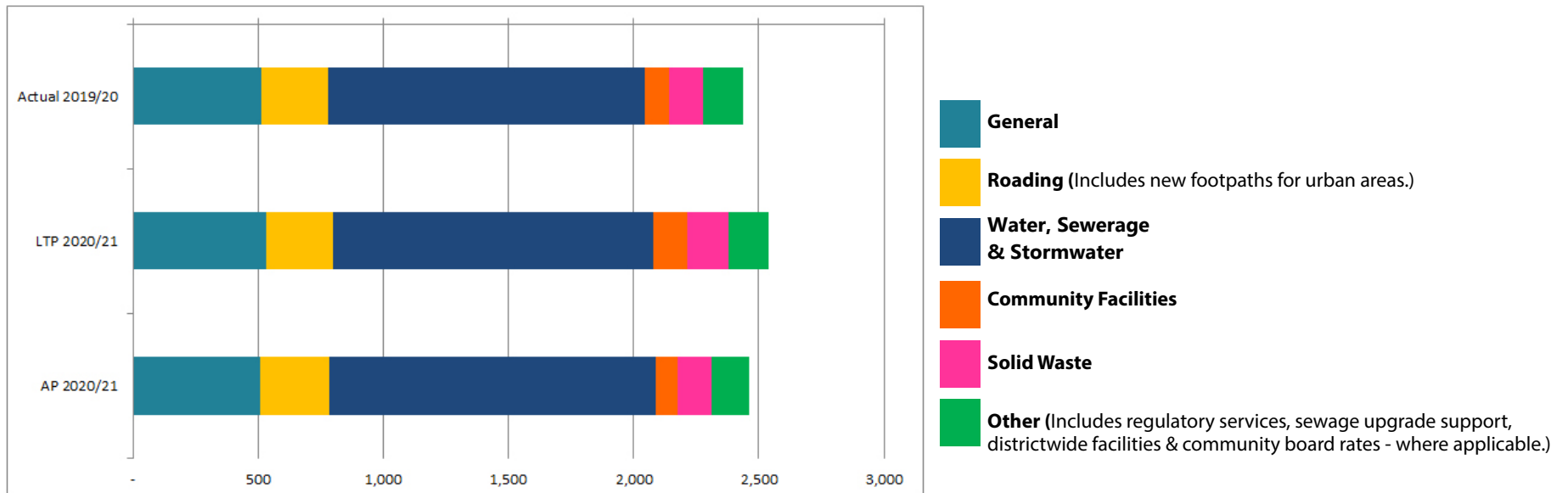
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 140,000			
Capital Value 320,000			
GENERAL (UAGC)	512	533	507
ROADING	337	345	346
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,206
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	134	165	135
OTHER	50	50	54
TOTAL	\$2,473	\$2,551	\$2,517



RATES EXAMPLE - LAWRENCE

Residential - Lawrence

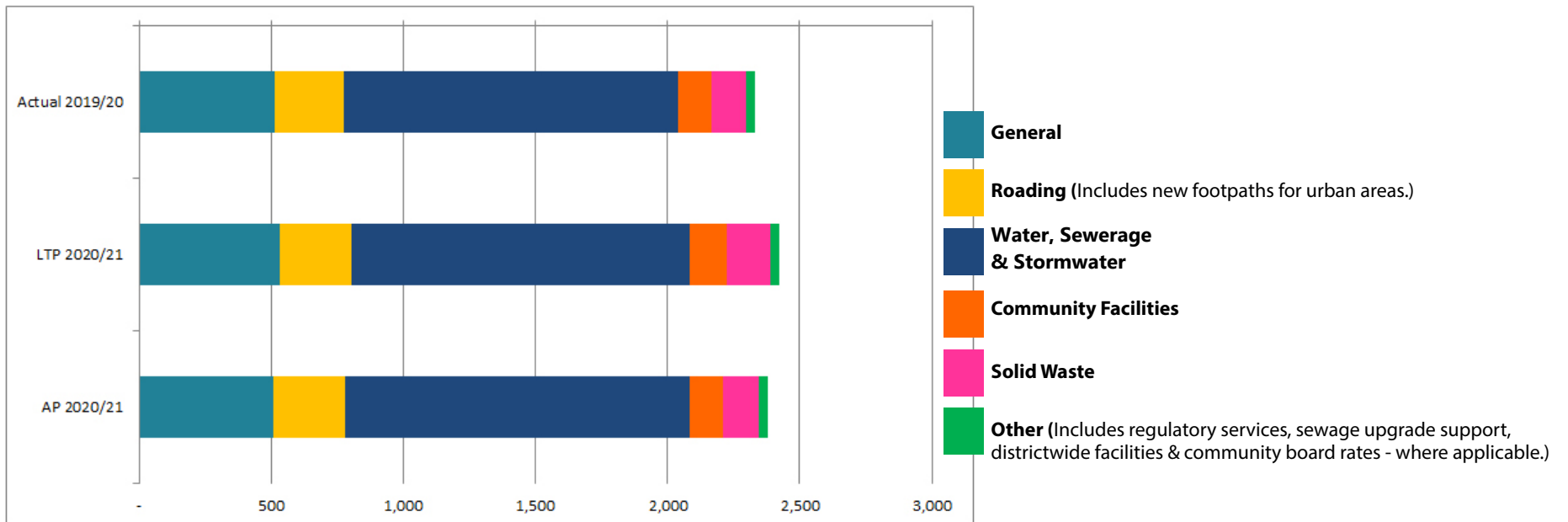
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 46,000			
Capital Value 170,000			
GENERAL (UAGC)	512	533	507
ROADING	266	267	275
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	98	135	89
SOLID WASTE	134	165	135
OTHER	158	162	153
TOTAL	\$2,435	\$2,541	\$2,463



RATES EXAMPLE - MILTON

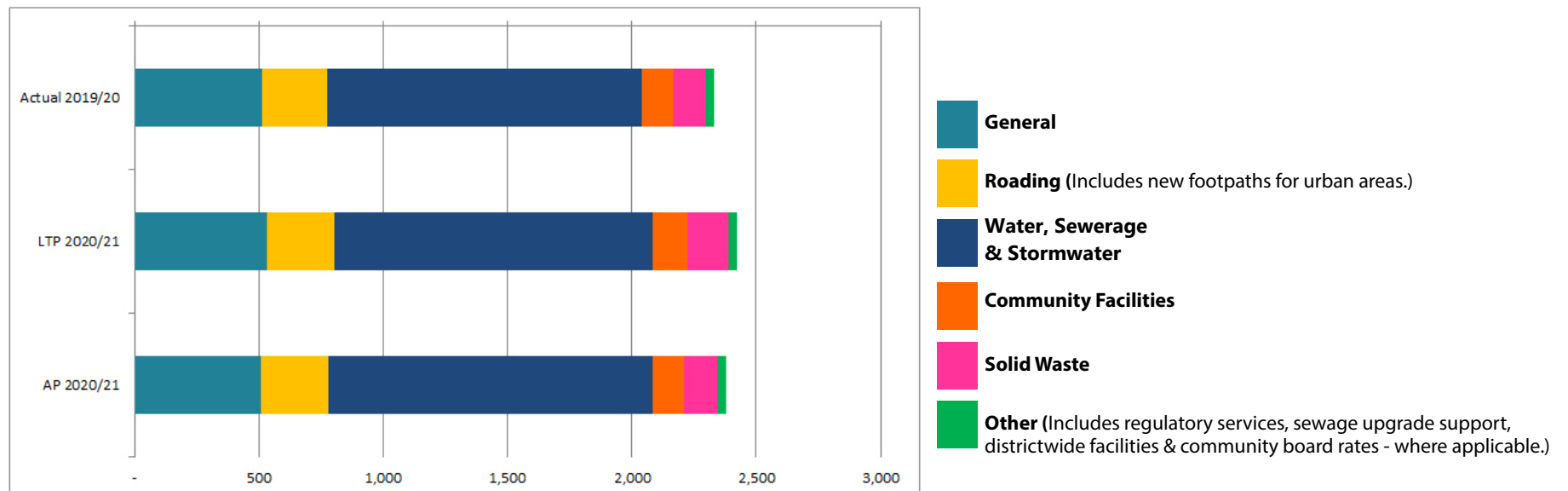
Residential - Milton

	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value	30,000		
Capital Value	195,000		
GENERAL (UAGC)	512	533	507
ROADING	261	271	273
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	123	143	125
SOLID WASTE	134	165	135
OTHER	30	31	33
TOTAL	\$2,329	\$2,421	\$2,379



RATES EXAMPLE - OWAKA

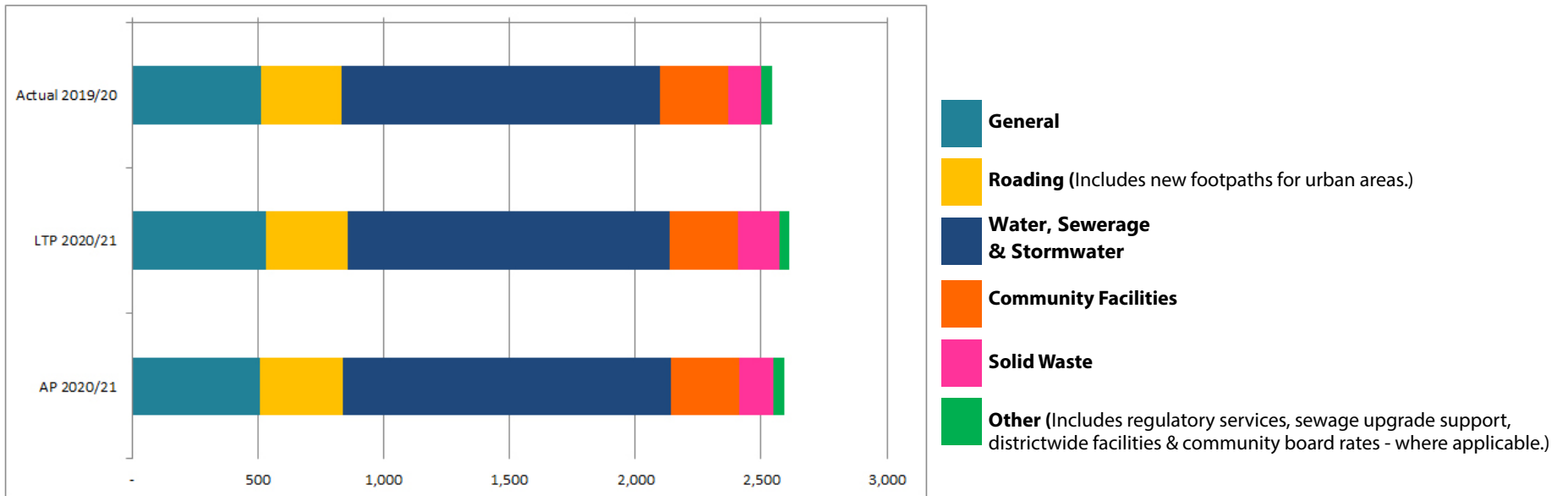
Residential - Owaka			
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 25,000			
Capital Value 105,000			
GENERAL (UAGC)	512	533	507
ROADING	251	265	262
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,206
COMMUNITY FACILITIES	47	63	42
SOLID WASTE	134	165	135
OTHER	16	16	18
TOTAL	\$2,132	\$2,228	\$2,170



RATES EXAMPLE - STIRLING

Residential - Stirling

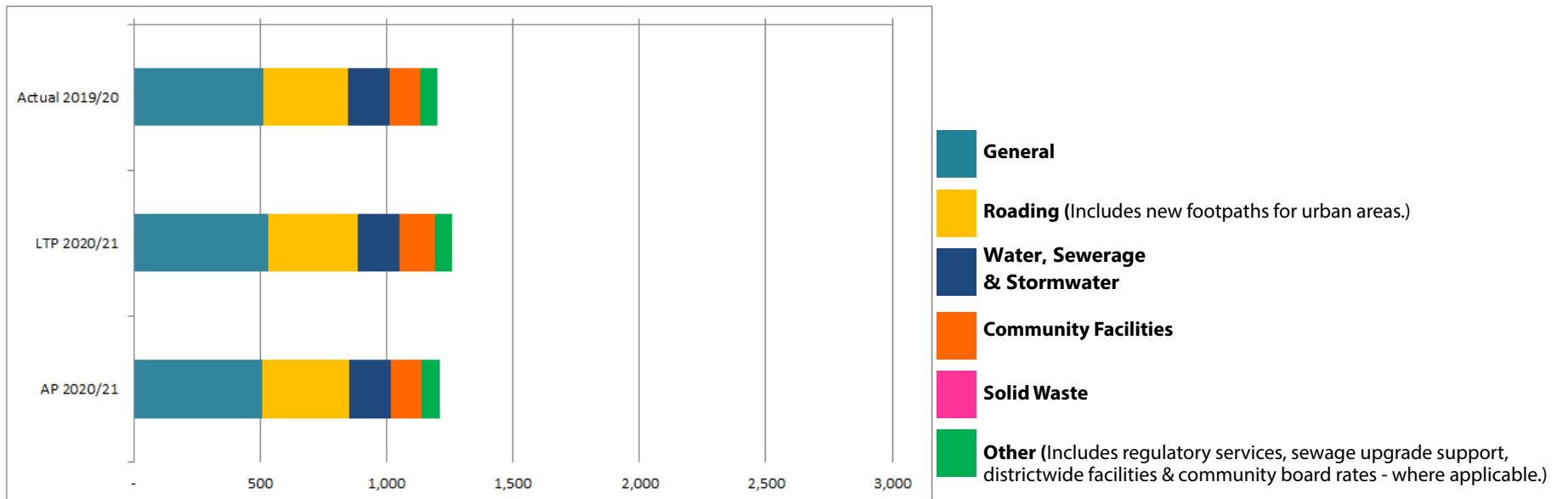
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 50,000			
Capital Value 260,000			
GENERAL (UAGC)	512	533	507
ROADING	320	323	331
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	134	165	135
OTHER	41	41	44
TOTAL	\$2,543	\$2,614	\$2,591



RATES EXAMPLE - TAIERI MOUTH

Residential - Taieri Mouth

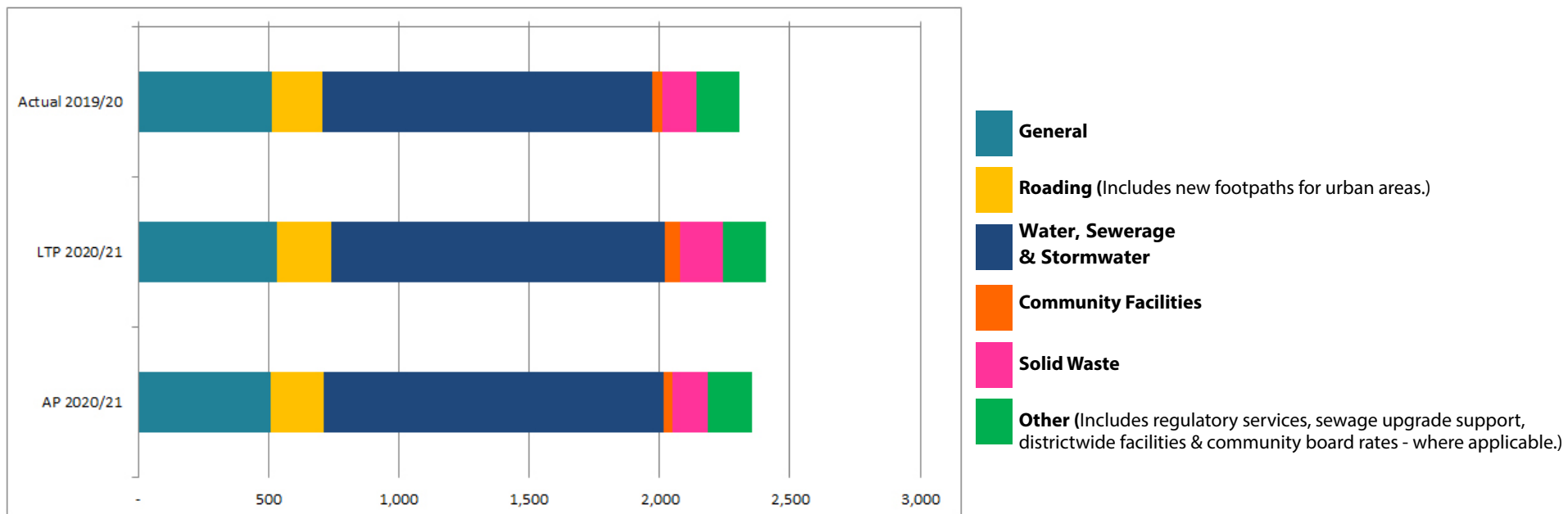
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 113,000			
Capital Value 420,000			
GENERAL (UAGC)	512	533	507
ROADING	334	354	345
WATER, SEWERAGE & STORMWATER	166	163	162
COMMUNITY FACILITIES	123	143	125
SOLID WASTE	-	-	-
OTHER	66	66	71
TOTAL	\$1,200	\$1,259	\$1,211



RATES EXAMPLE - TAPANUI

Residential - Tapanui

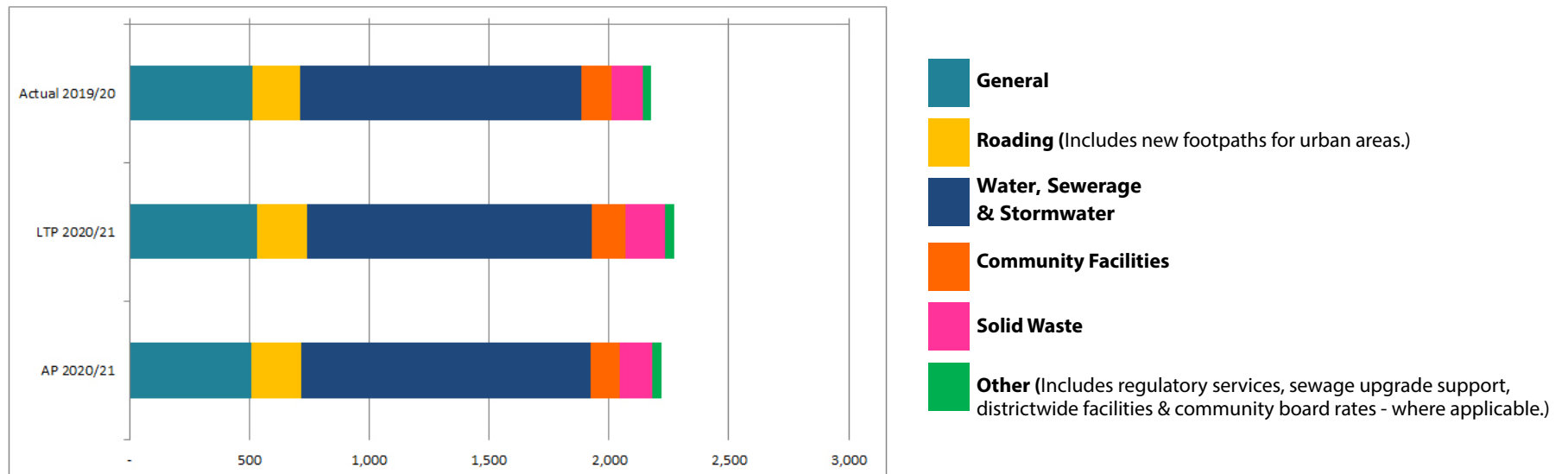
	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 12,000			
Capital Value 175,000			
GENERAL (UAGC)	512	533	507
ROADING	194	208	203
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	35	56	35
SOLID WASTE	134	165	135
OTHER	164	166	170
TOTAL	\$2,307	\$2,407	\$2,356



RATES EXAMPLE - WAIHOLA

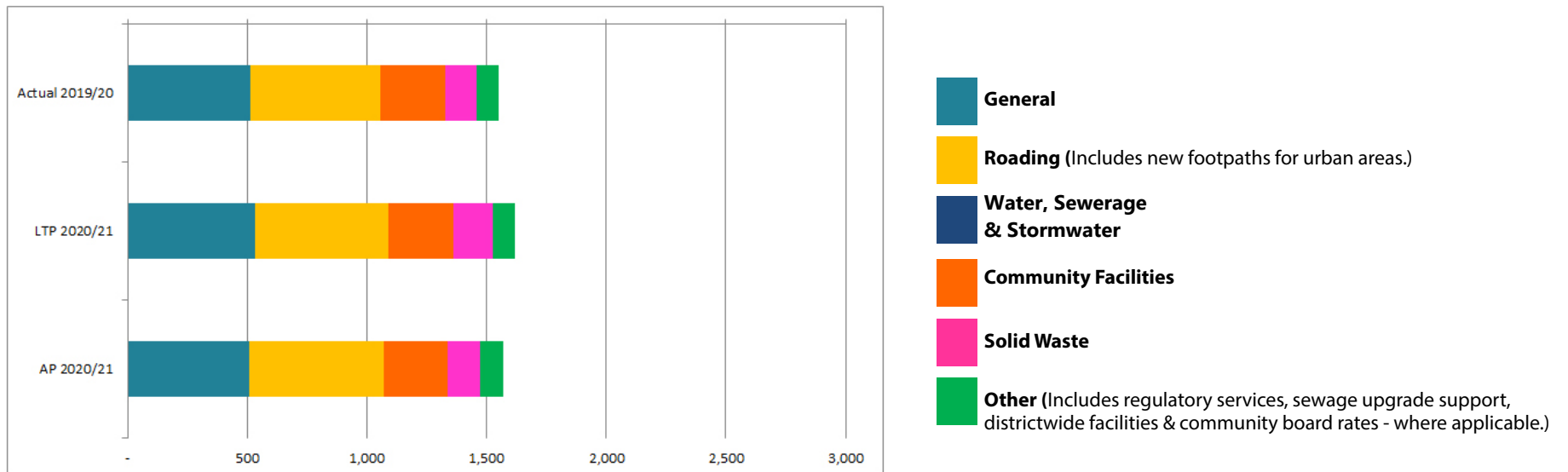
Residential - Waihola

	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 76,000			
Capital Value 225,000			
GENERAL (UAGC)	512	533	507
ROADING	201	209	208
WATER, SEWERAGE & STORMWATER	1,172	1,185	1,206
COMMUNITY FACILITIES	123	143	125
SOLID WASTE	134	165	135
OTHER	35	35	38
TOTAL	\$2,177	\$2,271	\$2,220



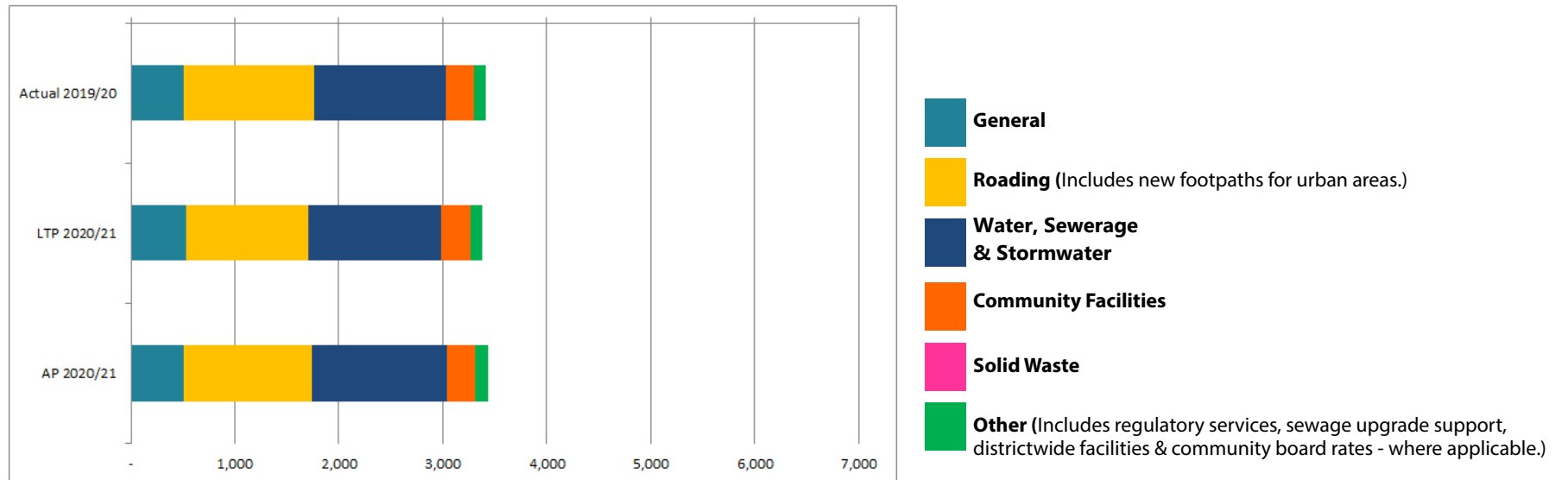
RATES EXAMPLE - LIFESTYLE

Lifestyle	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 300,000			
Capital Value 580,000			
GENERAL (UAGC)	512	533	507
ROADING	545	557	562
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	134	165	135
OTHER	91	91	98
TOTAL	\$1,550	\$1,619	\$1,570



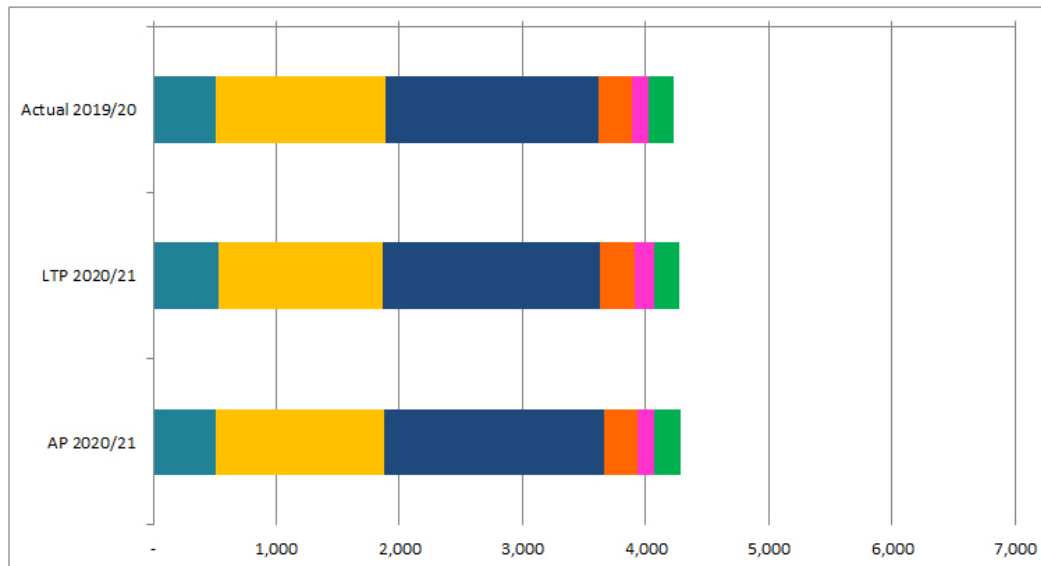
RATES EXAMPLE - COMMERCIAL

Commercial	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 485,000			
Capital Value 720,000			
GENERAL (UAGC)	512	533	507
ROADING	1,252	1,177	1,231
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	112	113	121
TOTAL	\$3,414	\$3,375	\$3,433



RATES EXAMPLE - INDUSTRIAL URBAN

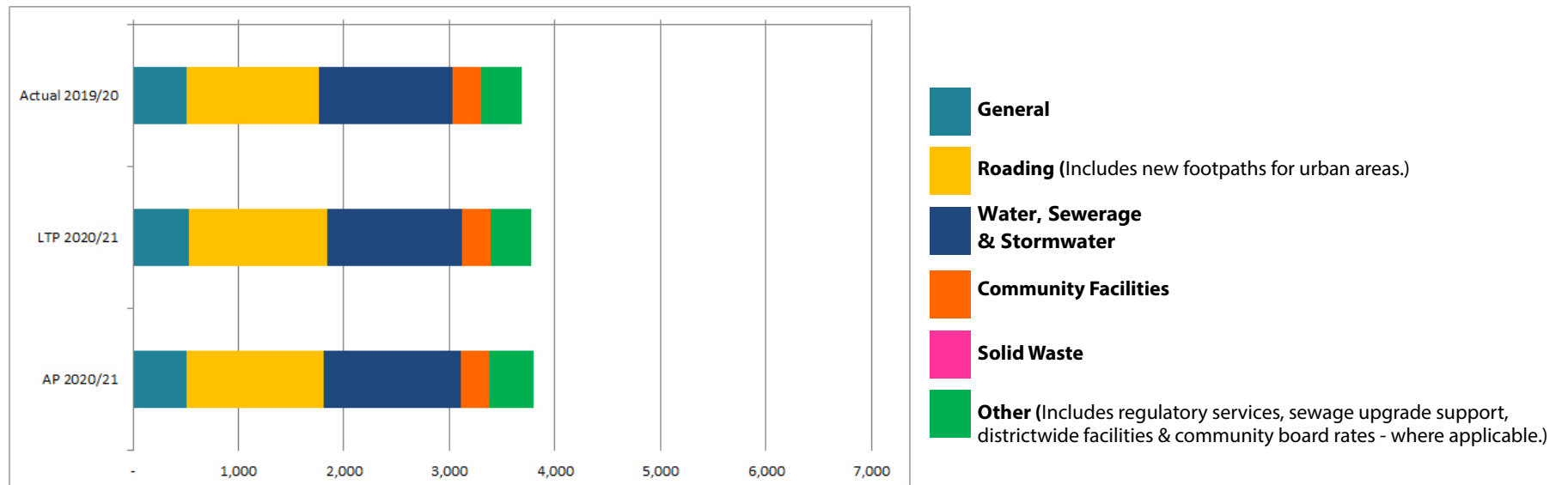
Industrial - Urban	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 405,000			
Capital Value 1,280,000			
GENERAL (UAGC)	512	533	507
ROADING	1,379	1,330	1,372
WATER, SEWERAGE & STORMWATER	1,731	1,771	1,787
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	134	165	135
OTHER	200	201	216
TOTAL	\$4,224	\$4,273	\$4,286



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

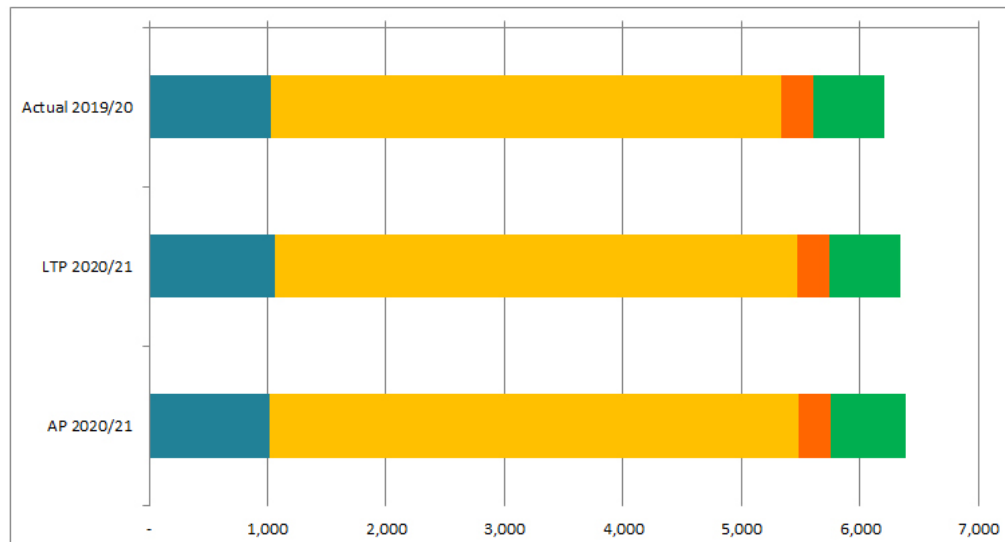
RATES EXAMPLE - INDUSTRIAL RURAL

Industrial - Rural	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 139,000			
Capital Value 2,469,000			
GENERAL (UAGC)	512	533	507
ROADING	1,251	1,306	1,300
WATER, SEWERAGE & STORMWATER	1,268	1,279	1,305
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	385	388	416
TOTAL	\$3,685	\$3,779	\$3,797



RATES EXAMPLE - RURAL DAIRY 1

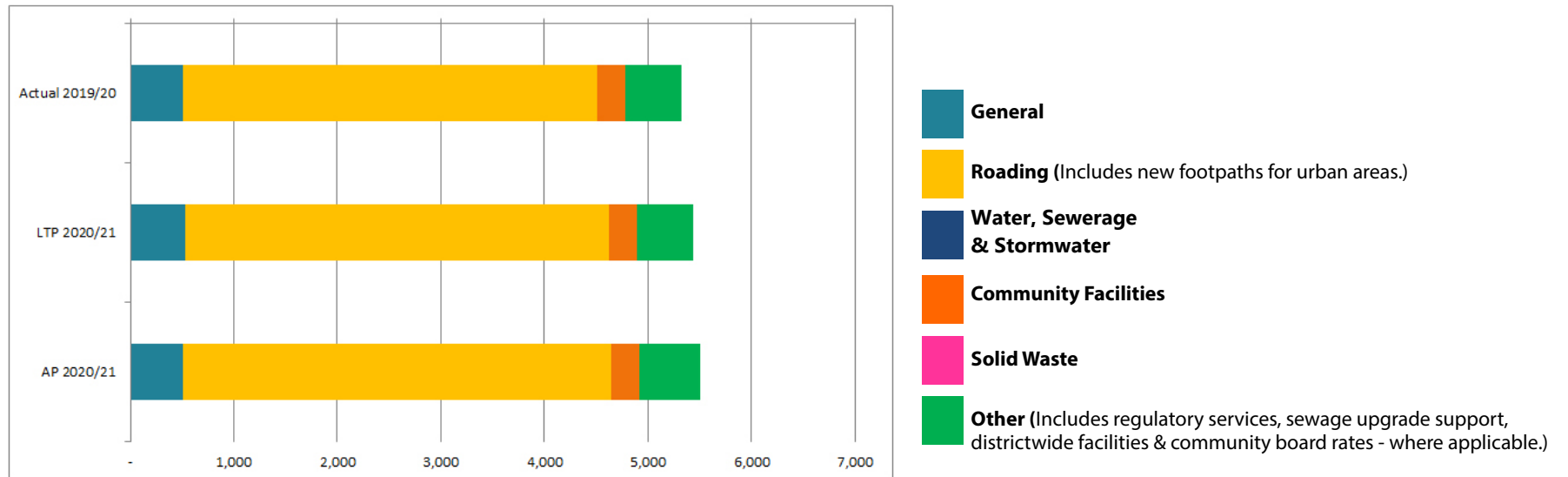
Rural - Dairy 1	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 3,170,000			
Capital Value 3,800,000			
GENERAL (UAGC)	1,024	1,067	1,015
ROADING	4,317	4,407	4,465
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	593	597	640
TOTAL	\$6,203	\$6,344	\$6,389



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

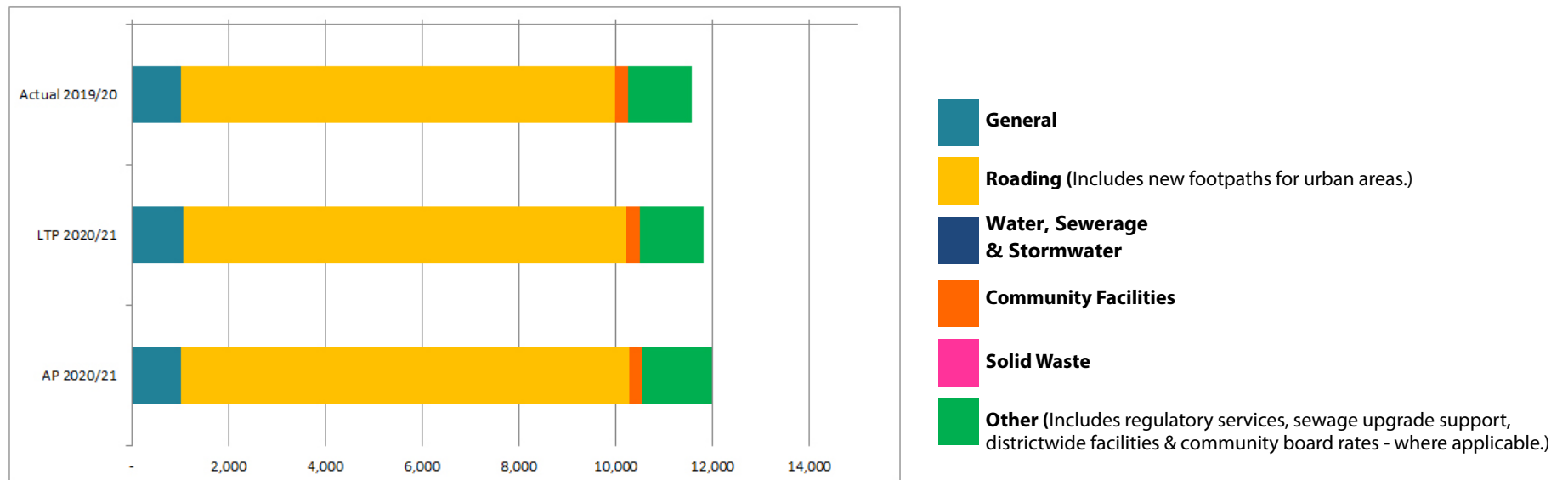
RATES EXAMPLE - RURAL SHEEP & BEEF 1

Rural - Sheep & Beef 1	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 3,010,000			
Capital Value 3,500,000			
GENERAL (UAGC)	512	533	507
ROADING	4,003	4,087	4,143
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	546	550	590
TOTAL	\$5,330	\$5,443	\$5,509



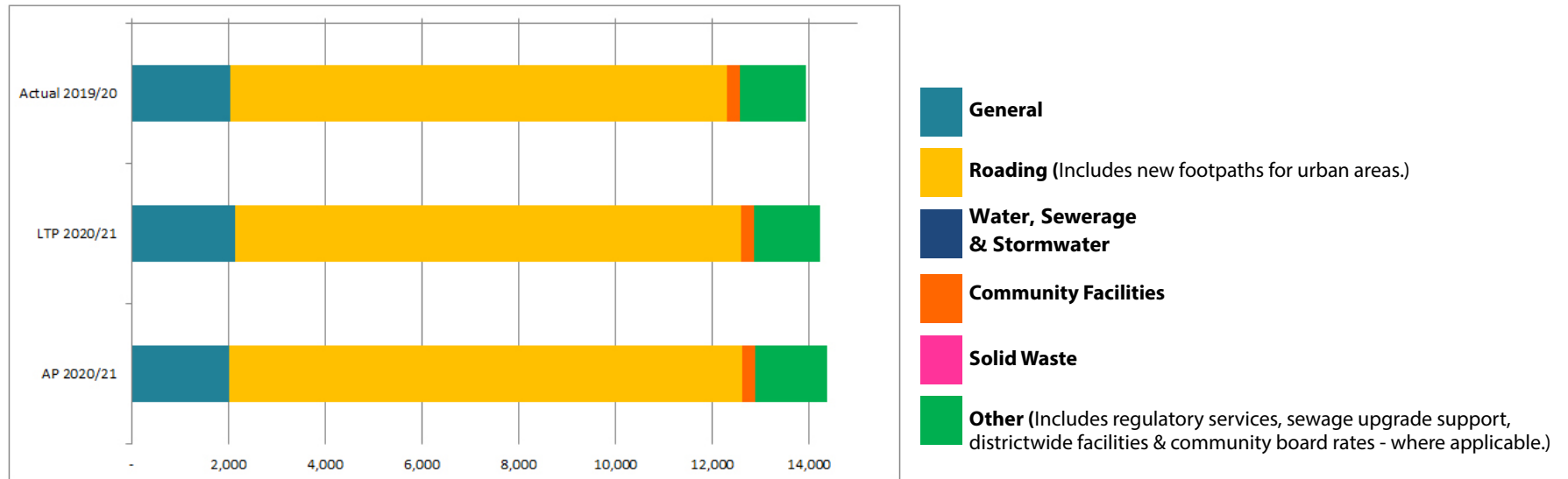
RATES EXAMPLE - RURAL DAIRY 2

Rural - Dairy 2	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 6,450,000			
Capital Value 8,450,000			
GENERAL (UAGC)	1,024	1,067	1,015
ROADING	8,957	9,151	9,268
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	1,319	1,329	1,423
TOTAL	\$11,569	\$11,819	\$11,976



RATES EXAMPLE - RURAL SHEEP & BEEF 2

Rural - Sheep & Beef 2	2019/20 (ACTUAL)	2020/21 (LTP FORECAST)	2020/21 (AP FORECAST)
Land Value 7,700,000			
Capital Value 8,750,000			
GENERAL (UAGC)	2,049	2,134	2,030
ROADING	10,241	10,452	10,596
WATER, SEWERAGE & STORMWATER	-	-	-
COMMUNITY FACILITIES	269	273	269
SOLID WASTE	-	-	-
OTHER	1,366	1,376	1,474
TOTAL	\$13,924	\$14,234	\$14,368



DRAFT FINANCIAL STATEMENTS



INTRODUCTION

THESE DRAFT PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED BY COUNCIL AS SUPPORTING INFORMATION FOR THE 2020/21 ANNUAL PLAN CONSULTATION DOCUMENT ON 20 FEBRUARY 2020.

DRAFT PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue			
Rates	26,844	27,730	27,920
Grants, Subsidies and Donations	10,617	9,670	9,982
Fees and User Charges	1,035	1,117	883
Permits and Licences	610	621	756
Other Fees	476	464	1,227
Rental Revenue	930	948	948
Interest Revenue	1,264	1,286	1,019
Other Revenue	9	9	9
Other Gains	1,547	1,599	1,219
Sale of Corporate and Development Property	0	0	0
TOTAL REVENUE	43,332	43,444	43,963

Continues on next page

Continues from
previous page

DRAFT PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Expenditure			
Grants, Contributions and Sponsorship	2,409	1,432	1,363
Other Operating Expenditure	12,101	12,596	12,544
Roading Repairs and Maintenance	6,379	6,540	5,952
Employee Benefits	6,765	6,879	7,837
Depreciation and Amortisation	12,951	14,285	13,026
Finance Costs - External Loan	474	697	470
Operating Lease Payment	0	0	0
Cost of Sales of Corporate and Development Property	0	0	0
TOTAL EXPENDITURE	41,079	42,429	41,192
SUPLUS FOR THE YEAR	2,253	1,015	2,771
Other Comprehensive Revenue and Expense			
Property, plant and equipment Revaluations	83,722	0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	85,975	1,015	2,771

DRAFT PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
ACCUMULATED FUNDS			
Opening Balance	246,066	251,157	227,059
Add Surplus for the Year	85,975	1,015	2,771
Transfer to Asset Revaluation Reserve	-83,722	0	0
Transfers to Reserves	2,838	2,556	11,468
Closing Balance	251,157	254,728	241,298
RESERVES			
Opening Balance	44,292	41,454	49,766
Transfers from Reserves	(2,838)	(2,555)	(11,470)
Closing Balance	41,454	38,899	38,296
ASSET REVALUATION RESERVE			
Opening Balance	744,208	827,930	827,930
Add Movement per PP&E Note	83,722	0	0
Closing Balance	827,930	827,930	827,930

Continues on
next page

Continues from
previous page

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)

	Long Term Plan	Annual Plan
	2019/20	2020/21
OTHER		
Available for Sale Revaluation Reserve - Equity Securities	(25)	(25)
Trust Funds - Restricted	396	420
Closing Balance	371	395
EQUITY AT THE END OF THE YEAR	1,120,912	1,121,928

DRAFT PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue			
Current Assets			
Cash and Cash Equivalents	542	279	463
Receivables and Prepayments	3,811	3,891	3,475
Inventory	1,020	1,040	0
Other Financial Assets	25,718	26,163	26,471
Development Property	0	0	700
Non-current Assets held for Sale	317	317	0
TOTAL CURRENT ASSETS	31,408	31,690	31,109
Non Current Assets			
Property, plant and equipment	1,110,137	1,117,718	1,106,136
Intangible assets	0	0	1,200
Other financial assets	52	52	152
TOTAL NON CURRENT ASSETS	1,110,189	1,117,770	1,107,488
TOTAL ASSETS	1,141,597	1,149,460	1,138,597

Continues on
next page

DRAFT PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Current Liabilities			
Payables and Accruals	4,899	4,470	6,766
Employee Entitlements	482	482	635
TOTAL CURRENT LIABILITIES	5,381	4,952	7,401
Non Current Liabilities			
Other Liabilities	14,554	21,830	22,497
Provisions	750	750	780
TOTAL NON CURRENT LIABILITIES	15,304	22,580	23,277
TOTAL LIABILITIES	20,685	27,532	30,678
NET ASSETS	1,120,912	1,121,928	1,107,919
Accumulated Funds	251,157	254,728	241,298
Reserves	869,755	867,200	866,621
TOTAL EQUITY	1,120,912	1,121,928	1,107,919
NET CURRENT ASSET POSITION	26,027	26,738	23,708

DRAFT PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
CASHFLOW FROM OPERATING ACTIVITIES			
Receipts from customers, rates, grants and other services	42,067	42,359	42,944
Interest received	1,264	1,286	1,019
Payments to suppliers and employees	(28,162)	(28,377)	(27,879)
NET CASHFLOW FROM OPERATING ACTIVITIES	15,169	15,268	16,084
CASHFLOW FROM INVESTING ACTIVITIES			
Receipts from the sale of PP&E	0	0	0
Purchase of PP&E	(24,053)	(21,865)	(32,172)
(Acquisition) / sale of other financial assets	(438)	(446)	840
(Acquisition) / sale of development property	500	0	1,500
NET CASH FROM INVESTING ACTIVITIES	(23,991)	(22,311)	(29,832)

Continues on
next page

Continues from
previous page

DRAFT PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
CASHFLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	9,300	7,500	15,000
Repayment of borrowings	(310)	(720)	(1,164)
TOTAL CASHFLOW FROM FINANCING ACTIVITIES	8,990	6,780	13,836
Net increase (decrease) in cash and cash equivalents	168	-263	88
Cash and cash equivalents at beginning of the year	374	542	375
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	542	279	463

DRAFT PROSPECTIVE RECONCILIATION OF NON-EX- CHANGE & EXCHANGE REVENUE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Revenue from non-exchange transactions			
Rates	26,844	27,730	27,920
TOTAL NON - EXCHANGE REVENUE	26,844	27,730	27,920
Revenue from exchange transactions			
Grants, Subsidies and Donations	10,617	9,670	9,982
Fees and User Charges	1,035	1,117	883
Permits and Licences	610	621	756
Other Fees	476	464	1,227
Rental Revenue	930	948	948
Interest Revenue	1,264	1,286	1,019
Other Revenue	9	9	9
Other Gains	1,547	1,599	1,219
Sale of Corporate and Development Property	0	0	0
TOTAL EXCHANGE REVENUE	16,488	15,714	16,043
TOTAL REVENUE	43,332	43,444	43,963

DRAFT PROSPECTIVE RECONCILIATION OF CASHFLOW TO COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	85,975	1,015	2,771
Add non-cash items			
Revaluation of Property, Plant and Equipment	(83,722)	0	0
Working Capital Inflation	(35)	(32)	287
Depreciations and Amortisation	12,951	14,285	13,026
Cost of Sales of Corporate and Development Property	0	0	0
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	15,169	15,268	16,084

DRAFT PROSPECTIVE DEPRECIATION & AMORTISATION

(All in \$000s)	Long Term Plan		Annual Plan
	2019/20	2020/21	2020/21
Buildings	383	390	448
Furniture and Equipment	576	576	239
Plant and Motor Vehicles	307	555	517
Library Books	130	130	106
Roads	8,506	9,256	8,606
Stormwater	315	351	301
Sewerage	861	991	987
Water	1,872	2,035	1,822
Computer Software			
PROSPECTIVE DEPRECIATION AND AMORTISATION	12,951	14,285	13,026

DRAFT STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

The Council’s principle address is 1 Rosebank Terrace, Balclutha, New Zealand. The Council provides local infrastructure, local public services, and performs regulatory functions to the community. The Council does not operate to make a financial return. The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice.

BASIS OF PREPARATION

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

STATEMENT OF COMPLIANCE

The financial statements have been prepared in accordance with and comply with Tier 1 PBE standards. The financial statements are fully compliant with the requirements of PBE FRS 42.

PRESENTATION CURRENCY AND ROUNDING

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

GOODS AND SERVICES TAX

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

REVENUE ACCOUNTING POLICY

Revenue is measured at fair value. Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for Council in the statement of comprehensive revenue and expenditure, these transactions are eliminated. Council receives its revenue from exchange or non-exchange transactions.

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

Non-exchange transaction revenue arises when Council receives value from another party without giving approximately equal value directly in exchange for the

value received. Non-exchange revenue comprises rates and transfer revenue.

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

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

Type	Recognition and measurement
	<p>The following policies for rates have been applied:</p> <ul style="list-style-type: none"> General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
Rates revenue	<ul style="list-style-type: none"> Rates arising from late payment penalties are recognised as revenue when rates become overdue. Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis. Rates remissions are recognised as a reduction of rates revenue when Council has received an application that satisfies its rates remission policy.

Grants

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

Financial contributions

Financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.

New Zealand Transport Agency roading subsidies

Council receives funding assistance from the New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Vested or donated physical assets	For assets received for no or nominal consideration, the asset is recognised at its fair value when Council obtains control of the asset. The fair value of the asset is recognised as revenue, unless there is a use or return condition attached to the asset. The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer. For long-lived assets that must be used for a specific use (for example, land must be used as a recreation reserve), Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if Council expects that it will need to return or pass the asset to another party.
Infringement fees and fines	When the infringement notice is issued.
Interest revenue	Interest revenue is recognised using the effective interest method.
Dividend revenue	Dividends are recognised when the right to receive payment has been established.
Water and wastewater user charges	When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.

Sale of goods	Revenue from the sale of goods is recognised when a product is sold to the customer.
Sale of services	On a percentage of completion basis over the period of the service supplied.
Building and resource consent revenue	Fees and charges for building and resource consent services are recognised on a percentage completion basis with reference to the recoverable costs incurred at balance date. Partially refundable after administration and inspection fees if application is cancelled.
Licence and permit fees	On receipt of application as these are non-refundable.
Entrance fees	Entrance fees are fees charged to users of Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.
Landfill fees	Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.
Development Property	On earliest of either settlement, or unconditional sale and purchase agreement

OPERATING EXPENDITURE ACCOUNTING POLICIES

GRANTS AND SUBSIDIES

Council's grants awarded have no substantive conditions attached.

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

For non-cash generating assets, value in use is determined

using an approach based on a depreciated replacement cost (DRC).

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

GROUP OF ACTIVITIES

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

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

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

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

EMPLOYEE BENEFITS ACCOUNTING POLICY

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

DEPRECIATION AND AMORTISATION ACCOUNTING POLICY

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

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

FINANCE COSTS ACCOUNTING POLICY

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

NET GAINS AND LOSSES ACCOUNTING POLICY

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

INCOME TAX ACCOUNTING POLICY

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

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

Property, plant and equipment consist of:

Operational Assets :

Land, buildings, furniture and equipment, plant and motor vehicles, land under forests and library books.

Infrastructural Assets:

Infrastructural assets are the fixed utility systems owned by Council. Each asset class includes all items that are required for the network to function:

- Roads, bridges and lighting.
- Land under roads.
- Stormwater.
- Wastewater.
- Water.

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

Restricted Assets:

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

REVALUATION

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

In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at its fair value as at the date of acquisition.

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in the surplus or deficit as they are incurred.

THE FOLLOWING ESTIMATED USEFUL LIVES ARE USED IN THE CALCULATION OF DEPRECIATION:

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

least every three years.

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

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

ADDITIONS

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

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

DISPOSALS

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

DEPRECIATION

Depreciation is provided on a straight-line basis on all property, plant, and equipment other than land, at rates that will write off the carrying value of the assets to their estimated residual values over their useful lives. The useful

lives and associated. Depreciation rates of major classes of assets have been estimated as per table on the previous page.

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

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

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

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

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

For assets not carried at a revalued amount, the total impairment loss is recognised in the surplus or deficit.

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and

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

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

VALUE IN USE FOR NON-CASH-GENERATING ASSETS

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

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

VALUE IN USE FOR CASH-GENERATING ASSETS

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return. The value in use for cash-generating assets and cash-generating units is the present value of expected future cash flows.

INTANGIBLE ASSETS ACCOUNTING POLICY

SOFTWARE ACQUISITION AND DEVELOPMENT

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

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

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

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

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

AMORTISATION

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised.

The amortisation charge for each financial year is recognised in the surplus or deficit.

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

Computer software	3 to 5 years	20% to 33.3%
-------------------	--------------	--------------

IMPAIRMENT OF INTANGIBLE ASSETS

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

BORROWINGS ACCOUNTING POLICY

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

FINANCIAL INSTRUMENTS ACCOUNTING POLICY

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

Financial assets are classified into the following specified categories:

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

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

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest revenue over the relevant period. The effective interest rate is the interest rate

that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

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

Has been acquired principally for the purpose of selling in the near future;

Is a part of an identified portfolio of financial instruments that Council manages together and has a recent actual pattern of short term profit-taking; or

Is a derivative that is not designated and effective as a hedging instrument.

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

Council has classified its managed funds, held with Nikko Asset Management, as financial assets at fair value through surplus or deficit. This fund includes bonds and tradable securities.

AVAILABLE-FOR-SALE FINANCIAL ASSETS

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

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

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

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

LOANS AND RECEIVABLES

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

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

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

Money Market Deposits are included within this classification.

IMPAIRMENT OF FINANCIAL ASSETS

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

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

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised,

the previously recognised impairment loss is reversed through the Statement of comprehensive revenue and expenditure to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

FINANCIAL LIABILITIES

TRADE AND OTHER PAYABLES

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

BORROWINGS

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of comprehensive revenue and expenditure over the period of the borrowing using the effective interest method.

DERIVATIVE FINANCIAL INSTRUMENTS

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

Council does not hold derivative financial instruments for speculative purposes.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re-measured to their fair value at the end of each reporting period.

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

There were no derivative financial instruments held by Council.

• Fair Value Estimation

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

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

• Assets Held For Sale

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

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

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

OTHER FINANCIAL ASSETS ACCOUNTING

POLICY

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

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

FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS ACCOUNTING POLICY

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

- The fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- The fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.
- Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the

fair value of the investment based on the LGFA's net asset backing at 30 June.

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

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

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

FAIR VALUE HIERARCHY ACCOUNTING POLICY

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

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

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

Council does not have financial assets for purposes of trading. Council has listed shares and unit trusts that are designated on initial recognition at fair value through surplus or deficit. This is because the performances of these groups of assets are managed, and performance evaluated, on a fair value basis, in accordance with Council's investment management policy. Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset and the net amount reported in the statement of financial

position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenditures arising as a result of financial

instrument earnings or fair value adjustments are recognised as a net result for like items.

CASH AND CASH

EQUIVALENTS ACCOUNTING POLICY

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

RECEIVABLES AND PREPAYMENTS ACCOUNTING POLICY

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

FAIR VALUE

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

PROVISION FOR IMPAIRMENT OF RECEIVABLES ACCOUNTING POLICY

ASSESSMENT FOR UNCOLLECTABILITY

Council does not normally provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to

commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

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

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

The provision for uncollectability has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs.

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

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

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

PAYABLE & ACCRUALS ACCOUNTING POLICY

Current payables and accruals are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore the carrying

value approximates fair value. Non-current payables and accruals are measured at the present value of the estimated future cash outflows.

EMPLOYEE ENTITLEMENTS ACCOUNTING POLICY

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

PROVISIONS ACCOUNTING POLICY

Provisions are recognised in the statement of financial position only where Council has a present legal or constructive obligation as a result of past event, it is probable that an outflow of resources will be required to settle the obligation and the amount can be estimated reliably.

Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit.

EQUITY ACCOUNTING POLICY

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

- Accumulated funds;
- Restricted reserves;

- Property revaluation reserve; and
- Fair value through other comprehensive revenue and expenditure reserve.

RESTRICTED RESERVES

Restricted reserves are a component of equity

generally representing a particular use to which various parts of equity have been assigned.

Reserves may be legally restricted or created by Council.

Restricted reserves include those subject to

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

Also included in restricted reserves are reserves

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

PROPERTY REVALUATION RESERVE

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

FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE RESERVE

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

CAPITAL MANAGEMENT

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

represented by net assets.

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

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted in the LGA and applied by Council.

Intergenerational equity requires today's ratepayers to meet the costs of utilising Council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations. Additionally, Council has in place asset management plans for major classes of assets detailing renewal and maintenance programmes, to ensure that ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The LGA requires Council to make adequate and effective provision in its Long-Term Plan (LTP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The LGA also sets out the factors that Council is required to consider when determining the most

appropriate sources of funding for each of its

activities. The sources and levels of funding are set out in the funding and financial policies in Council's LTP.

Council has the following Council-created reserves:

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

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

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

Trust and bequest reserves are set up where Council has been donated funds that are restricted for

particular purposes. Interest is added to trust and bequest reserves where applicable, and deductions are made where funds have been used for the purpose they were donated.

NON-CURRENT ASSETS HELD FOR SALE ACCOUNTING POLICY

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

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

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

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

DEVELOPMENT PROPERTY ACCOUNTING POLICY

Development Properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the development properties less all estimated costs to make the sale.

CONTINGENCIES, COMMITMENTS AND SUBSEQUENT EVENTS ACCOUNTING POLICY

Contingent liabilities and contingent assets are not recognised in the financial statements due to their uncertainty or the fact that they cannot be reliably measured. Disclosures are provided for as follows:

- Contingent liabilities are disclosed unless the possibility that these will crystallise is remote.
- Contingent assets are only disclosed when the possibility that these will crystallise is probable.

LEASE COMMITMENTS ACCOUNTING POLICY

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

SIGNIFICANT JUDGEMENTS & ESTIMATES

Critical accounting estimates and assumptions

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

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

circumstances.

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

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

Critical judgements in applying accounting policies

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

Classification of property

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

Estimating the fair value of infrastructure

The most recent valuation of infrastructural assets effective 30 June 2017 was performed by:

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

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

- Estimating the replacement cost of the asset.

The replacement cost of an asset is based on recent construction contracts in the region for modern equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth, and location. If recent contract cost information is considered out of date, it is indexed using Statistics New Zealand's Capital Goods Price Index (based on the March 2017 quarter index) for civil constructions to convert them to current dollar value at the valuation date.

- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over- or under-estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expenditure. To minimise this risk, infrastructural asset useful lives have been determined with reference to the New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

ITEM	VALUATION INPUT
Interest rate swaps	Forward interest rate yield

Landfill aftercare provision

The management of the Mt Cooe landfill will influence the timing of recognition of some future liabilities. However, it is likely that the main restriction on the future use of the current site will be the statutory and

regulatory limitations rather than the capacity of the site. At the current rates of usage there will be significant volumetric capacity remaining in 2023.

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

Other assumptions made in the calculation of the provision are:

- No major capital projects will be required at existing closed landfill sites and
- The Mt Cooee Landfill will close when the current consent expires in 2023.
-

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

FINANCIAL INSTRUMENTS

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

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

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

EMPLOYEE BENEFITS

PBE IPSAS 39 Employee Benefits replaces the current standard on employee benefits, PBE IPSAS 25. PBE IPSAS 39 is effective for annual period beginning on or after 1 January 2019, with early application permitted. The changes mainly focus on defined benefit plans where the new standards:

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

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

OTHER CHANGES IN ACCOUNTING POLICIES

There have been no other changes in accounting policies.