

YOUR COMMUNITY - YOUR COUNCIL YOUR FUTURE

Long Term Plan 2018-28



COUNCIL'S PLANNING DOCUMENTS

Council uses a number of planning processes to realise its vision for the district. These are described below.

LONG TERM PLAN

Under the Local Government Act 2002, Council is required to put together a Long Term Plan every three years. This plan sets out Council's overall goals (community outcomes), the projects it intends to deliver over a 10-year period and how these will be funded. It also explains how Council intends to contribute to the wellbeing of the community over the life of the plan, with the overlying purpose of articulating and aligning Council's activities with what the community needs and desires and what it can afford.

ANNUAL PLAN

Council produces an Annual Plan for the two years between each Long Term Plan. Therefore, the next Annual Plan will be produced for 2019/20. Annual Plans are less detailed than Long Term Plans, confirming arrangements for the coming year. An Annual Plan also contains any variations to the Long Term Plan, should any changes take place in the short term.

ANNUAL REPORT

Each year Council produces an Annual Report, to report to the community on Council's actual performance against the relevant plan (Annual Plan or Long Term Plan).

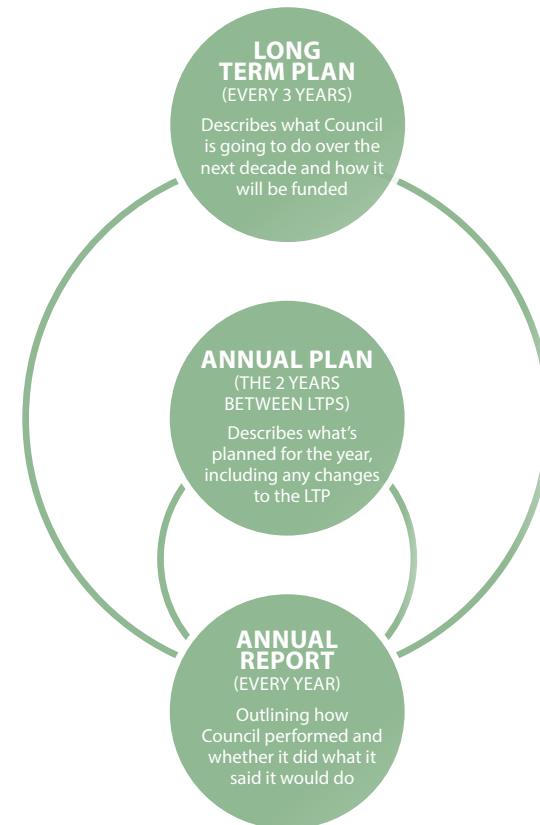
ACTIVITY MANAGEMENT PLANS

Activity Management Plans set out in detail how Council will manage assets and activities in the long term. They are key documents Council uses to assess and plan for core activities. They include details about cost, maintenance, levels of service, demand for and capacity of particular assets and activities. A brief overview of the information contained in the Activity Management Plans is contained in this Long Term Plan. For more information about particular activities please contact Council to obtain a copy of the information you require from any of these plans.

CLUTHA DISTRICT PLAN

The District Plan provides a regulatory process for implementing policies prepared under the Long Term Plan, Activity Management Plans, and the Resource Management Act. Unlike the other plans mentioned above, which only cover what Council itself does, the District Plan sets out objectives,

policies, and rules that apply to all people and activities within the District. These are intended to ensure the sustainable management of the natural and cultural environment, and appropriate use of Council infrastructure.



CONTENTS

SECTION 01 INTRODUCTION 04-08	Message From The Mayor Your Council Independent Auditor's Report	pg 05 pg 06 pg 07	
SECTION 02 KEY DECISIONS 09-23	What a Load of Rubbish Milton's Makeover Getting it Right for Roading Where Do We Draw the Line	pg 10 pg 12 pg 14 pg 16	Managing our Finances & Infrastructure Other Aspects Funding Requests pg 18 pg 21 pg 23
SECTION 03 INFRASTRUCTURE STRATEGY 24-41	Managing Our Infrastructure	pg 25	
SECTION 04 FINANCIAL STRATEGY 42-79	Managing Our Finances Local Government (Financial Reporting & Prudence Regulations) Significant Forecasting Assumptions	pg 43 pg 62 pg 65	
SECTION 05 COUNCIL ACTIVITIES 80-185	Guide To Activities Community Leadership Economic & Community Dev. Roading Water Supply Sewerage	pg 81 pg 84 pg 95 pg 104 pg 116 pg 130	Stormwater Solid Waste Management Community Services Regulatory & Emergency Services Internal Services pg 141 pg 151 pg 160 pg 173 pg 182

Continues on
next page

SECTION 06**RATES**
186-260

Funding Impact Statement	pg 187	Policy on Rates Postponement	pg 254
Rate Funding Mechanisms	pg 189	Policy on Remission & Postponement of Rates for Maori Freehold Land	pg 256
Rates Examples	pg 216	Financial Contribution Policy	pg 258
Revenue & Financing Policy	pg 235		
Policy on Rates Remission	pg 251		

SECTION 07**FINANCIAL
STATEMENTS**
261-295

Statement of Compliance	pg 262	Accounting Policies	pg 275
Comprehensive Revenue & Expense	pg 263	Schedule of Reserve Funds	pg 289
Changes in Equity	pg 265		
Financial Position	pg 267		
Cashflow	pg 269		
Exchange/Non-Exchange Reconciliation of Cashflow to Financial Performance	pg 272		
Reconciliation of Council FIS to Activity FIS	pg 273		
Depreciation & Amortisation	pg 274		

SECTION 08**GENERAL POLICIES**
296-299

Summary of Significance & Engagement Policy	pg 297
Developing Maori Participation and Capacity in Council Decision-Making	pg 298

INTRODUCTION

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



MESSAGE FROM THE MAYOR



MAYOR
Bryan Cadogan

This year's Long Term Plan has been the most in-depth and comprehensive in Council's history. There was a great response from our communities with good numbers attending 'soapbox sessions' and 377 public submissions to assist us.

We value your contributions, which have helped us 'get the balance right' with our Long Term Plan that sets the direction for Council and our district over the coming 10 years.

In recent years, Council has focused on identifying our strategic goals, aligning them with our drive for increased efficiencies and rigor around fiscal management. This has allowed us to deliver a far greater number of critical growth projects and core service upgrades at the same time as containing the overall rate rises in 2018/19 to 1.72% (please remember this figure does not reflect the individual variances in different rating communities).

We are determined to play our part in propelling this district forward, while continuing to increase our core service projects. To achieve this while containing rate increases to the lowest average increase in living memory is something Council is proud of and one that bodes well as we continue with our community plans that facilitate milestone projects like Milton's main street upgrade.

I think one of the most pleasing aspects of the consultation process was the determination

and belief shown by Milton residents to strongly support their main street upgrade. It is a tonic to see a town with so much potential instigate the first steps to rejuvenating the Bruce ward. The next couple of years will be critical to its future vitality and well-being, but is only part of the wider district initiative to facilitate growth and identify individual communities' needs.

Other key issues identified in this Long Term Plan include an upgrade to our district's landfill at Mt Cooee, where a larger, purpose-built recovery centre and transfer station will be built to divert more waste, provide a better level of service and safety and future-proof waste services in the district.

We're also going to be introducing some non-subsidised sealing of urban gravel roads in response to a number of ratepayer requests, \$2million has been set aside for this. In addition we have listened to our rural community and will bring a proposal for some priority rural gravel road sealing to next year's Annual Plan.

Lastly, Council is changing the way we rate for communities facilities such as halls, parks, reserves, pools, sports grounds, and playgrounds. This will now see a fixed charge for all ratepayers who live in the same defined wider "community of interest" area.

Council also confirmed its focus on what is often described as "core business" and over the next 10

years the following spending on core functions is planned: \$3.1million on promoting growth, \$39.2 million on increasing levels of service and \$152.1 million on replacing assets.

A lot of work has gone into this Long Term Plan, and it's great to see the district reaping the benefits of Council's strategic vision and management. In a nutshell, we are doing more for less.

Once again I want to thank the public for their assistance and desire to get involved in this process.

Onwards and Upwards

Bryan Cadogan
Mayor

YOUR COUNCIL



Bryan Cadogan
MAYOR



Stewart Cowie
DEPUTY MAYOR
CLUTHA
VALLEY WARD



John Cochrane
SERVICE DELIVERY
CHAIR
CLINTON WARD



Bruce Vollweiler
REGULATORY
SERVICES CHAIR
BRUCE WARD



Hilary McNab
CORPORATE
SERVICES CHAIR
CATLINS WARD



Carol Sutherland
BALCLUTHA WARD



Rachel Jenkinson
BALCLUTHA WARD



Ken Payne
BALCLUTHA WARD



Alison Ludemann
BALCLUTHA WARD



Gaynor Finch
BRUCE WARD



Selwyn Wilkinson
BRUCE WARD



Bruce Graham
KAITANGATA-MATUA
WARD



Geoff Blackmore
**LAWRENCE/
TUAPEKA WARD**



Michele Kennedy
WEST OTAGO WARD



John Herbert
WEST OTAGO WARD

6

INDEPENDENT AUDITOR'S REPORT

ON CLUTHA DISTRICT COUNCIL'S 2018/28 LONG-TERM PLAN

I am the Auditor-General's appointed auditor for Clutha District Council (the Council). Section 94 of the Local Government Act 2002 (the Act) requires an audit report on the Council's long-term plan (the plan). Section 259C of the Act requires a report on disclosures made under certain regulations. We have carried out this work using the staff and resources of Deloitte Limited. We completed our report on 20 June 2018.

OPINION

In my opinion:

- the plan provides a reasonable basis for:
 - long-term, integrated decision-making and co-ordination of the Council's resources; and
 - accountability of the Council to the community;
- the information and assumptions underlying the forecast information in the plan are reasonable; and
- the disclosures on pages 62 to 64 represent a complete list of the disclosures required by Part 2 of the Local Government (Financial Reporting and Prudence) Regulations 2014 (the Regulations) and accurately reflect the information drawn from the plan.

This opinion does not provide assurance that the forecasts in the plan will be achieved, because

events do not always occur as expected and variations may be material. Nor does it guarantee the accuracy of the information in the plan.

BASIS OF OPINION

We carried out our work in accordance with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised): Assurance Engagements Other Than Audits or Reviews of Historical Financial Information. In meeting the requirements of this standard, we took into account particular elements of the Auditor-General's Auditing Standards and the International Standard on Assurance Engagements 3400: The Examination of Prospective Financial Information that were consistent with those requirements.

We assessed the evidence the Council has to support the information and disclosures in the plan and the application of its policies and strategies to the forecast information in the plan. To select appropriate procedures, we assessed the risk of material misstatement and the Council's systems and processes applying to the preparation of the plan.

The International Standard on Assurance Engagements (New Zealand) 3000 (Revised): *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information* and The International Standard on Assurance Engagements 3400: *The Examination of Prospective Financial Information*.

Our procedures included assessing whether:

- the Council's financial strategy, and the associated financial policies, support prudent financial management by the Council;
- the Council's infrastructure strategy identifies the significant infrastructure issues that the Council is likely to face during the next 30 years;
- the information in the plan is based on materially complete and reliable information;
- the Council's key plans and policies are reflected consistently and appropriately in the development of the forecast information;
- the assumptions set out in the plan are based on the best information currently available to the Council and provide a reasonable and supportable basis for the preparation of the forecast information;
- the forecast financial information has been properly prepared on the basis of the underlying information and the assumptions adopted, and complies with generally accepted accounting practice in New Zealand;
- the rationale for the Council's activities is clearly presented and agreed levels of service are reflected throughout the plan;

- the levels of service and performance measures are reasonable estimates and reflect the main aspects of the Council's intended service delivery and performance; and
- the relationship between the levels of service, performance measures, and forecast financial information has been adequately explained in the plan.

We did not evaluate the security and controls over the electronic publication of the plan.

RESPONSIBILITIES OF THE COUNCIL AND AUDITORS

The Council is responsible for:

- meeting all legal requirements affecting its procedures, decisions, consultation, disclosures and other actions relating to the preparation of the plan;
- presenting forecast financial information in accordance with generally accepted accounting practice in New Zealand; and
- having systems and processes in place to enable the preparation of a plan that is free from material misstatement.

I am responsible for expressing an independent opinion on the plan and the disclosures required by the Regulations, as required by sections 94 and 259C of the Act. I do not express an opinion on the merits of the plan's policy content.

Independence

In carrying out our work, we complied with the Auditor-General's:

- independence and other ethical requirements, which incorporate the independence and ethical requirements of Professional and Ethical Standard 1 (Revised); and
- quality control requirements, which incorporate the quality control requirements of Professional and Ethical Standard 3 (Amended).

Other than our work in carrying out all legally required external audits, we have no relationship with or interests in the Council.



Deloitte Limited

B E Tomkins

Deloitte

On behalf of the Auditor-General, Dunedin,
New Zealand

KEY DECISIONS

IN THE LEAD UP TO THIS LONG TERM PLAN, COUNCIL PRODUCED A CONSULTATION DOCUMENT TO HELP EXPLAIN KEY ISSUES AND DECISIONS COUNCIL WAS FACING. IT SET OUT OPTIONS WE WANTED FEEDBACK ON TO HELP US IN MAKING CHOICES AND SET FUTURE DIRECTION.

Just over 370 written submissions were received from residents and organisations.

This was similar to the number of responses in 2015, when the last long term plan was developed.

A further 43 people also came to speak to Council in support of their written submissions.

Council would like to formally acknowledge those who took time to be involved and give their feedback.

The key issues as presented in the consultation document are included on the following pages, along with the decisions Council went on to make for this plan.



We
consulted
on...



OPTION 1 A basic resource recovery set up

What to expect:

Set up a basic transfer station where some items are diverted from Mt Cooee by being sold or re-used. For example, small household items, whiteware, sporting goods.

What it would cost:

Setting up a facility to do this would cost an estimated \$300,000.

No rates impact from building the facility, but the cost to operate it would mean a 5% increase (\$5.70) in landfill tonnage rate and a 5% increase (\$5.60 incl GST) in wheelie bin charges.

OPTION 2 A larger purpose-built recovery centre and transfer station

What to expect:

The transfer station/centre being able to take a much wider range of goods for sale and re-use, for example, furniture and IT equipment. Creating a transfer station would also give us options if the landfill can't operate beyond 2023.

What it would cost:

This has an estimated cost of \$700,000.

No rates impact from building the facility, but the cost to operate it would mean a 9% increase (\$10.30) in landfill tonnage rate and a 9% increase (\$10.10 incl GST) in wheelie bin charges.

OPTION 3 A multi-purpose recovery and education facility

What to expect:

A large, purpose built recovery centre as in option 2, but also an education facility and recycling hub with on-site compaction capabilities.

What it would cost: This is estimated to cost \$1 million.

No rates impact from building the facility, but the cost to operate it would mean a 13% increase (14.90) in landfill tonnage rate and 13% increase (\$14.60 incl. GST) in wheelie bin charges.

WE'RE LOOKING TO RAMP UP SERVICES AT MT COOEE, OUR DISTRICT'S LANDFILL.

"About 20% of you use Mt Cooee on an annual basis, waste and recycling affects all of us and one of our main goals is a sustainable environment."

There are a lot of good reasons to improve Mt

Cooee, these include:

- Diverting more waste away from Mt Cooee so we reduce our waste levy and Emissions Trading Scheme (ETS) costs. Over the past few years, the cost of carbon credits has leapt from \$2 to \$17; on top of that we now also have to pay 100% of the cost of being part of the ETS scheme (the government has been phasing this in).
- Providing a better level of service and safety for those of you who use the landfill e.g. no more public access to the tip face.
- Better monitoring so we stop the prohibited waste that sometimes gets dumped at Mt Cooee.
- Future-proofing our options by creating a transfer station, in case the resource consent to operate Mt Cooee cannot be extended beyond 2023.

So, check out the three options we've investigated – we're planning for any new facility to be operational from 2021, and landfill charges and wheelie bin rates would increase from 2022. See the options for more information.

All of the options mean providing transfer station facilities and the public would no longer have access to the tip-face. This is vital from a health and safety point of view, and because of that, "doing nothing" is not an option.

The project is dependent on receiving 50% co-funding from the Ministry for the Environment, and the rest of the costs would be covered by increased charges for those who use Mt Cooee and an increased wheelie bin rate.



Option 2

KEY ISSUE: WHAT A LOAD OF RUBBISH

Source: Clutha District Council - Your Community - Your Council - Your Future. 2018-28 Consultation Document (April 2018)

COUNCIL'S DECISION:

OPTION 2: A LARGER PURPOSE-BUILT RECOVERY CENTRE AND TRANSFER STATION

Council agreed to a larger, purpose-built recovery centre and transfer station at Mt Cooee Landfill with a budget of \$700,000 (Option 2). They also approved a budget of \$200,000 over the next three years to extend the operational consent of the landfill.

Council provides waste management activities to ensure the safe and hygienic disposal of household waste and to ensure that wastes are sustainably managed.

Improvements to the Mount Cooee landfill are required, to direct more waste away from landfill, reduce waste levy and ETS costs, and provide a better level of service and safety for those who use the landfill.

In addition, work is required now to future-proof our options by creating a transfer station, in case the resource consent to operate Mount Cooee cannot be extended beyond 2023. To this end Council also approved a budget of \$200,000 over the next three years to extend the operational consent of the landfill.

Of the three options presented, the majority (63%) preferred Option 2 for a purpose-built recovery centre and transfer station at an estimated \$700,000 cost.

A further 21% supported Option 3 that extended to including an education centre at an estimated cost of \$1M.

The least favoured was Option 1 (16%) to create a basic recovery set up at an estimated cost of \$300,000.

The waste management area is likely to be a significant focus for Council. The future of the Mount Cooee Landfill has been signalled as a key cost and resource issue for the district.



We consulted on...



YOU'VE TOLD US IT'S MILTON'S TIME FOR MAIN STREET IMPROVEMENTS.

“How much do you think should be spent on improving the main street?”

We received a lot of feedback during the Our Place community plan consultation in 2017 about improving Milton's main street. That and upgrading the toilets had the highest ranking in the feedback.

We've taken this on board and agree a major overhaul of Milton's main toilets at Stewart Reserve needs to happen and so we have already included \$550,000 in the 2019/20 district-wide public toilet budget to do this.

Now, we want to know how much you think we should spend on other main street improvements.

We said during the community plan consultation that we would

come back to you with costings before doing any work that might impact on rates. This is the follow-up, so please tell us what you think.

Potential improvements include:

- Doing up Stewart Reserve
- Footpath resurfacing
- Improving the three main pedestrian crossings
- Improving the southern entrance
- Putting powerlines underground

The extent of how much of this work can be done depends on how much we are prepared to pay.

We're planning for any improvements to start from 2021, and changes to rates from 2022. See the three options for more information.

OPTION 1 Do and spend nothing

What to expect:
Status quo

How much will it cost:

No additional rates impact for main street improvements.

OPTION 2 Spend \$1.5M*

What to expect:

Improvements to footpaths, pedestrian crossings and limited undergrounding of the powerlines.

What it would cost:

	2020-21	2021-22	2022-23
UAGC * (All properties)	\$0.05	\$0.70	\$1.35
Bruce area**	\$0.80	\$12.36	\$23.68

OPTION 3 Spend \$2M*

What to expect:

Improvements to footpaths, pedestrian crossings AND improvements to Stewart Reserve and more undergrounding of the powerlines.

What it would cost:

	2020-21	2021-22	2022-23
UAGC ** (All properties)	\$0.05	\$0.93	\$1.80
Bruce area ***	\$0.80	\$16.36	\$31.55

* Final scope and costs would be confirmed once landscape concepts and revised costs

** UAGC = Uniform annual general charge

*** Bruce area refers to the Bruce area uniform charge and UAGC



Option 3

KEY ISSUE: MILTON'S MAKEOVER

Source: Clutha District Council - Your Community - Your Council - Your Future. 2018-28 Consultation Document (April 2018)

COUNCIL'S DECISION:

OPTION 3: SPEND \$2M

Council confirmed the Milton main street upgrade project as a multi-year project with a budget of \$2 million. Improving Milton's main street was one of the top priorities identified in the Our Place Milton community plan.

Feedback received from the Our Place Milton community plan consultation showed that improving Milton's main street and upgrading the toilets were high priorities for the local community. Council has already included \$550,000 in the 2019/20 district-wide public toilet budget to complete a major overhaul of Milton's main public toilets at Stewart Reserve.

Of the feedback received on potential improvements to Milton's main street, there is a

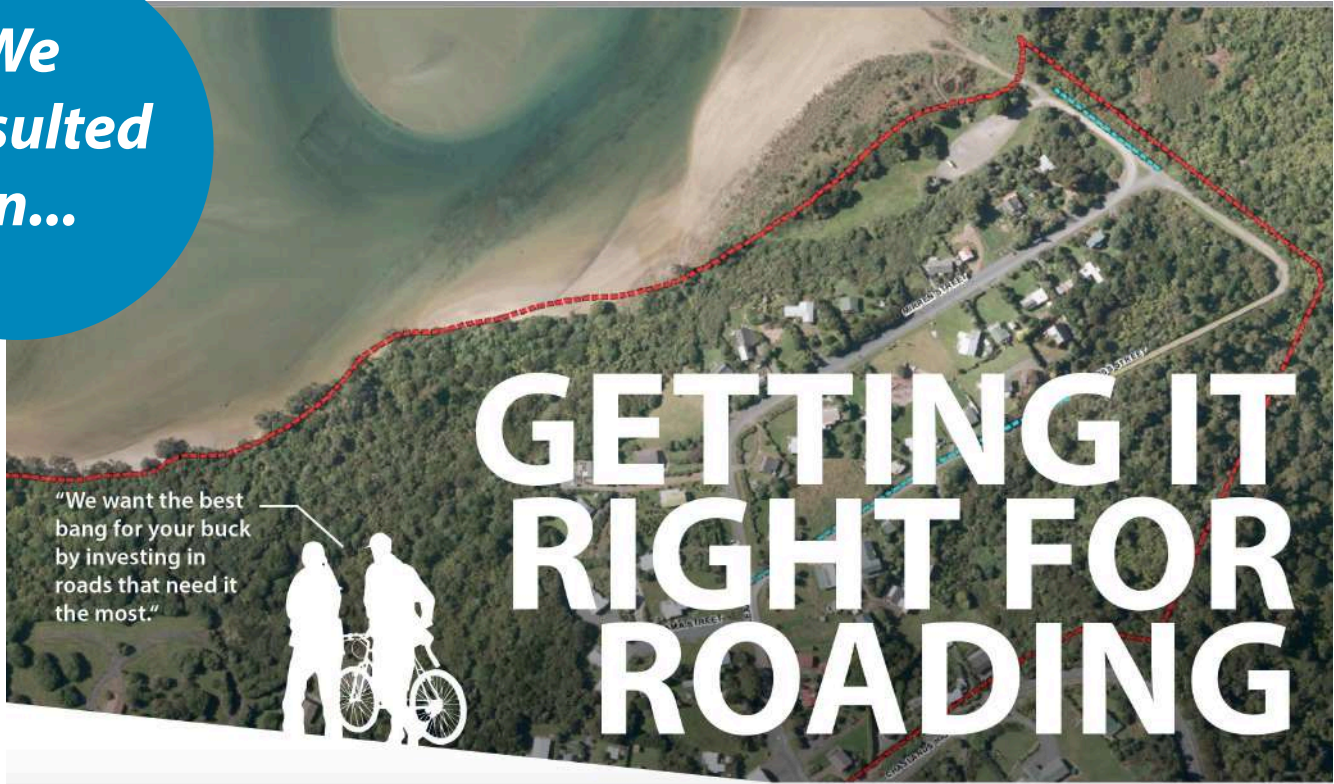
clear preference for at least some work to be undertaken. Some 80% favoured either Option 2 or Option 3, and this aligns well with the feedback received through the Our Place Milton Community Plan consultation process in 2017.

Of the three options presented, the majority (49%) preferred Option 3 to spend \$2M.

A further 31% supported Option 2 to spend \$1.5M.

The least favoured was Option 1 (20%) to do and spend nothing.

We consulted on...



"We want the best bang for your buck by investing in roads that need it the most."

GETTING IT RIGHT FOR ROADING

TO SEAL OR NOT TO SEAL, THAT IS THE QUESTION...

"We have an extensive network of almost 3,000km of local roads throughout the district; the majority (72% or 2,091km) are unsealed."

Currently we spend about \$14m a year on roads and that easily makes up the biggest proportion of our expenditure (44%) and rates (42%).

Sealing roads is expensive. It costs about \$300,000 per kilometre - which would mean a whopping \$600 million to seal all the gravel roads in our

district.

We know this makes sealing roads (doing seal extensions) an unrealistic cost to pass on to ratepayers, but we do get regular requests from you to extend the seal in certain areas.

So, based on a number of factors, including house numbers, traffic volume and high maintenance costs, we're considering reintroducing sealing for high priority areas. These sites are within urban 50km/hr speed zones and have experienced growth, in terms of visitors, residential development or heavy traffic.

If we do go ahead and seal, it will be change of position by Council. Since 2009 the high cost of

sealing means we have only sealed roads when they qualify for funding assistance from NZ Transport Agency, as was the case for Nuggets Road. The rates impact of this sealing work assumes there may not be any funding assistance, but we will still explore ways of attracting this from the NZ Transport Agency.

If we go ahead with more sealing, we also need to decide the fairest way to pay for it.

These are the options for you to consider.

OPTION 1 Stick to the status quo - no seal extensions

What to expect:
No changes to current level of service for sealing. Traction seals to improve safety on short sections of gravel road is expected to continue.

What would it cost?
No additional rates cost.

OPTION 2 Introduce a sealing programme that benefits our towns

What to expect:
Sealing 5.7kms of urban roads in Clinton, Heriot, Kaitangata, Kaka Point, Milton, Papatowai, Pounaweia, Taieri Mouth, Tapanui and Waihola.

What it would cost:
An estimated cost of \$2 million with full rates impact from 2021/22.

OPTION 3 Take it a step further than option 2 and also seal in some of our settlements

What to expect:
This sealing work would be on rural roads in Tokoitaki, Jack's Bay, Mahinerangi Village and Toko Mouth and just under 9km all up.

What it would cost:
An estimated cost of \$3 million with full rates impact from 2021/22.



Option 2

KEY ISSUE: GETTING IT RIGHT FOR ROADING

Source: Clutha District Council - Your Community - Your Council - Your Future. 2018-28
Consultation Document (April 2018)

COUNCIL'S DECISION:

OPTION 2: INTRODUCE A SEALING PROGRAMME TO BENEFIT OUR TOWNS

Council confirmed an urban sealing budget of just under \$2M over three years, this will be paid for via a fixed charge across all urban roading rating areas.

Council confirmed a budget of just under \$2 million for sealing gravel roads in urban areas. This will be paid for via a fixed charge across all urban local roading rating areas.

This is change of position by Council as since 2009 the high cost of sealing means we have only sealed roads when they qualify for funding assistance from NZ Transport Agency.

The roads that will be given priority for this new sealing are still to be finalised and a prioritisation process is yet to be determined, but it will be within the urban communities that Council consulted on and is intended to address the negative impacts and environmental effects of traffic on these unsealed roads.

Of the three options presented, the majority (58%) preferred Option 2 to spend \$2M.

Some 21% supported Option 1 to do and spending nothing.

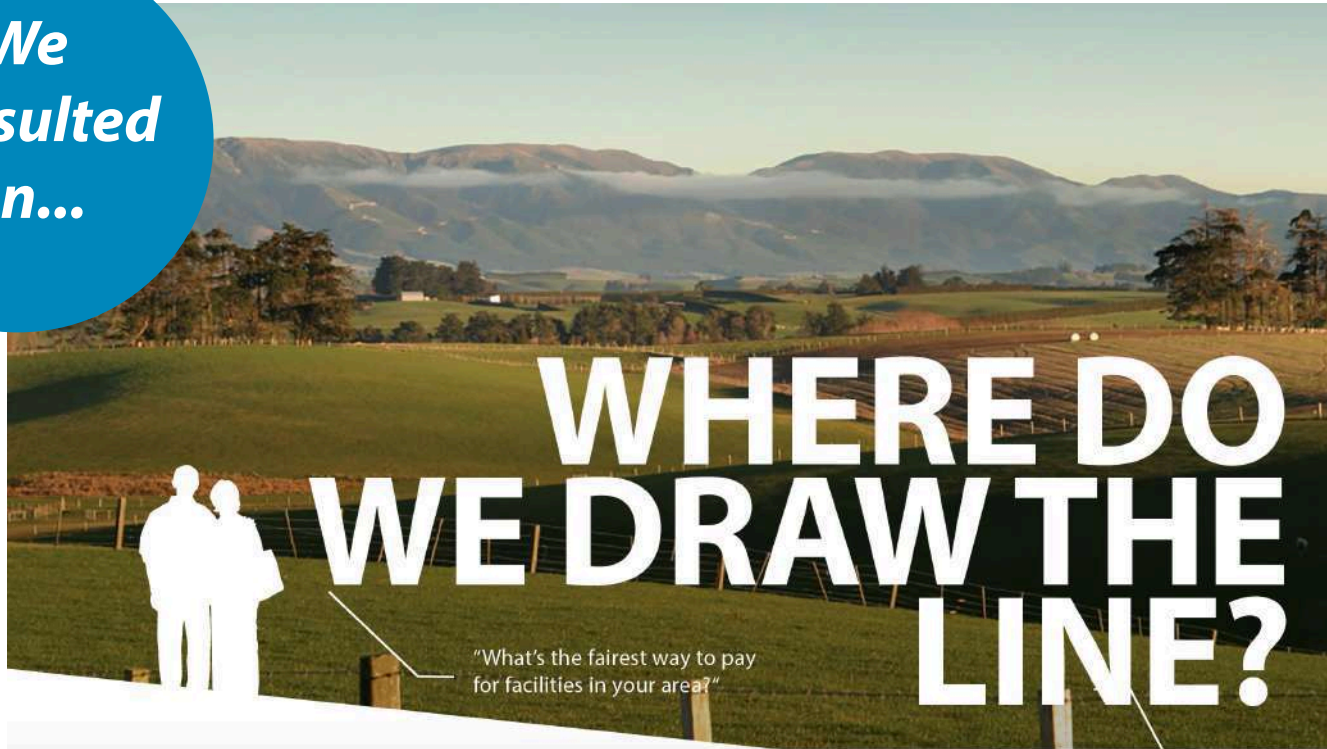
The least favoured was Option 3 (18%) to spend \$3M in towns and smaller settlements.

Two options were presented for funding any additional sealing. Of these, the majority (70%) preferred Option A - a fixed charge across all urban local roading rating areas; while 13% preferred Option B which would have spread the cost across the whole district.

In addition, following a number of public submissions about gravel roads, Council approved:

1. A programme for prioritising and sealing rural roads will be considered and consulted on during the 2019/20 Annual Plan process, and
2. A budget of \$1M in 2018/19 to buy stockpiles of gravel. This is to allow the gravel to weather for longer before being applied to roads. The aim is for the gravel to better settle and compact- and therefore be less susceptible to corrugation and potholes. Having stockpiles will also enable Council to adjust its metalling programme at short notice and respond to adverse weather and rapid changes in road usage.

We
consulted
on...



OPTION 1

How much you pay for facilities depends on the value of your land and whether you live inside or outside the town boundary (status quo).

OPTION 2

How much you pay for facilities is the same for everyone within your local area i.e. the community of interest.

The alternative would mean a fixed rate for everyone. So, the amount people pay in rates would change, for some of you it will be higher and for others it will be lower, depending on how much you pay now. But, the proposed change will not affect levels of service or increase the overall amount of rates Council receives.

WE'RE LOOKING AT CHANGES, BUT OUR AIM IS TO MAKE OUR SYSTEM AS FAIR AS POSSIBLE.

"Weighing up who pays and how is something that we look at closely on a regular basis".

There are many options and choices for a council to consider when deciding how rates are paid.

The inescapable fact is we are a large, widespread rural district with a relatively small population,

meaning Council has to balance providing facilities to the standard you expect, and that you pay for it in a way that is fair and affordable.

So, we're having a close look at potential improvements to our rating system and want your help to make these decisions.

While some of the costs for community facilities like pools, halls, parks, reserves, and sportsgrounds are covered by direct user charges, these are only ever part of the costs. This means rates will always be an important part of funding our local facilities.

At the moment how much you pay in rates for these facilities is based on the value of your land

and can vary a lot between ratepayers. If you live within your town's boundary you pay a lot more than if you live outside the boundary - even though the same services and facilities are available to everyone in that area.

So, we're asking if this is still the fairest approach. Because we're concerned the answer is no, we've been considering an alternative.

The alternative we're suggesting is you pay towards the cost of the facilities in your wider community area - i.e. everybody in the same "community of interest" pays the same amount.

This principle of a fixed charge for each community's facilities is to make the rating system as fair as possible and ideally we'd fund all of our community facilities by fixed charges. Unfortunately, legislation places limits on this, so there will always be a few facilities funded on a different basis. For example, public toilets which are covered by a district-wide rate. So, the amount people pay in rates would change, for some of you it will be higher and for others it will be lower, depending on how much you pay now. But remember that the proposed change will not affect levels of service or increase the overall amount of rates Council receives. Check out the maps to see the current rating areas versus the suggested new communities of interest – these are Bruce, Catlins, Clinton, Lawrence-Tuapeka, Lower Clutha and West Otago.

Option 2

KEY ISSUE: WHERE DO WE DRAW THE LINE?

Source: Clutha District Council - Your Community - Your Council - Your Future. 2018-28 Consultation Document (April 2018)

COUNCIL'S DECISION:

OPTION 2: HOW MUCH YOU PAY FOR FACILITIES IS THE SAME FOR EVERYONE WITHIN YOUR LOCAL AREA

Council confirmed a change to the way we rate for communities facilities such as halls, parks, reserves, pools, sports grounds, and playgrounds. .

Council also voted to change the way we rate for communities facilities such as halls, parks, reserves, pools, sports grounds, and playgrounds.

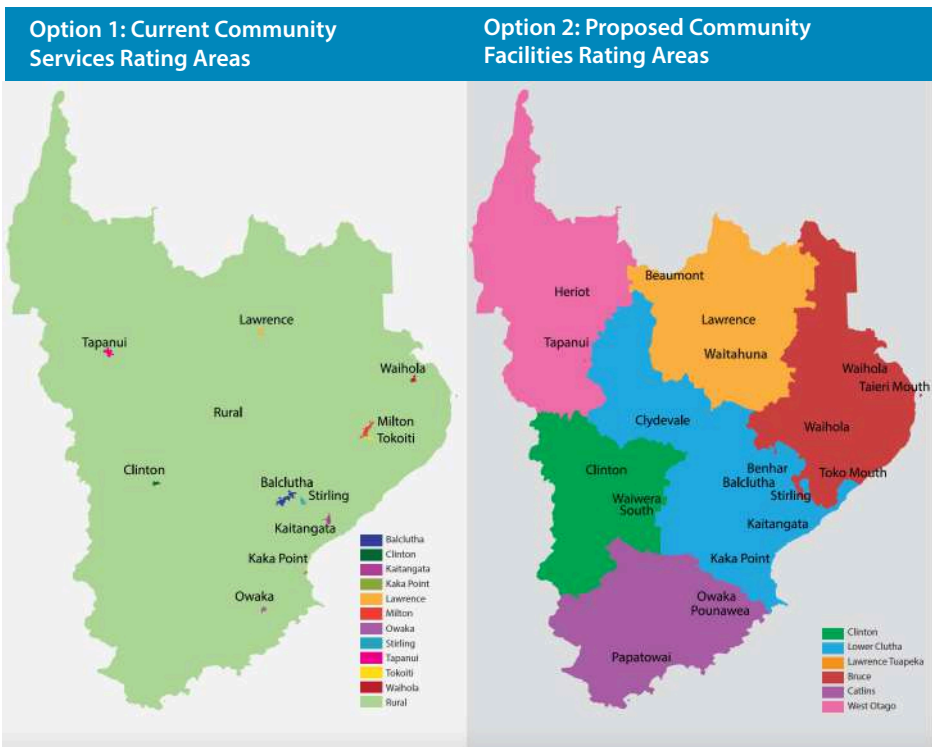
Council also considered a suggestion to modify the Lower Clutha area to exclude the Rongahere Gorge.

Option 2 was preferred by 82%, while 15% preferred Option 1.

The update including final areas can be found in the Rating Policies section under the Revenue & Financing Policy.

This will see a fixed charge for all ratepayers who live in the same defined "community of interest" area. Previously, the amount paid in rates for these facilities was dependent on the properties land value, and whether it was inside or outside the town boundary.

The motivation behind the change is to make the rating system as fair as possible and is based on the idea that the same services and facilities are available to everyone in that area whether they live urban or rurally.



We also included information about...



MANAGING OUR INFRASTRUCTURE AND FINANCES

18

Clutha District Council was formed in 1989 with the merging of a number of boroughs and counties in different financial positions. Since then Council has gone on to consolidate its financial position. This has been helped by asset sales and changing the way we operate e.g. contracting out the operation and maintenance of services, particularly core ones like roading, water, sewerage and solid waste.

Where we are now?

We are a relatively small council, but with a sound financial base. Generally, our core infrastructure is in good condition, and overall it has plenty of life left in it.

We are a widespread district of over 6,000 km² including various towns and smaller settlements that all have their own infrastructure needs. Council maintains just under 3,000km of local roads and 401 bridges. There are 22 water schemes that deliver water to 15 urban areas and over 2,000 rural properties throughout the district. We protect the environment and public health by collecting, treating and disposing of the treated sewage from 14 townships via 11 sewerage schemes. Stormwater drainage helps protect people and properties across 13 of the district's communities. Council is responsible for managing over \$1 billion worth of infrastructure assets, including the third largest local roading network in the country.

In recent years there has been substantial investment in infrastructure, and our communities are experiencing the benefits of these works. Our roading network is generally in good condition when compared with other similar networks and this has reduced capital works for sealed roads compared to 10 to 15 years ago. There has also been a focus on providing improved drinking water for the majority of our towns, along with sewage treatment upgrades. We have also considered community facilities on a case-by-case basis and, adapted and in some instances, divested facilities if this is the most sustainable longer term option.

Challenges we face

Council faces the challenges of balancing the known with the unknown. Increasingly, we face added pressure financially, geographically and politically.

These include:

- Our changing communities, where some are growing, some are declining, and overall we are getting older.
- Natural disasters and planning for the unknown.
- Adapting to the effects of climate change.
- Changes in legislation and regulations, including the Havelock Enquiry.
- Changes in technology
- Maintaining and replacing our widely distributed infrastructure over time.

What we plan to do:

- More investigative work to give us better quality information about our underground assets. This will help us refine and target renewal work to make sure it gets done at the best time.
- Continue work to target where and how we should invest in our roading network.
- Look for greater efficiencies in our biggest areas of spending. This includes our main contracts such as roading maintenance, water, sewerage and stormwater.
- Implement economic development actions and investigate other actions (Living and Working in Clutha) to generate growth in the medium to long-term.
- Consider leveraging off our strong balance sheet by utilising low interests rates through the Local Government Funding Agency (LGFA).

OUR INFRASTRUCTURE

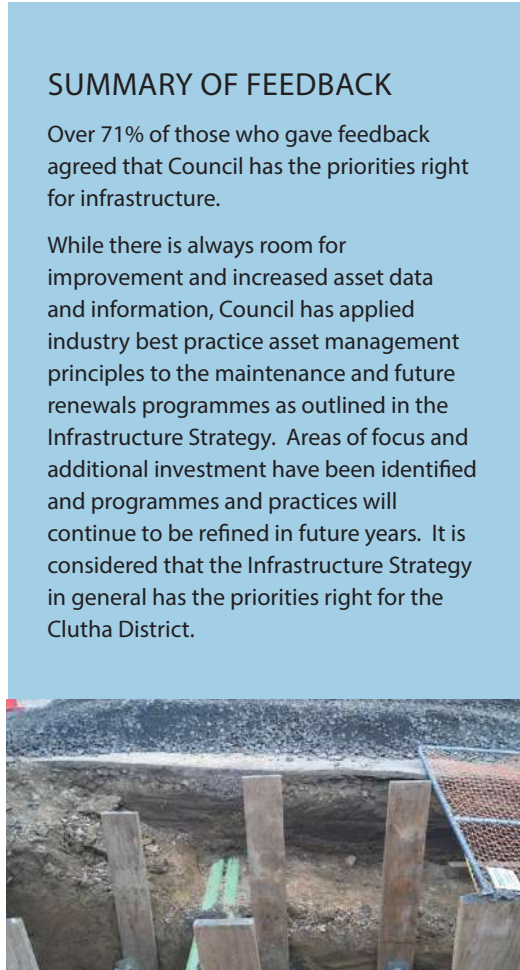
THE QUESTION WE POSED WAS “HAVE WE GOT OUR PRIORITIES RIGHT FOR INFRASTRUCTURE?”

STORMWATER PRIORITIES

(Estimated cost \$4.9M)

How we collect and dispose of storm-water run-off affects our communities. Getting the right balance between levels of stormwater protection and the rates impact for these service is an issue we're been looking at carefully in recent times. During the last Long Term Plan in 2015 we identified a number of issues in some of our smaller communities, so for this plan we are proposing a programme that prioritises 21 upgrade projects over the next 10 years. The projects are in Milton, Owaka, Lawrence, Tapanui, Heriot, Clinton, Waihola and Pounaweia.

The proposed projects will mean a higher level of protection for these communities during adverse weather events. There will be no rates impact from funding the improvements themselves. But there will be a minimal increase in rates to cover operating costs e.g. depreciation and electricity. We think it's important to forge ahead with this work to increase levels of service. But we want to check, have we got our priorities right?



SUMMARY OF FEEDBACK

Over 71% of those who gave feedback agreed that Council has the priorities right for infrastructure.

While there is always room for improvement and increased asset data and information, Council has applied industry best practice asset management principles to the maintenance and future renewals programmes as outlined in the Infrastructure Strategy. Areas of focus and additional investment have been identified and programmes and practices will continue to be refined in future years. It is considered that the Infrastructure Strategy in general has the priorities right for the Clutha District.

BRIDGE UPGRADES

(Estimated cost \$12.5M)

As we move to improve how freight moves around New Zealand, trucks are becoming both longer and heavier with 50 tonne loads becoming the norm. At the moment a large part of our local roading network, i.e. access to farms and forestry, is not accessible by what are referred to as High Productivity Motor Vehicles (HPMVs). Council's delivery partner for roads, NZ Transport Agency (NZTA) is looking to actively support us to open up more of the local network to HPMV vehicles. This has led Council to consider whether we should be doing work to some of our 50 Max weight restricted bridges sooner, so these heavier trucks can use more of them. Our current bridge upgrade programme spans 30 years, but we are looking to speed this up so we achieve a higher level of service over 10 years instead. Doing the work over 10 years instead of 30 means spending an average \$600,000 more each year during 2018 to 2028, and spending less from 2029 onwards.

The cost of accelerating the upgrades would be met from bridge depreciation reserves and the funding assistance from NZTA, so there would be no rate impact during 2018 to 2028.

These upgrades would support efficiencies for the district's key industries, as more freight could be moved with less trucks. Less trucks also mean safer roads. These upgrades aim to help future-proof our local network, which is a strategic asset for our district.

TRANSPORTATION UPDATE

Over the last six years Council has reduced capital expenditure on sealed roads and made a modest increase in maintenance expenditure. This is in line with industry best practice across New Zealand and has resulted in a more cost effective sealed roading network.

Expenditure on the unsealed network has remained static and this is an area where Council will look to continue to refine work practices to make sure the most important areas of the network are fit for purpose.

Forestry is an area where impacts have been increasing recently. More work has been identified in this area to work with property owners and contractors to ensure impacts on the network are reduced with proper planning and network management.



EARTHQUAKE STRENGTHENING

(Estimated cost \$2.4M)

Earthquake-prone building requirements underwent significant changes following the Canterbury and Kaikoura earthquakes. As a consequence, Council has carried out detailed seismic assessments of our main buildings and community halls. The cost estimate to complete the strengthening work to bring the buildings up to standard is \$2.4M. Our approach is to programme this work in conjunction with other planned upgrades and renewals at these facilities. We've factored the cost of it into our budgets for the next 10 years and legally we have 25-35 years to complete the strengthening work. More detailed planning and funding work needs to be done first in conjunction with our communities and their hall committees. We're expecting earthquake-strengthening will come to the fore during the period covered by future Long Term Plans, but we know we need to raise it now so you know we can work together to plan ahead.

Feedback received on this topic was generally supportive, and indicated that this was considered essential for local communities.



MILTON-WAIHOLA PIPELINE

(Estimated cost \$3.2M)

Water is a core service provided by Council and the current set-up is limiting growth in Waihola-Milburn, an area with strong residential and industrial development potential. North Bruce is one of our key rural water schemes and also supplies water for this area, including the Waihola township. However, the scheme is fully subscribed meaning there's no capacity to support growth in this area. Council is looking at constructing a 15.5km pipeline and pump upgrades, so we could shift about a third of current customers off the rural scheme (freeing up space), and connect them to the Milton urban water supply instead. A new pipeline would support Council's approach to encourage growth. In addition, Milton's water treatment plant is the most modern in the district and could support more customer connections. More detailed planning and funding work needs to be done first. We're expecting this project would be 'shovel-ready' in 2021 during the period covered by our next 2021 Long Term Plan, but are keen to raise this now.

Feedback on this topic was generally supportive, and seen as essential if the local community and businesses are to expand and grow.



OTHER ASPECTS YOU GAVE US FEEDBACK ABOUT

AFTER CONSIDERING YOUR FEEDBACK COUNCIL MADE THE FOLLOWING DECISIONS:

DESTINATION TOILETS

(Estimated cost \$1.1M)

After Our Place Milton and Balclutha community consultation, Council has agreed to upgrade or construct new destination toilets in our two main towns. Milton's toilet is provided for as part of the proposed main street upgrade. Balclutha's destination toilet is a new project, with the exact location to be determined.

CLUTHA GOLD TRAIL EXTENSION

(Estimated cost \$1M)

Contributing to the development of the Clutha Gold Trail extension, which would see this walking and cycling trail extend on from Lawrence to Milton and then Lake Waihola. It would provide recreational and visitor opportunities with direct benefits to the Lawrence-Tuapeka and Bruce wards. Council is considering a \$1M loan-funded grant towards the extension, which is estimated to cost \$7M in total.

COUNCIL DECISIONS

Council confirmed budgets for destination toilets in Balclutha and Milton, this follows the Our Place community plan processes carried out for both towns. Milton's toilets are provided for as part of the main street upgrade, Balclutha's destination toilet is a new project with the exact location still to be determined. Council also agreed to investigate toilets in the Catlins, Lawrence and Coastal Communities as part of the community plan processes coming up over the next three years. In addition, scheduled renewals of the Surat Bay and Jacks Bay toilets have been brought forward to the 2019/20 year. Council also approved \$25,000 for the provision of a single toilet at Cannibal Bay.

Council confirmed a loan-funded \$1 million grant, rated over 25 years, towards the extension of the Clutha Gold Trail, to enable this cycling and walking track to continue on from Lawrence to Milton and Waihola.

CROSS RECREATION CENTRE

(Estimated cost \$150K)

Funding assistance to the Cross Recreation Centre towards improvements and extensions to the facility. The centre is planning a \$300,000 extension to provide more space for gymnastics, an umpires room, improved storage, space for smaller groups, purpose-built massage and physio facilities and improvements to the entry area. Council's preferred option is to contribute \$150,000 towards this work and has included it in the 2018/28 budget.

ROSEBANK INDUSTRIAL PARK

(Estimated cost \$350-\$400K)

Council is proceeding with the Rosebank Industrial Park development. Council decided that the economic benefits to our community outweigh the fact it can't be developed without a loss. We're proposing the loss be covered by funds Council has gained from selling some of our surplus property and will not have an impact on rates.

COUNCIL DECISIONS

Council confirmed funding of \$150,000 towards a capital improvement programme at the Cross Recreation Centre.

Council confirmed the Rosebank Industrial Park project, following a decision at the end of last year that recognised it is likely that the cost of the development will exceed what the sections can be sold for. The decision to take this loss was included in the Long Term Plan, as elected members felt the economic and community benefits of the industrial park far outweighed the monetary loss. This loss will be covered by the sale of surplus Council property and not by rates.

OUR PLACE COMMUNITY PLANS

Council intends to continue working with communities to identify the priorities for their areas. With the Milton, Waihola and Balclutha community plans already underway, councillors have prioritised the rest of the community plans as follows: Kaka Point and Catlins communities 2018/19, Kaitangata and Lawrence-Tuapeka communities 2019/20, West Otago communities 2020/21, Clinton communities, coastal communities and Clutha Valley communities 2021/22, Stirling and Benhar communities 2022/23, Waipori, Mahinerangi, Berwick communities and rural Bruce 2023/24.

DOG REGISTRATION FEES

Up until now how much you pay in dog registration fees has depended on where you live. But, from 1 July 2018, dog registration fees will be based on the type of dog you own — working or non-working. This will bring fees in line with legislation and Council's Dog Control Policy and Bylaw.

Council confirmed the timetable for the upcoming Our Place community plans.

Following feedback about proposed changes to our dog fees, Council adopted the following:

- A rural working dog will now cost \$38 to register
- A rural non-working dog will now cost \$48 to register
- All urban dogs will now cost \$68 to register

In addition, responsible dog owners will now pay \$48 with a one-off application fee of \$20.

These are different to the proposed fees changes we consulted on. The final decision by elected members was based on the feedback received, and is an attempt to split dog registration fees in the most equitable way, and also to reflect the areas in which most of our response work is carried out. It's also worth noting that our animal control activity has been running at a deficit for the past two years and will also be in deficit this year, although these new fees will help alleviate this.

UPDATES IN RESPONSE TO REQUESTS FROM RURAL WATER SCHEME COMMITTEES

• Rural Water Scheme Committees provide an important link to the various schemes throughout our wide-spread rural district. Representing consumers of these schemes the committee's recommend capital forward works programmes and their timing.

Following the Havelock North inquiry there are clear signals that an increased focus on drinking water compliance and improving water quality will be required. As such Council has discussed a number of water treatment upgrades with rural water scheme committees across the district. Key upgrades have been identified during the next two to three years are to Glenkenich, Richardson North, Evans Flat, Moa Flat, North Bruce and Waitahuna Water treatment plants. There are also significant upgrades planned for the Stirling and Kaitangata water treatment plants.

LAWRENCE/TUAPEKA COMMUNITY BOARD

A budget of \$85,000 (funded over 10 years) for improvement projects in Lawrence parks and reserves was also approved following requests from the Lawrence/Tuapeka Community Board. Project scoping and details are to be developed in conjunction with the Board.

FUNDING REQUESTS

COUNCIL RECEIVED A NUMBER OF REQUESTS FROM GROUPS AND INDIVIDUALS THE FOLLOWING WERE GRANTED:

FUNDING REQUESTS

- To continue the \$58,994 current funding to the Clutha Combined Museums Group.
- Clutha District Emergency Services Trust request of an increase of \$270 to \$1,500.
- To continue the \$7,000 current funding to the Kaitangata Community Pool.
- To continue the \$8,634 current funding to the Gore and Clutha's Women Refuge.
- To continue the \$19,137 funding for the Kaka Point Surf Life Saving Club.
- Sport Clutha's request of an increase of \$928 to \$46,420.
- Clutha Super Masters Games request of an increase of \$48 to \$600.
- Cross Recreation Centre's request for its annual grant of \$44,100.
- Project Bruce's request for \$7,244 for two years to support running costs.
- An increase of \$6,650 to the current funding of \$33,350 for Lawrence-Tuapeka Community Company's to support the delivery of information centre services in Lawrence.
- \$10,000 towards sealing the carpark at the Tokomairiro Community Recreation Centre.
- \$14,000 to help fund waterproofing of the south wall of the Milton Coronation Hall - this comes from an existing Milton reserve fund.
- \$40,000 for the Kaitangata Skate Park Stage 2 Extension, subject to suitable land being acquired by Kaitangata Promotions for the extension.
- Sport New Zealand Rural Travel Fund's partnership request for \$5,000.
- Life Education Trust's request to continue receiving \$5,133 of community grant funding.
- Catlins Coast Inc's request for an increase of \$500 to \$1,500 to cover increased costs of producing the Catlins Care Code.
- A budget of \$15,000 for the sealing of the Owaka Playground carpark.
- To construct a footpath in View Street, Stirling - 180m of this would be in concrete and the rest in crushed rock.
- Increasing Clutha Development's budget by \$85,000 to invest in tourism, including a district destination plan and a tourist infrastructure feasibility study.
- \$30,000 of continued funding towards Malcam Trust's youth development programme in the Clutha District for the next three years.



INFRASTRUCTURE STRATEGY



YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28

MANAGING OUR INFRASTRUCTURE

Council is charged with planning for and managing a billion dollars worth of infrastructure on behalf of the Clutha District residents and ratepayers.

This Infrastructure Strategy outlines Council's approach to maintaining and improving core infrastructure during the 30-year period 2018 to 2048. It includes information about how we are going to manage it; the main challenges we face; and based on the information we have right now, how we propose to address these challenges. This strategy covers in detail roads and footpaths, urban water supply, rural water schemes, sewerage and the treatment and disposal of sewage and stormwater drainage. Our district is also facing longer-term infrastructure issues with waste management and community facilities and these are discussed at a high level.

The strategy has a 30-year outlook so that Council can plan for the effect of long-term trends (such as changes in the population and age profile of the district), and the replacement of key assets so this can be done within budget, and at the most appropriate time. Council's infrastructure assets provide important services to the community. Following a major disaster, restoration of these services is critical to a community's ability to recover

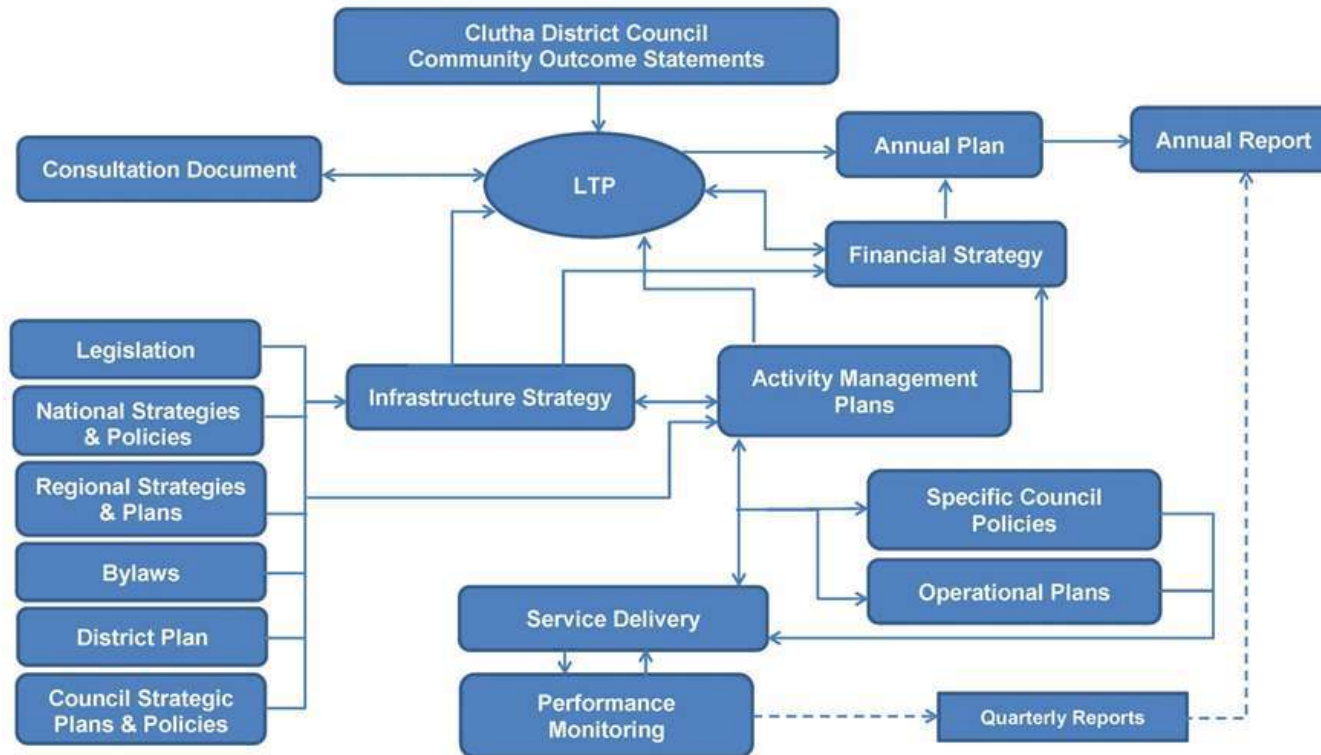
from the event. The anticipated effects of climate change are also likely to put additional stress on infrastructure. Ongoing infrastructure investment is therefore essential to maintain an appropriate level of service, and to improve the resilience of these assets.

OUR INFRASTRUCTURE STRATEGY PRINCIPLES ARE TO:

- Focus on maintaining the assets we already have, with funding targeted to where we get the most benefit.
- Continue to fund infrastructure in a way that residents and ratepayers will benefit from, both now and into the future.
- Keep rates affordability at the forefront of our actions and decisions, and work to keep rates increases at a low level.
- Take an adaptive approach: ensure that infrastructure decisions allow for future growth patterns that may differ from historical trends.
- Use our solid financial position and existing infrastructure as a platform to provide for the impacts of medium to long term growth in our rating base.

LINKAGE WITH OTHER DOCUMENTS

Infrastructure Strategy Linkages with other Documents



WHERE WE WANT TO BE

In developing our 2018/48 Infrastructure Strategy, Council has taken the opportunity to examine the current and future needs of the district. It's important to look ahead and consider what our organisation can do to help future-proof our district.

We want to continue to consolidate and build on our existing asset base, while we sustainably manage and maintain key infrastructure for residents and future generations throughout our district. In some instances, we will increase levels of service to meet compulsory requirements, such as increasing standards for sewage discharges and drinking water.

Importantly, Council will also look at facilitating growth where there is potential for this to help achieve our goal of growing the population and the rating base. We acknowledge this is a medium to longer-term goal

WHERE WE HAVE COME FROM

Clutha District Council formed in 1989 with the merging of a number of boroughs and counties with assets of varying ages and condition.

In recent years there has been substantial investment in infrastructure, and our communities are experiencing the benefits of these works. Our roading network is generally in good condition when compared with other similar networks and NZTA benchmarks, and this has reduced capital works for sealed roads compared to 10 to 15 years ago. Significant investment in new footpaths has also resulted in an overall improvement to our footpath network, with improved customer satisfaction. There has also been a focus on

providing improved drinking water for the majority of our towns, along with sewage treatment upgrades. We have also considered community facilities on a case-by-case basis and adapted, and in some instances, divested facilities if this is the most sustainable longer-term option.

The majority of improvements referred to above have increased Council's costs during recent years. In developing both this Infrastructure Strategy, and the related 10-year Financial Strategy 2018/28, Council has carefully considered the impact of increasing rates on ratepayers' ability to pay. Rates affordability and the sustainability of service levels and expenditure are key considerations for both the Infrastructure and Financial Strategies.

WHERE WE ARE NOW

GENERALLY OUR CORE INFRASTRUCTURE IS IN GOOD CONDITION, AND OVERALL IT HAS PLENTY OF LIFE LEFT IN IT.

We have an extensive network of infrastructure to maintain, particularly for roading and water supply. A substantial portion of roading and rural water infrastructure exists to support our crucial primary sector. Urban water, sewerage and stormwater infrastructure supports our various townships. A substantial proportion of our infrastructure was constructed in the 1970s and 1980s (e.g. rural water schemes and many of our sewerage schemes), and many of these assets may need to be replaced or upgraded within the time frame of this strategy.

OUR CHALLENGES AND OPPORTUNITIES

Council faces the challenges of balancing the known with the unknown- increasingly we are likely to face added pressure financially, geographically and politically. Fortunately, Council is in a strong position to meet challenges and opportunities. We have developed this strategy against this backdrop. These challenges and opportunities are also described in the Financial Strategy. In this Infrastructure Strategy we focus on the coming 30 years, acknowledging the interrelated nature of our finances and infrastructure.

GENERAL CHALLENGES

Our changing communities

Like other rural areas in New Zealand we have a relatively small, static and aging population. Modelling of three different growth scenarios (high, medium, low) has been undertaken to estimate how the number of people in the district will change. Council has adopted the medium growth scenario for the purposes of this strategy - however it is possible that external influences (e.g. housing prices, employment opportunities) may influence the actual level of growth. The medium scenario shows Clutha's population remaining relatively static until 2028, and

then a gradual population decline through to 2048.

The average age of the population of the district will continue to increase over the long-term, and this is expected to affect the way Council delivers its services. In 2013 people aged 65 and over made up around 16% of the population; this is expected to increase to 33% in 2048. An increase in the proportion of older people is likely to change the type of services Council provides, and the community's ability to pay for those services. This is unlikely to result in new activities, but may change the types of services provided, and how they are delivered. For example, the specifications of services such as footpaths and library services may change, but overall it is unlikely to result in significantly higher costs. Similarly, there is expected to be increased demand for activities such as walking and cycling, as identified through the development of community plans for the district's main towns, where further investment in walking and cycling has been identified.

Projected age changes indicate that the proportion of people aged between 15 and 64 years of age will decline from more than 63% to less than 50% by 2048. This will result in a net decrease in the number of

people in this age group under all scenarios. This may have a flow-on effect to the make-up of the district's work force.

Initiatives such Council's Economic Development and Living and Working in Clutha strategies aim to attract younger residents in the 15 to 64 age group so that the proportion of people over 65 does not increase as quickly as forecast, and to meet work force needs.

Land use changes

Changes to the District Plan are proposed to free up additional residential and industrial opportunities in and around Balclutha, Stirling and Milton. Most of this can be serviced by extending the existing infrastructure network, which is normally done at the developer's cost. The capacity of infrastructure is generally adequate to meet future demand, other than for wet industries that would require greater water usage.

It has been assumed that conversions to dairying and increases in dairy herd sizes will continue. Conversion and intensification are expected to be subject to water availability and being able to meet increasing standards for environmental discharges. Many recent conversions have sourced their own water supply, and as such provision of Council water is not expected to be a barrier to future conversion in many areas. Maturation of forestry blocks and subsequent harvesting and processing throughout the district may impact on roading infrastructure. However, our current regulatory framework provides for any impacts to be dealt with directly with forestry owners as the demand for this infrastructure arises.

USUALLY RESIDENT POPULATION

	2013	2018	2028	2038	2048
High scenario	17,250	18,020	18,870	19,450	19,691
Medium scenario	17,250	17,575	17,490	16,950	16,113
Low scenario	17,250	17,185	16,210	14,280	13,008

Tourist and visitor growth

As for New Zealand as a whole, the number of visitors to the Clutha District is projected to increase. The 'average day' and 'peak day' visitor numbers are projected to increase annually by 2.4% and 1.7% respectively by 2048, under the medium scenario. Visitors to all eight wards of the district are expected to increase. Balclutha, Milton, Lawrence, Owaka and Kaka Point currently have the highest number of visitors in the district and this is expected to continue.

Visitor numbers may increase demand on infrastructure and services such as water supply, sewerage, solid waste, parking, public toilets and roading. While improvements to the level of service for public toilets is budgeted in this plan for Balclutha and Milton, very little additional expenditure for increasing visitor numbers has been included at this point. Further work is required in this area to fully assess what additional levels of service are needed and how this can be funded with the least cost to ratepayers. Our primary focus for improvements to cater for increasing tourism volumes is roading and making our roads safer for visitors to travel on and navigate.

VISITOR NUMBERS

	2013	2018	2028	2038	2048	Average annual growth rate
Total visitors (Average day)	2,358	3,366	4,267	4,818	5,138	2.4%
Total visitors (Peak day)	6,616	8,148	9,793	10,852	11,824	1.7%

Natural disasters and planning for the unknown

Although the timing and scope of natural disasters is unpredictable, there have been a number of disasters, including major earthquakes and floods in New Zealand during the past decade. While the Clutha District is reasonably familiar with the effects of large flood events, there is limited specific information about our exposure to seismic risk,¹ mainly due to a lack of recent recorded events. The overall risk is reduced somewhat in the Clutha District because of its small population and its widely distributed communities, which reduces the likelihood of extensive damage across all critical infrastructure at the same time. However, any major event would impact on Council through the need for immediate funding, and depending on the scale, duration and location of the event, there could be unforeseen costs in terms of damage to Council assets.

In order to be prepared for a significant unexpected event, Council has taken out insurance for above ground assets covering \$153M material damage and has a separate self-insurance fund for underground assets that currently stands at \$176K. Council also

1. ORC, 2016. Natural Hazards on the Clutha Delta

has an Emergency Fund of \$4.2 million to draw against should it be necessary. For immediate cash funds Council has a committed bank facility of \$3M (multi-option credit line or bank overdraft facility) to meet shortfalls.

Adapting to the effects of climate change

The Clutha District has a varied and complex natural hazard setting, due to a combination of natural landscape-forming processes, and current land-use practices. The range of natural hazards which can be experienced includes flooding, alluvial fan (debris flow) hazard, seismic activity, and coastal processes such as erosion, storm surge and tsunami. The level of risk associated with these hazards varies across the district, depending on the scale and type of each hazard and the nature and vulnerability of the features exposed to it. It is noted that the Clutha Delta and Milton areas are particularly vulnerable, given their low-lying topography and larger population centres.

Existing natural hazards may well be exacerbated by predicted changes in climate and sea-level rise. The effects of coastal erosion and inundation are increasingly likely to pose a threat to existing infrastructure and land-use. Where there is a reliance on natural or man-made features for protection, there will generally be a residual risk to residents and Council infrastructure, should the integrity or performance of those features be compromised in the future.

However, the strategy assumes that the effects of climate change will be felt gradually throughout the period of this Infrastructure Strategy, allowing Council time to plan and prepare its response options around services and infrastructure. The specific impacts of long-term climate change on

Council infrastructure may include:

- Increased risk of flooding, landslides and erosion: the capacity of stormwater systems may be exceeded more frequently due to heavy rainfall events which could lead to surface flooding, damage to infrastructure and road closures.
- Water availability: water security is more likely to be an issue. Droughts are likely to increase in both intensity and duration over time.
- Coastal hazards: there is likely to be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storm surge and sea-level rise.

If the impacts of climate change are felt sooner than expected there may be demands on Council's budgets. Council's ability to deliver the level of service to the community may be impacted if climate change occurs faster than expected or to a greater extent. If this occurs it may require unbudgeted emergency work to be carried out and/or create additional costs to mitigate impacts, such as improving protection of critical infrastructure or increasing maintenance.

Council's financial position allows flexibility to respond to any unexpected events or trends, through borrowing for emergency works if required. In addition, Council self-insures for underground assets to help provide for emergency work if required.

To ensure that our infrastructure is resilient, Council will ensure that new assets are of sufficient standard to cater for the predicted effects of climate change, including increased rainfall intensity/duration, and sea-level rise. The full range of consequences that may arise from climate change and sea-level rise needs to be considered, along with possible interactions between multiple risk sources, and

any uncertainty in terms of how people or systems will behave. Council is planning to carry out more detailed modelling around climate change impacts over the next three years and will continue to monitor climate change science and the response of central government, and adapt its response where required. In addition, Council will continue to support civil defence and emergency management preparations, so that communities in the Clutha District are well prepared for the effects of natural hazards.

Changes in legislation and regulations

Council is bound by various regulations and legislation with its responsibilities prescribed by various acts, including the Local Government Act 2002, Reserve Management Act 1991 and Building Act 2004. The change of government in 2017 may also increase the likelihood of legislative and policy shifts that may have an effect on Council's finances and levels of service. Requirements to comply with higher standards for the quality of drinking water and sewage discharges have previously added to the cost of delivery of these services to ratepayers.

This strategy assumes that Council will meet consent conditions and that conditions of resource consents currently held will not be significantly altered. It is assumed that updates to attain consent renewals will progress as programmed, and that they can be achieved within allocated budgets.

It is anticipated that there will be heightened level of controls on stormwater discharges relating to Otago Regional Water Plan Change 6B. No additional capital budgets have been included at this stage until more is known, so that Council is in a position to assess potential financial impact in the 2021/31 Long Term Plan. Council is deliberately taking a wait-and-see approach, until it is able to estimate the costs and the possible impact on rates.

Changes in technology

The Clutha District is characterised by a relatively small, predominantly rural, and distributed population. This means the risks associated with implementing new and advanced technology is reduced, as it can be trialled on a small scale and then expanded if it is found to be sustainable and cost-effective. An example of this is Council's early adoption of the 'Bio-shell', with the first New Zealand installation of this technology occurring in the Clutha District. This is an example of a cost-effective solution for reducing nutrients being used where appropriate for small sewerage treatment systems. Some assumptions that have been made about the impact of new technology on Council's infrastructure networks include:

- Council will continue to prioritise the use of energy efficient technology.
- Changes in technology and environmental legislation, along with improved understanding of the expected life and performance of assets, will change greatly over time, and different renewal strategies may be adopted compared to those employed today.
- Driver-less technology will have a minimal impact on our roading network until it develops to a point where it can cope with unsealed, local roads.
- Library provision will remain relevant despite the increasing access of individuals to technology.

Widespread infrastructure needs

We are a widespread district covering an area of over 6,000 km² with a number of towns and smaller settlements that all have their own infrastructure needs. Council maintains just under 3,000km of local roads and 362 bridges. There are 22 water schemes that deliver water to 15 urban areas and more than 2,000 rural properties throughout the district. We protect the environment and public health by collecting, treating and disposing of treated sewage from 14 townships via 11 sewerage schemes. Stormwater drainage helps protect people and properties across 13 of the district's communities. Maintaining and replacing this widely distributed infrastructure over time is a key challenge for this Infrastructure Strategy to address. Further information about the financial aspects of delivering Council's infrastructure can be found in the 2018/28 Financial Strategy that sits alongside this strategy.

Accurate information about our infrastructure

To be able to best manage our infrastructure, we need to have accurate information about the various components, including their age and condition, and their expected remaining life. This is needed to plan maintenance and renewals, and to calculate the annual use of the asset by residents and ratepayers, and calculate depreciation accordingly. Council has an ongoing programme to improve the quality of the information we have about our assets, to ensure we have accurate estimates of asset value and lifespan and to fund depreciation accordingly.

Cost-effective delivery of services

Maximising the value of Council's investment in infrastructure is important, and alternative service-delivery methods are considered as part of the decision-making process. Options that may be considered available to achieve more cost-effective

service delivery include:

- Shared services partnerships / agreements with neighbouring territorial authorities.
- Amalgamating small schemes to reduce costs and increase resilience.
- Allowing for greater flexibility in servicing options.
- Using competitively tested market processes for capital expenditure and procurement.

ROADING

Co-funding for local roads

Our local roading network is our biggest and most expensive asset, and maintaining it is essential to our economy. A major source of funding for roading comes from the NZ Transport Agency (NZTA). A baseline level of funding (59%) is received for the operation, maintenance and renewal of the existing roading network, as well as for new projects meeting the NZTA requirements. While NZTA approved work makes up a significant proportion of Council's overall roading programme, the co-funding is conditional on the planned roading activities meeting NZTA criteria. Changes in such criteria and/or the level of co-funding will result in ratepayers having to contribute more towards the overall financial cost of roads, or potentially could result in reductions in the roading programme, which will affect the quality of local roads and the associated level of service.

Aligning to nationally consistent levels of service

The One Network Road Classification (ONRC) is a joint initiative of Local Government New Zealand and NZTA's Roading Efficiency Group (REG) to provide a nationally consistent framework to inform activity management planning including choices about roading investments, maintenance and operations. The initiative aims to standardise the road user experience nationally, to support

consistent asset management across the country. It also aims to facilitate collaboration and prioritisation between organisations responsible for planning and service delivery for the national road network. The classification aims to promote a customer focus and investment decisions will be based on whether the roads are fit for purpose and meeting the needs of users. According to the information at hand there are some aspects of our network, particularly for the rural sealed part of our network, that are above the ONRC standards. The next three years is a transition period for the ONRC and NZTA has indicated that it should be fully implemented by 2021. This is consistent with the adjustment of levels of service of the network to match user needs and problems identified in the Transportation Activity Management Plan.

Renewing our network of bridges

Bridges are a key part of the network and an extensive forward works programme to renew and upgrade them has been identified. Trucks are now permitted to be longer and heavier as High Productivity Motor Vehicles (HPMVs), with the low end HPMVs with a maximum load of 50 tonne referred to as 50MAX vehicles, becoming the norm. Currently 11% of our bridges (41) are not capable of carrying 50MAX vehicles. Without targeted investment on the network bridges, sections of the network would be inaccessible to these 50MAX vehicles.

Our 10-year bridge upgrade programme includes the replacement of 50MAX vehicle restricted bridges. This will support both the Government Policy Statement and NZTA directives to open the network for greater use by HPMVs and Council's own strategic priority to promote economic growth in the district. It is also a key aspect towards making the network safer. The cost of the bridge upgrades will be co-funded by the NZTA, with Council's share to be met from bridge depreciation reserves, so there would be no direct rates impact. There are also several key bridges identified for major expenditure during the life of this strategy. These are explained further in the capital works section later in this strategy.

WATER

Improving water and compliance with drinking water standards

Council is required by legislation to 'take all practicable steps' to meet national drinking water standards (DWS). To meet these standards Council is undertaking treatment plant upgrades across all urban and rural water schemes. Council expects to achieve higher levels of compliance with this increased focus on water treatment upgrades and operational effectiveness. Council will seek central government funding assistance for upgrades to meet DWS whenever this is available and individual schemes meet the funding criteria. Work is currently underway for these upgrades and construction is expected in the next few years, once the impact of the potential changes arising from the Havelock North Drinking Water Inquiry are known. It is assumed Council will continue working towards compliance for all schemes where this makes economic sense.

Increasing environmental standards for discharges to the environment

Under the Resource Management Act 1991, Council is required to have various resource consents in place for its sewerage discharges. Many of these consents require renewal over the next ten years. In some cases, this will mean Council will need to consider costly upgrade options to meet increasingly stringent conditions. Treatment upgrades are planned for Waihola, Clinton and Balclutha to meet requirements of new discharge consents and Council is aiming for 35-year discharge consents to provide long-term certainty where major upgrades are required.

In many places around New Zealand treatment

of stormwater is required before it is discharged to streams and rivers. Some settling of sludge is achieved in street sumps in most places across our district at present. However, the Otago Regional

Council has indicated that this issue is part of their review of the 'Regional Plan: Water', and it is expected that increased catchment management and possibly further treatment of stormwater may be required in the future. There is also the Freshwater National Policy Statement to consider. Council will monitor and make submissions on any proposed changes to the 'Regional Plan: Water', as well as consider the best way to implement any required changes to the way we manage stormwater in the future.

Renewal of water, sewerage and stormwater infrastructure

Rural water scheme reservoir renewals— many of the rural water schemes reservoir tank farms are approaching the end of their economic lives over the next 10 or so years.

Priority pipeline renewals (rural and urban)— work has been undertaken to identify pipelines that need to be replaced. A programme of renewals has been set based on the criticality of these various pipelines. At this stage, we are not expecting widespread renewal projects for the next 10 to 20 years. However, there may be older mains in some urban areas and critical rising mains and AC mains that require replacement within this timeframe.

Asbestos concrete (AC) water main renewals— there is considerable uncertainty regarding the useful life of the AC water mains around our district and particularly for our rural supplies. Recent assessment work has indicated that some pipes are lasting about 75% to 85% of the typical useful life compared to the

NZ average. This is interesting as other parts of NZ have found that these pipes are lasting longer than expected and this may be due to the specific ground conditions, water type and usage of pipes in our district. This is identified as one of the key long-term risks and challenges for our water supplies in the next 20 to 30 years, as a shorter than anticipated lifespan for these pipes would have a significant impact on funding and rates requirements. Further work is underway to use statistical analysis methods of pipe break data to predict future failures, and this provides an additional tool to determine the risk of failure of particular pipelines. These tools will be used to adjust forward works programmes from 2021 onwards.

Other infrastructure challenges and opportunities we face

While not technically considered 'core infrastructure' our solid waste and community infrastructure are important, and there are some future challenges worthy of mention in this strategy below.

Mt Cooee Landfill and future options for the district's solid waste

Mount Cooee Landfill plays an important role in the management of solid waste for the Clutha District. However, the current resource consent for the landfill expires in 2023. Council plans to work towards renewing the resource consent for Mt Cooee. To this end we have budgeted for a number of improvements at the landfill. These include the installation of additional groundwater monitoring bores, increased collection of water quality / quality data, and the remediation of the stormwater culvert that runs under the landfill to reduce leachate contamination into ground water.

There are a number of important considerations when deciding how to better manage solid waste into the future:

- How to divert more waste away from Mt Cooee, in order to reduce waste levy and Emissions Trading Scheme (ETS) costs. Over the past few years, the cost of carbon credits has increased from \$2 to more than \$20 (Feb 2018); and Council now has to pay 100% of the cost to offset greenhouse gas emissions from the landfill.
- Ways to provide a better level of service and safety for people who use the landfill e.g. no more public access to the tip face.
- Better monitoring so we stop the prohibited waste that sometimes gets dumped at Mt Cooee.
- Future proofing our options by creating a transfer station, in case the resource consent to operate Mt Cooee cannot be extended beyond 2023.

After considering several options Council intends to build a purpose-built recovery centre and transfer station that would be able to take a much broader range of items e.g. furniture, IT equipment. This has an estimated cost of \$700K.

Earthquake strengthening and future options for the district's community facilities

Changes to the Building Act 2004 as a consequence of the Canterbury earthquakes means there will be requirements to strengthen buildings to at least 33% of the Building Code, or to demolish them. During the life of this strategy, Council expects to need to make decisions about future capital works and funding for a number of buildings that are either Council-owned or funded. Detailed structural analyses of these buildings will be carried out to help provide the information Council will need to make longer term decisions about these buildings. Decisions will be made in conjunction with local communities and Council has identified community planning as the appropriate mechanism to address this. Council assumes that budgets will not be significantly affected by the work required following structural assessments of Council's service centres, libraries halls and community centres. There is a high level of risk attached to this assumption.

WHAT WE PLAN TO DO

Council will incorporate the following key elements into its infrastructure programme, to achieve positive outcomes for our community:

- Ongoing work to target where and how we should invest in our roading network and confirm that our proposed approach is sustainable and the 'best bang for our buck'.
- More investigative work to give us better quality information about our underground assets. This will help us refine and target renewal work to make sure it gets done at the best time.
- Assess network performance across all infrastructure types, to enable specific capacity issues to be addressed.
- Look for greater efficiencies and effectiveness in our biggest areas of spending.
- Implement economic development actions and investigate other actions (e.g. the Living and Working in Clutha Strategy) to generate growth in the medium to long term.
- Carry out a comprehensive range of activity reviews to generate efficiencies and economic benefit.

How these key elements will be implemented for each of the asset categories is outlined below:

Roading

Forecasts of traffic volumes indicate the infrastructure in place at present is generally adequate to cater for expected traffic volumes during the life of this strategy, based on current knowledge. There are some exceptions where we propose to do more work in certain areas. These include:

1. An accelerated bridge renewal and upgrade programme so that most bridges meet HPMV (50MAX) standards within the next ten years (rather than the existing 30-year programme).
2. A targeted programme of seal extensions in areas that have experienced growth in terms of visitors, residential development or heavy traffic. No longer-term programme has been established but this is an area Council will continue to monitor.
3. More detailed safety investigations and continuing to develop targeted works programmes to make our roads safer. We want to reduce the number of motor vehicle crashes on access and low volume rural roads, by working to improve the road environment and driver behaviour. An opportunity to improve the road environment along tourist routes has also been highlighted as an area of focus which will have benefits, both for safety and visitor experiences.
4. Improving crossings and safety for pedestrians and cyclists in our towns. As the proportion of our older residents grows in coming years this will become more important. This also links with proposed improvements to Milton's main street.
5. More maintenance and/or replacement where heavy vehicles cause damage to certain parts of the network, to ensure levels of service are achieved and the asset is protected.

In the previous Infrastructure Strategy (2015-2045), Council agreed to target roads with the greatest economic benefit to the district and that align with the ONRC hierarchy. In order for Council to be able

to target investment on these roads, an 'Economic Network Plan' approach is being taken, which also means a greater risk of some low volume roads deteriorating badly. We're planning to continue this approach during the life of this strategy. Unsealed roads have been highlighted as an area for improvement and works programmes, so operational expenditure on regrading and re-metalling has been revised to reflect this.

WATER SERVICES

Treatment upgrades

A comprehensive programme of treatment upgrades has been approved by Council previously and is included in the first few years of this strategy. Further detail on this work is provided in the Council Activities section.

Stormwater priority programme

How we collect and dispose of stormwater run-off affects all of our urban communities, and stormwater networks are key strategic assets. The 2015-2025 Long Term Plan identified a number of issues in some of our smaller communities, so for the 2018 Long Term Plan we are proposing a programme that prioritises 21 upgrade projects during the next 10 years. The projects are in Milton, Owaka, Lawrence, Tapanui, Heriot, Clinton, Waiholo and Pounaweia. The proposed projects will mean a higher level of protection for communities during heavy rainfall events.

Renewals

An assessment programme is planned to confirm the condition and renewal requirements for rural water reservoirs and a budget has been included to replace or upgrade these reservoirs five years later. The exact timing of this work will be determined as part of the assessment and the budget may be moved forward or backwards depending on this. Maintenance and repair records will be assessed to consider the best economic time for minor renewals around schemes, as is carried out at present.

AC pipelines– a budget to enable further detailed assessment of AC (Asbestos Concrete) pipelines has been included in this strategy, to enable Council to better predict the renewal requirements for the pipes and future funding requirements. These extensive renewals are currently projected to be in the final 10 years of this strategy, and as such there is time to do this work. Decisions on renewals will take a risk-based approach that will include economic and criticality aspects which have already been used to assess current renewals.

Council intends undertaking a statistical analysis of observed faults within its water services infrastructure. When combined with condition assessment data, this will help us to understand the remaining lifetime of these assets, and inform decisions on when they will need to be replaced.

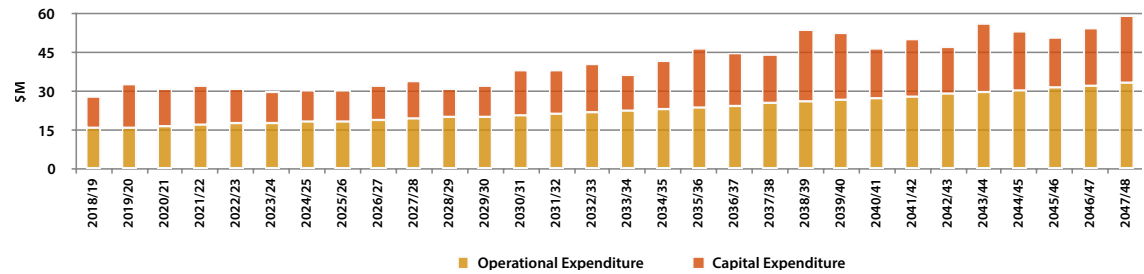


THE 30 YEAR HORIZON

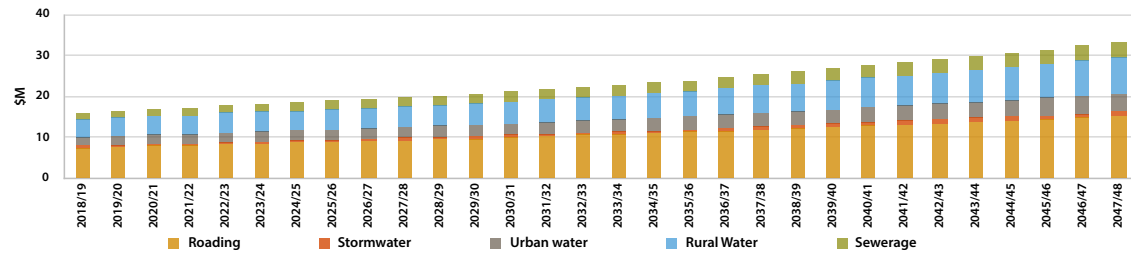
This section describes the expenditure which is planned throughout the next 30 years, based on the principles, assumptions and challenges identified in this strategy. A series of graphs are included, to help illustrate how much and when Council proposes to invest in infrastructure over this period. It is noted that the budgeted amounts include the effects of inflation (inflation rates are explained further in the accompanying Financial Strategy). The first graph summarises our 30-year horizon for both capital and operating expenditure for 2018-2048. Again, note that some of the increase in overall expenditure shown in this graph is due to inflation.

The next two graphs show total operational and capital expenditure, within each of the five core infrastructure activities undertaken by Council. Although operational expenditure remains relatively constant (when adjusted for inflation), there are spikes and dips in terms of planned capital expenditure. One of the main reasons for these is the need to renew asbestos cement (AC) pipes across the district's extensive network of rural water schemes. These schemes were built during the 1970s and 1980s and the proposed renewals reflect the estimated 60-year life of these pipes. In addition, Clydevale Bridge is one of our district's most important bridges. Work was done to strengthen it in 2013/14 which is expected to extend its life by 25 years. At this stage, Council is planning for its replacement in 2038/39. More detail on planned expenditure within each of Council's core activities is provided over the page.

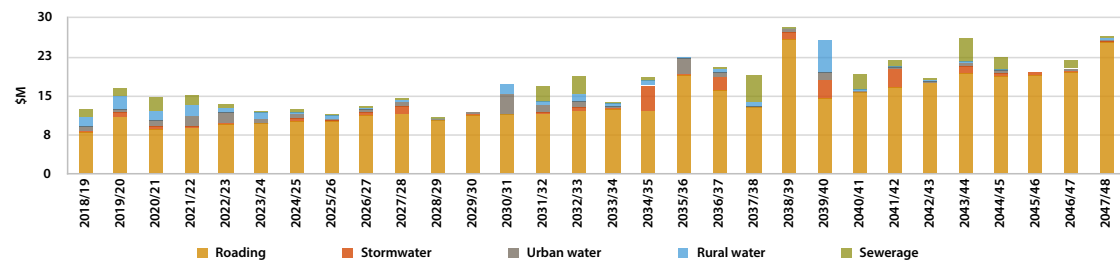
30-year horizon for both capital and operating expenditure 2018/48 - \$M



Total Operational Expenditure for each core infrastructure activity 2018/48 - \$M



Total Capital Expenditure for each core infrastructure activity 2018/48 - \$M



ROADING

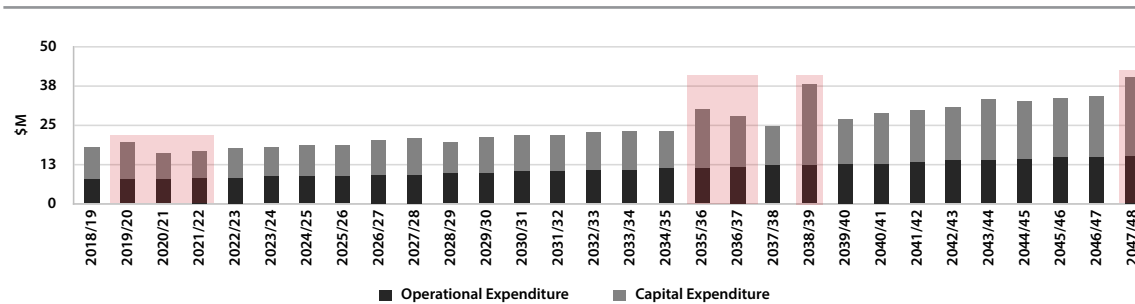
Major Roothing Capital Expenditure items highlighted

Period	Item	Value \$	Category
2019/2022	Milton Main Street Upgrade	2M	Level of Service
2019/20	Hina Hina Bridge	2.6M	Renewal
2035/36	Papatowai Bridge	6.4M	Renewal
2036/37	Maclennan Bridge	3.4M	Renewal
2038/39	Clydevale Bridge	11.1M	Renewal
2047/48	Akatore Creek Bridge	3.4M	Renewal

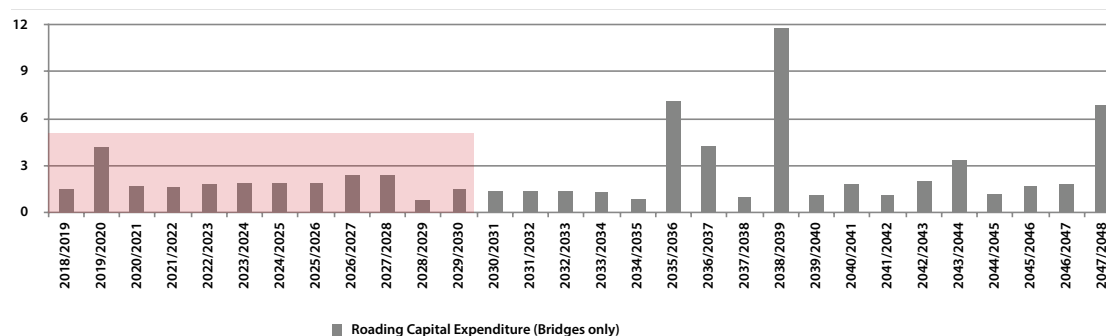
THE MAJOR CAPITAL EXPENDITURE ITEMS ARE EXPLAINED FOR EACH ACTIVITY IN THE FOLLOWING SECTIONS.



Major Roothing Capital Expenditure items 2018/48 - \$M



Bridge Renewal & Upgrade Programme for Heavy Vehicles 2018/48 - \$M



A major component of the capital expenditure on roading is for bridges, and the graph here shows planned spending on just this part of the network, over the next 30 years. This shows the effects of the accelerated bridge renewal and upgrade programme over the next 10 years, with higher than normal spending up until the 2028/29 year.

RURAL WATER

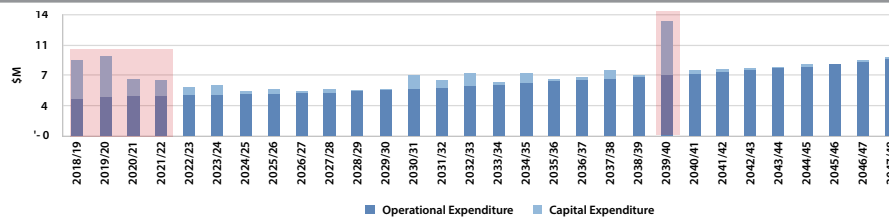
Major Rural Water Capital Expenditure items highlighted

Period	Item	Value \$	Category
2018/19	Clydevale Pomahaka Water Treatment Plant Upgrade	0.3M	Level of service
2018/19	North Bruce Water Treatment Plant Upgrade	0.6M	Level of service
2018/19	Stirling Water Treatment Plant - New Intake Structure	0.85M	Level of service
2018/20	Glenkenich Water Treatment Plant Renewal	1.7M	Level of service
2018/20	Moa Flat Water Treatment Plant Upgrade	0.7M	Level of service
2018/20	Tuapeka Evans Flat Water Treatment Plant Upgrade	1M	Level of service
2018/20	Waitahuna Water Treatment Plant Upgrades	0.35M	Level of service
2020/21	Tuapeka East and West Priority Pipeline Renewals	0.4M	Renewal
2020/21	Moa Flat Water Treatment Plant, Pump Station, Pipelines	0.7M	Renewal
2021/22	Moa Flat Water Treatment Plant, Pump Station, Pipelines	0.7M	Renewal
2039/40	Pipeline and point renewals: Glenkenich	1.9M	Renewal

Treatment Upgrades

Following the Havelock North inquiry there are clear signals that an increased focus on drinking water compliance and improving water quality will be required. As such Council has discussed a number of water treatment upgrades with rural water scheme committees across the district. Key upgrades have been identified during the next two to three years for Glenkenich, Richardson North, Evans Flat, Moa Flat, North Bruce and Waitahuna Water treatment plants. There are also significant upgrades planned for the Stirling and Kaitangata water treatment plants

Rural Water Expenditure 2018/48 - \$M

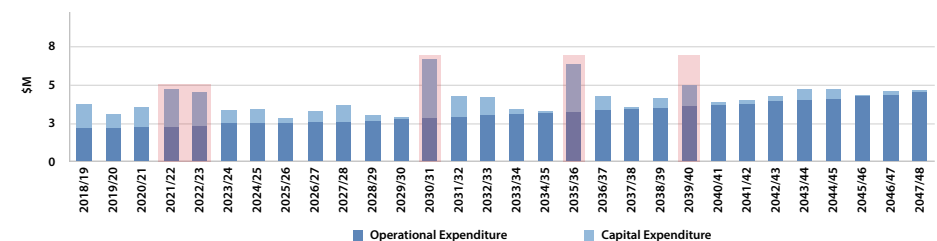


URBAN WATER

Major Urban Water Capital Expenditure items highlighted

Period	Item	Value \$	Category
2021/23	Milton to Waiholo pipeline	3.5M over 2 years	Growth
2030/31	Pipeline and point renewals: Tapanui, Kaitangata & Balclutha	3.3M across 3 major projects	Renewal
2035/36	Pipeline and point renewals: Stirling & Balclutha	1.7M across 2 major projects	Renewal
2039/40	Pipeline and point renewals: Milton	0.7M	Renewal

Urban Water Expenditure 2018/48 - \$M

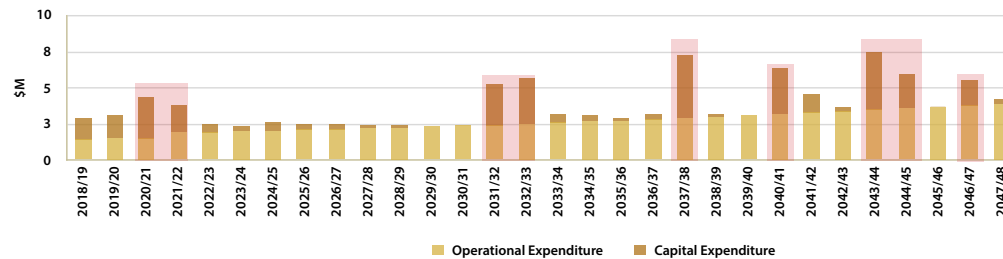


SEWERAGE

Major Sewerage Capital Expenditure items highlighted

Period	Item	Value \$	Category
2020/21	Waihola Sewerage Treatment Plant Upgrade	1M	Level of service
2020/22	Balclutha Sewerage Treatment Plant Upgrade	2.9M over 2 years	Level of service
2018/22	Oxidation Pond Desludging & Removal	1.9M over 4 years	Renewal
2031/32	Clinton Pipeline and Point Renewals	1.7M	Renewal
2032/33	Owaka Pipeline and Point Renewals	2.1M	Renewal
2037/38	Balclutha Pipeline and Point Renewals	3.0M	Renewal
2040/41	Balclutha Pipeline and Point Renewals	1.7M	Renewal
2043/44	Milton Pipeline and Point Renewals	2.2M	Renewal
2044/45	Milton Treatment Plant Renewals	0.5M	Renewal
2046/47	Milton Pipeline and Point Renewals	0.3M	Renewal
2046/47	Kaka Point Plant Renewals	0.2M	Renewal

Sewerage Expenditure 2018/48 - \$M



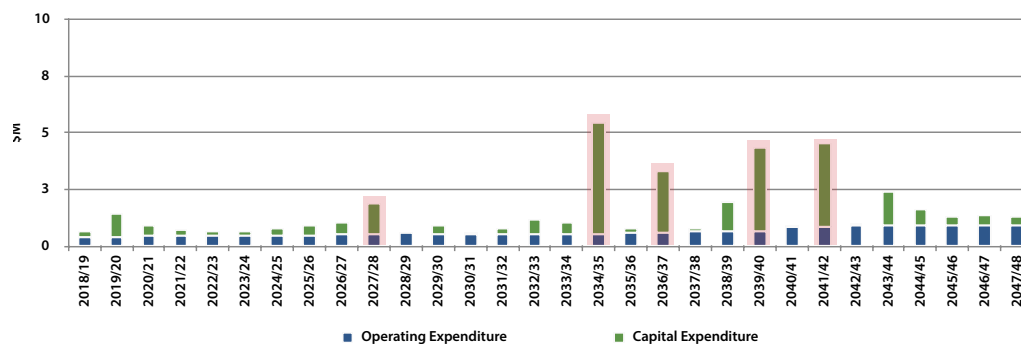
Note: the timing of the pipeline/point renewals is assumed, based on information held in Council's asset register. The majority of the network comprises AC pipes which, according to their anticipated lifespans, will be due for renewal in the 2030s and 40s (based on when they were installed). However, Council will undertake condition assessment work beforehand (e.g. CCTV inspections) to determine when asset replacement is actually required.

STORMWATER

Major Stormwater Capital Expenditure items highlighted

Period	Item	Value \$	Category
2027/28	Milton New Ajax Street Pump Station	0.8M	
2034/35	Milton Pipeline Renewals	2.7M	Renewal
2036/37	East Milton Catchment - Abercrombie Diversion	1.7M	Level of service
2039/40	East Milton Catchment Improvement - Abercrombie Diversion- Eden Street Alignment	1.96M	Level of service
2041/42	East Milton Catchment Improvement-Parallel Relief Pipes - Johnson Street By Pass	1.95M	Level of service

Stormwater Expenditure 2018/48 - \$M



There are two components to the stormwater improvements planned for Milton. The first is to undertake physical works to divert excess stormwater away from the town (2036/37 year). If this is found to be sufficient, then the second stage (increasing the capacity of stormwater pipes within the town – 2039 to 2042) may not be necessary.

TIMING FOR MAJOR DECISIONS

Major decision points for core infrastructure during this strategy's timeline are summarised in the table below. Decision-making points will include a business case approach (where applicable) and determining an appropriate level and extent of investment that takes into account both the current and future needs of the area.

Major Decisions	
Resuming unsubsidised seal extensions	2018 onwards
Hina Hina Bridge	2018 onwards
Milton main street improvements	2018 onwards
Stormwater priority programme and timing of works	2018 onwards
Milton-Waihola water priority pipeline upgrade	2018 onwards
Glenkenich water treatment plant renewal	2018 onwards
Mt Cooee Resource Recovery Park	2018 onwards
Waihola sewerage treatment plant upgrade	2019 onwards
Mt Cooee consent renewal	2019 onwards
Balclutha sewerage treatment plant upgrade	2019 onwards
Meeting possible increases in the costs associated with additional treatment for stormwater discharges	2020 onwards
Level of investment in the roading network beyond 2021	2020 onwards
Milton Ajax Street pump station	2025/26 onwards
Major water pipeline renewals in Balclutha, Kaitangata, Milton, Stirling & Tapanui	2028/29 onwards
Major sewerage pipeline renewals in Clinton & Owaka	2029/30 onwards
Significant pipeline renewals for Milton's stormwater system	2032/33 onwards
Clydevale, Maclennan and Papatowai bridges	2032/33 onwards
Major sewerage pipeline renewals in Balclutha	2034/35 onwards
Determining need for Abercrombie Diversion and Johnson Street Bypass stormwater works in Milton	2035/36 onwards
Major renewals on the Glenkenich & Richardson water schemes	2037/38 onwards
Major sewerage pipeline renewals in Milton	2040/41 onwards
Akatore Creek Bridge	2042/43 onwards

FINANCIAL STRATEGY

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



MANAGING OUR FINANCES

This financial strategy sets out how Council intends to manage its finances during the 2018/28 period, including our targets for investments along with the limits we have set ourselves for rates and debt.

WHERE WE HAVE COME FROM

Clutha District Council was formed in 1989 with the merging of a number of boroughs and counties in varying financial positions. Since then Council has gone on to consolidate its financial position. This has been helped by asset sales and changing the way we operate e.g. contracting out the operation and maintenance of services and assets, particularly core ones like roading, water, sewerage and solid waste.

WHERE WE ARE NOW

Financial Position

We are a relatively small council, but with a sound financial base. As the excerpt from the Prospective Statement of Financial Position shows, we expect to maintain this position during the next ten years.

EXCERPT FROM THE PROSPECTIVE STATEMENT OF FINANCIAL POSITION - \$M

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Total Assets	1,047	1,142	1,149	1,155	1,254	1,254	1,253	1,349	1,346	1,344
Total Liabilities	12	21	28	32	31	30	28	24	20	16
Net Assets	1,035	1,121	1,121	1,123	1,223	1,224	1,225	1,325	1,327	1,328

Rating Units

Based on historical data and changes to the district's rating base Council is projecting that the number of rating units in the district will continue to grow at a rate of at least 0.2% per annum. Council's rating base is expected to increase incrementally from 11,124 to 11,348 during the life of this plan. This doesn't take into account the impacts of Council's focus to grow the rating base as this is too difficult to predict in detail and at this early stage.

Dwellings

This plan assumes that the number of dwellings will increase as set out in the Rationale Ltd report, 'CDC Growth Projections to 2048'. The Benhar, Bruce, Waihola and Taieri Mouth communities are projected to experience higher dwelling growth rates of around 1% per year while most other settlements are projected to grow at between 0.1% and 0.7% per year. The exceptions are Clinton, Lawrence and Tapanui where dwelling numbers are not expected to increase.

CLUTHA DISTRICT OVERVIEW

Economic Trends

As our district's economy depends significantly on the primary sector, the ability to absorb and sustain labour in the district is influenced by this sector's economic performance. The sector has been positive across the previous decade, showing employment and GDP gains since 2000.

We expect the agricultural sector will continue remain relatively strong over the next ten years, although its performance will be highly affected by factors like the exchange rate, climate and fuel costs, so will be more volatile than can be predicted here. Likewise, increased productivity trends and consolidation of rural processing industries will continue to impact on the number of jobs required to sustain this sector of the economy. The tourism sector has also shown growth in recent years, and is expected to continue to do so, although it is only about 3% of the district's economy.

Land use changes

No major shifts in land use are expected during the life of this strategy that would have a significant impact on Council's finances.

Recent conversion to dairying has steadied and intensification is expected to be subject to water availability and being able to meet increasing standards for environmental discharges.

Maturation of forestry blocks and subsequent harvesting and processing throughout the district will impact on roading infrastructure. However, our current regulatory framework provides for these impacts to be dealt with directly with forestry owners and this demand is known and planned for.

As part of our strategic growth focus Council has made provision for urban growth in some areas of the district and this is expected to continue through the District Plan review, so as to facilitate urban and industrial growth where there is demand in key areas of the district. Examples of this include the proposed Milton-Waihola pipeline and further work to look at increasing the capacity for relevant rural water schemes.

CHALLENGES WE FACE

COUNCIL FACES THE CHALLENGES OF BALANCING THE KNOWN WITH THE UNKNOWN.

Increasingly we face added pressure financially, geographically and politically. It is against these challenges that we set our financial strategy. This section acknowledges the following significant factors that have been considered in preparing this strategy. These are also mirrored in 'managing our infrastructure', council's 30 year infrastructure strategy 2018/48. In this strategy we will focus on the coming 10 years, acknowledging the interrelated nature of our finances and infrastructure.

Our changing communities

Like other rural areas in New Zealand we have a relatively small, static and aging population. The modelling undertaken indicates how the number of people in the district will change. Clutha's population is forecast to remain relatively static during the life of this plan. Council has adopted a medium growth scenario that projects usually resident population to change from 17,250 to 17,490 by 2028.

At this stage growth is not predicted to occur evenly throughout the district. Bruce, Clutha Valley and Kaitangata-Matau wards are projected to experience positive population growth. The population in the Clutha, Catlins, West Otago, Lawrence-Tuapeka and Clinton wards are forecast to decline slightly, however dwelling and rating unit growth is still positive. Benhar, Waihola, Taieri Mouth, Kaka Point and Stirling settlements are expected to have slight population increases.

The average age of the population of the district will continue to increase over the long-term and is expected to impact on the way Council delivers its services. In 2013 people aged 65 and over made up around 16% of our population. This is expected to increase to 33% by 2048. A major increase in the

number of older people is likely to change the type of services and ability to pay for those services. This is unlikely to result in new activities, rather similar types of services and how they are delivered. The specifications of services such as footpaths and library services may need to be adapted but overall it is unlikely to result in significantly higher costs. There is expected to be increased demand for activities such as walking and cycling, as identified through the development of community plans for the district's main towns, where further investment in walking and cycling has been identified. The proportion of the population under 15 years of age is projected to decline to between 14.5% and 18% by 2048. The result of this changing profile of the population is that people aged between 15 and 64 years of age are projected to decline from over 63% to fewer than 50%. This results in a net decrease in the number of people in this age group under all growth scenarios. This may have a flow-on effect to the make-up of the district's work force.

Initiatives such as Council's Economic Development and Living and Working in Clutha strategies aim at attracting residents in the 15 to 64 age group to meet work force needs, and to slow growth in the proportion of the population in the over 65 age group.

Widespread infrastructure needs

We are a widespread district covering an area of over 6,000 km2 with a number of towns and several smaller settlements that all have their own infrastructure needs. Council maintains just under 3,000km of local roads and 401 bridges. There are 22 water schemes that deliver water to 15 urban areas and more than 2,000 rural properties throughout the district. We protect the environment and public health by collecting, treating and disposing of treated sewage from 14 townships via 11 sewerage schemes. Stormwater drainage helps protect people and properties across 13 of the district's communities. Maintenance, replacement and renewal of this infrastructure to support our communities sustainably into the future will always be an important financial aspect that we need to carefully plan for. Further information about infrastructure and its estimated remaining life can be found in the 2018/48 Infrastructure Strategy that sits alongside this strategy.

Accurate information about our infrastructure

We have approximately \$1 billion worth of infrastructure assets, including the third largest local roading network in the country. To be able to best manage this infrastructure we need to have accurate information about the various components, which includes their age, condition and their expected remaining life. This is needed to plan for maintenance and renewals and to calculate the annual use of the asset (depreciation) for residents and ratepayers. Council has an ongoing programme to improve the quality of the information we have about our assets to ensure we have accurate estimates of asset value and lifespan, and to fund depreciation accordingly.

Co-funding for local roads

Maintaining our local roading network is essential to our economy. It is also our biggest and most expensive asset. The New Zealand Transport Agency (NZTA) is the main source of funding for our roading operations. Council receives a baseline level of funding (59%) from NZTA for the maintenance of the roading network, while funding for new projects may be received depending upon the costs and benefits of each project. Overall NZTA income makes up 20% of Council's total income. It is important to note that NZTA funding is conditional on our planned roading programme meeting NZTA criteria. Changes in the criteria and/or the level of funding would mean that ratepayers could be required to contribute more towards the overall financial cost of roads, or potentially lead to reductions in the roading programme, which will affect the quality of local roads. Based on information at hand the baseline percentage levels of NZTA funding have been assumed to be those as set out in the table below.

FORECAST NZTA FUNDING FOR LOCAL ROADS 2018/28 - \$M

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Local roads	59%	59%	59%	59%	59%	59%	59%	59%	59%	59%
SPR* maintenance & ops renewal and minor improvements, new & other improvement projects	89%	83%	77%	71%	65%	59%	59%	59%	59%	59%

*Special purpose roads i.e. Southern Scenic Route

Tourist and visitor growth

As for New Zealand as a whole, the number of visitors to the Clutha District is forecast to increase. The 'average day' and 'peak day' visitor numbers to the district are projected to increase annually by 2.4% and 1.7% respectively during the term of this plan. Visitors to all eight wards of the district are expected to increase. Average visitors per day are expected to increase from 2,358 in 2013 to 4,267 by 2028. Peak visitors are expected to increase from 6,616 to 9,793 over the same period. Balclutha, Milton, Lawrence, Owaka and Kaka Point have the highest number of visitors in the district and this is expected to continue.

Visitor numbers may increase demand on infrastructure and services such as water supply, sewerage, solid waste, parking, public toilets and roading. While improvements to the level of service for public toilets is budgeted in this plan for Balclutha, Milton and Cannibal Bay. Further work is required in this area to fully assess what additional levels of service are needed and how this can be funded with the least cost to ratepayers. Council has committed funding towards a tourism infrastructure feasibility study and district destination plan to progress this issue.

Liability funding

A 2017 legal determination concluded Council had to pay a \$2M liability under the Construction

Contracts Act. This liability will be funded partly through general reserve funds, partly loan funded (over 25 years paid via the UAGC rate) and partly asset funded. This spreads the cost of the liability between historical and future ratepayers. Council has also committed over \$440,000 in additional investment income received in 2017/18 towards reducing the cost to rates.

Adapting to the effects of climate change

The strategy anticipates that no significant climate change impacts requiring unforeseen mitigation will occur during the period of the 2018/28 Long-Term Plan. It assumes that the rate of climate change will be gradual, allowing Council time to plan and prepare its response options around services and infrastructure.

Longer term climate change impacts that may affect Council assets include:

- Increased risk of flooding, landslides and erosion. The capacity of stormwater systems may be exceeded more frequently due to heavy rainfall events which could lead to surface flooding, damage to infrastructure and road closures.
- Water availability- water security is most likely to be an issue. Droughts are likely to increase in

both intensity and duration over time.

- Coastal hazards -there is likely to be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storm surge and sea-level rise.

If the impacts of climate change are felt sooner than expected there may be demands on Council's budgets. Council's ability to deliver the level of service to the community may be impacted if climate change occurs faster than expected or to a greater extent. If this occurs it may require unbudgeted emergency work to be carried out and/or create additional costs to mitigate impacts, such as improving protection of critical infrastructure or increasing maintenance.

However, Council's low level of debt allows it greater flexibility to respond to any unexpected climate movements through borrowing for emergency works, if required. In addition, Council self-insures its underground assets to help provide for emergency work if required.

In the short term, Council will ensure that future assets are of sufficient standard to cater for the predicted near-term effects of climate change, including rainfall amount and intensity, and sea level rise. Council plans to carry out more detailed modelling around climate change impacts over the next three years and will continue to monitor climate change science and the response of central government, and will adapt its response where required.

Council does acknowledge that the effects of climate change are expected to be felt over the longer term (50-100 years), but that these are unlikely to have a significant impact during the period of this strategy.

DISTRICT VISITOR NUMBERS 2018/28

	2013	2018	2028
Total Visitors (Average day)	2,358	3,366	4,267
Total Visitors (Peak day)	6,616	8,148	9,793

Changes in legislation and regulations

Council is bound by various regulations and legislation with many responsibilities prescribed by various acts, including the Local Government Act 2002, Reserve Management Act 1991 and Building Act 2004. The recent changes in government also increase likelihood of additional legislative/policy shifts that may have an effect on Council's finances and levels of service. Stipulations around the quality of drinking water and treatment discharges have added additional costs to Council delivering its services and thereby adding costs to ratepayers. This strategy assumes that Council will meet consent conditions and that conditions of resource consents currently held will not be significantly altered. It is assumed that updates to obtain consent renewals will progress as programmed and this can be achieved within allocated budgets.

It is anticipated that there will be heightened level of controls on stormwater discharges relating to the Otago Regional Plan Change 6B. No additional capital budgets have been included at this stage until more is known so that Council is in a position to assess potential financial impact in the 2021/31 Long Term Plan. Council is purposely taking a wait-and-see approach when we are in a position to be able to estimate the costs and the possible impact on rates.

Rates affordability

Maintaining rates affordability where there are variations in income and economic circumstances within our communities is an ongoing issue. Rates do vary for properties throughout the district depending upon their location and the bundle of services they receive. Council is aiming to continue to review how it rates for activities and services with the aim of making our rating system as fair and affordable as possible. Further information about this aspect is contained within the Revenue and Financing Policy.

Natural disasters and planning for the unknown

The timing and scope of natural disasters are unpredictable. There have been an increasing number of disasters including earthquakes and floods in New Zealand during the past decade. The risk is reduced in Clutha because of its size and the number of widespread communities, reducing the likelihood of extensive damage throughout all critical infrastructures at the same time. But, any major event would impact on Council through the need for immediate funding, and depending on the scale, duration and location of the event, there could be unforeseen costs in terms of damage to Council assets.

In order to be prepared for a significant unexpected event, Council has undertaken insurance cover for above ground assets covering \$153M material damage as well as its separate self-insurance fund for underground assets that currently stands at \$176K. Council also has an Emergency Fund of \$4.2M to draw against should it be necessary. For immediate cash funds Council has a committed bank facility of \$3M (multi- option credit line or bank overdraft facility) for meeting shortfalls.

WHERE WE WANT TO BE

IN DEVELOPING OUR 2018/28 FINANCIAL STRATEGY, COUNCIL HAS TAKEN THE OPPORTUNITY TO EXAMINE THE CURRENT AND FUTURE NEEDS OF THE DISTRICT. IT HAS BEEN IMPORTANT TO LOOK AHEAD AND CONSIDER WHAT OUR ORGANISATION CAN DO TO HELP FUTURE PROOF OUR DISTRICT. WE WANT TO CONTINUE TO CONSOLIDATE AND BUILD ON OUR SOUND FINANCIAL BASE.

As is mirrored in our Infrastructure Strategy, Council has committed to continuing to sustainably manage and maintain key infrastructure for residents throughout our district. In some instances we will increase levels of service to meet compulsory requirements, such as increasing standards for sewage discharges and water.

Council will also look at facilitating growth where there is potential for this, to help achieve our goal of growing our rating base. We acknowledge this is a medium to longer term goal.

OUR FINANCIAL STRATEGY IS TO:

- Review the way Council rates to gain efficiencies where possible (as part of looking at intergenerational equity and affordability of rates).
- Use debt appropriately by leveraging off our strong balance sheet by utilising low interest rates through the Local Government Funding Agency (LGFA).
- Comply with all legislative and statutory requirements.
- Ensure ratepayers money is invested and wisely.
- Allow capacity within the forecasts to respond to unexpected events as appropriate.
- Collect annual revenue sufficient to fund expenditure needs.
- Our strategy for funding depreciation is to:
 - Fully fund depreciation for water, sewerage and stormwater and phase in depreciation changes from subsequent revaluations if they are significant.
 - Review levels of depreciation for roading, to ensure correct levels going forward in light of proposed changes to levels of service and extending asset lives.
- Look at how we can increase non-rates income and maximise investment returns. But we will seek to preserve ratepayer funds when investing.
- Continue to use internal borrowing/debt to fund infrastructure that residents and ratepayers will benefit from, both now and into the future (intergenerational equity approach). We will not use debt to fund operational costs.
- Preserve investment momentum by resourcing any projects where additional cash is needed from external borrowing.
- Use our solid financial position and existing infrastructure as a platform to provide for the impacts of medium to long term growth in our rating base.
- Keep rates affordability at the forefront of our actions and decisions, and work to keep rates increases at a low level.
- Undertake a number of other pieces of work over the plan period, including:
 - More research around affordability and what this means in Clutha District and for the decisions of Council.
 - Considering the financial sustainability of Council to ensure that the decisions now are not limiting the choices of future generations.
 - Continuing to review the way Council rates to ensure that it is appropriate and efficient.

PROPOSALS TO FACILITATE GROWTH

Milton-Waihola Pipeline

North Bruce is one of our key rural water schemes and also supplies water for the Milburn to Waihola area, including the Waihola township. However, the scheme is fully subscribed meaning there's no capacity to support growth in this area. Council is looking at constructing a 15.5km pipeline and undertaking pump upgrades, so we could shift about a third of current customers off the scheme (freeing up space) and connect them to the Milton urban water supply instead. This is estimated to cost \$3.2 million. Water is a core service provided by Council and the current set-up is limiting growth in Waihola-Milburn, an area with strong residential and industrial development potential. A new pipeline would support Council's mandate to encourage growth. In addition, Milton's water treatment plant is the most modern in the district and could support more customer connections.

Economic Development Property

Council has indicated in the previous Long Term Plan, the Economic Development Strategy and the Living and Working in Clutha Strategy that it is prepared to promote economic growth, where the market is unwilling or incapable, by developing industrial, residential and potentially commercial property. Plantation Heights and Rosebank Industrial Park are examples of developments in the first two categories. When Council acts as a Developer there is no long term aim to retain property, but rather the objective is to stimulate the market and encourage development. Council expects to undertake developments on a rates neutral basis, although in doing so Council does intend to use funds from the sale of surplus Corporate Property if necessary to support this. The Rosebank Industrial Park development is an example where sales of surplus property are supporting a potential deficit in the cost of development compared to the return from sales of the development because the economic opportunity cost to the district of not proceeding with the development is significant.



PROPOSED CHANGES TO LEVELS OF SERVICE

DURING THE NEXT TEN YEARS THE FOLLOWING ARE THE CHANGES IN LEVELS OF SERVICE OF NOTE:

Sealing Roads (Estimated cost: \$2M)

Of the district's network of just under 3,000km of local roads, 28% are sealed and 2,091 (72%) are unsealed. Based on a number of factors, including the number of houses, volume of traffic including heavy traffic and maintenance costs from forestry operations, some unsealed roads within the urban 50km/hr speed environment were identified as a high priority for sealing. Council confirmed the budget of \$2M in the LTP, with final decisions about the priority sites to be made before sealing begins.

Milton Main Street Improvements (Estimated cost: \$2M)

In the last 2015 Long Term Plan Council set a direction to promote living and working in the Clutha District. What this meant for Milton was the focus of recent Our Place Milton consultation. Improvements to Milton's main street was one of the key aspects considered, receiving extensive feedback.

The feedback was about a number of options to consider for improving Milton's main street including undergrounding the power, upgrading Stewart Reserve, upgrading the public toilets, upgrading three main pedestrian crossings, and improving the southern entrance. Council considered options that ranged from no upgrade, spending \$1.5M, or spending \$2M on the upgrade the 2018 LTP. The decision was to include a budget for spending \$2M.

Mt Cooee Resource Recovery Park (Estimated cost: \$0.7M)

This proposal looks to increase the level of service provided at the district's landfill facility Mt Cooee. A range of options were looked at, including:

1. A basic resource recovery set up that would see some items that could be sold or reused being diverted from Mt Cooee e.g. small household items, white ware, books, sporting equipment. This has an estimated cost of \$100-300K.
2. Larger purpose-built recoveries centre and transfer station that would be able to take a much broader range of items e.g. furniture, IT equipment. This has an estimated cost of \$500-700K.
3. Option 2 plus a waste minimisation education centre facility along with a recycling hub with on-site compaction facilities. This has an estimated cost of \$750K-1M.

Following consultation Council chose Option 2 for inclusion in the final LTP.

Bridge Upgrades (Estimated cost: \$12.5M)

Bridges are an important part of our roading infrastructure and strategic assets for our district. Trucks are becoming both longer and heavier with 50 tonne loads becoming the norm. This has led Council to consider whether we should be upgrading some of our 50 Max weight restricted bridges more quickly so these heavier trucks can use them. Our existing bridge upgrade programme spans 30 years, but we are looking to speed this up so we achieve a higher level of service over 10 years instead. The upgrades would be more efficient from a transportation point of view, as more freight could be moved with less trucks. Less trucks also

mean safer roads and the upgrades would help future-proof our roading network. The cost of accelerating the upgrades would be met from bridge depreciation reserves and the funding assistance from NZTA, so there would be no rates impact. Doing the work over 10 years instead of 30 would mean spending an additional \$500k per annum during 2018 to 2028.

Stormwater Improvements (Estimated cost: \$4.9M)

How we collect and dispose of stormwater run-off affects our communities and these networks are some of our key strategic assets. During the last Long Term Plan we identified a number of issues in some of our smaller communities. Now we are proposing a programme that prioritises 21 upgrade projects during the next 10 years. These projects are in Milton, Owaka, Lawrence, Tapanui, Heriot, Clinton, Waihola and Pounawea. The proposed projects will mean a higher level of protection for communities during wet weather events.

Earthquake Strengthening (Estimated cost: \$2.4M)

Earthquake-prone building requirements underwent significant changes following the Canterbury and Kaikoura earthquakes. Changes to the Building Act 2004 means there will be requirements to strengthen buildings to at least 33% of the Building Code, or to demolish them. As a consequence, Council has carried out detailed seismic assessments of our main buildings and community halls. The cost estimate to complete the strengthening work to bring the buildings up to standard is \$2.4M. Our approach is to programme this work in conjunction with other planned and community-driven upgrades and renewals at these facilities. We've factored the cost of it into our budgets for the next 10 years

and legally we have 25-35 years to complete the strengthening work. While this issue is mirrored in our infrastructure strategy we have programmed to address this work during the next ten years and term of our financial strategy. Level of investment in community facilities will always be an ongoing consideration and theme for Council.

Clutha Gold Trail Extension (Estimated cost: \$1M)

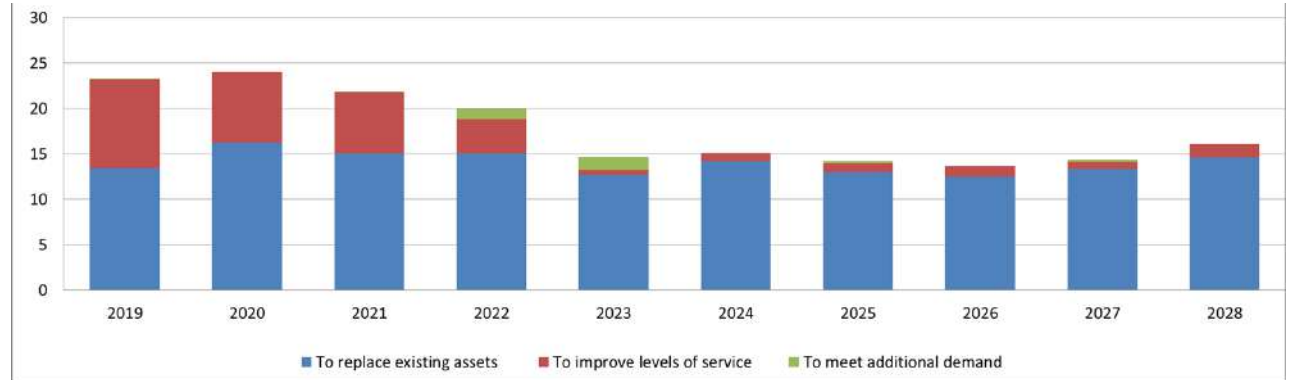
Council has agreed to consider contributing towards the development of the Clutha Gold Trail extension, which would see this walking and cycling trail extend on from Lawrence to Milton and then Lake Waihola. It would provide recreational and visitor opportunities with direct benefits to the Lawrence-Tuapeka and Bruce wards. Council approved a \$1M loan funded grant towards the extension, which is estimated to cost \$7M in total.

Destination Toilets (Estimated cost: \$1.1M)

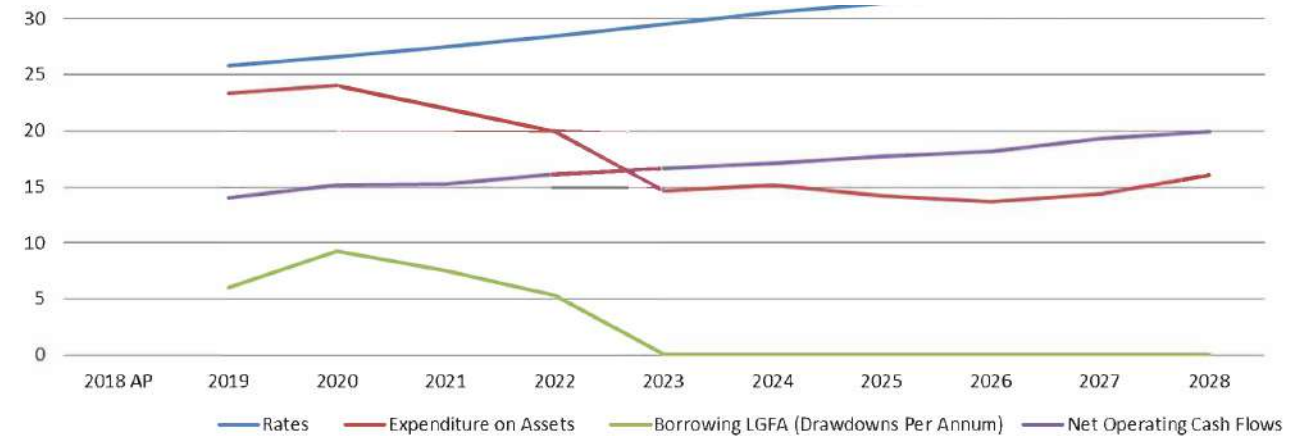
Council has agreed to upgrade or construct new destination toilets in Balclutha and Milton. Milton's toilet is provided for within the Main Street upgrade. Balclutha's destination toilet is a new project, identified within Balclutha's Community Plan.

OUR OVERALL FINANCIAL PICTURE

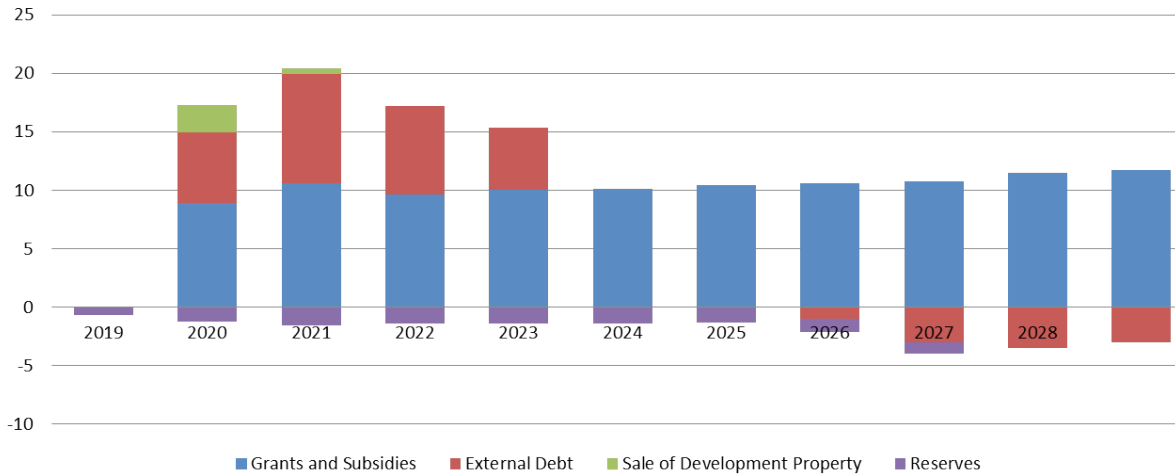
Capital Expenditure by Asset Category - \$M



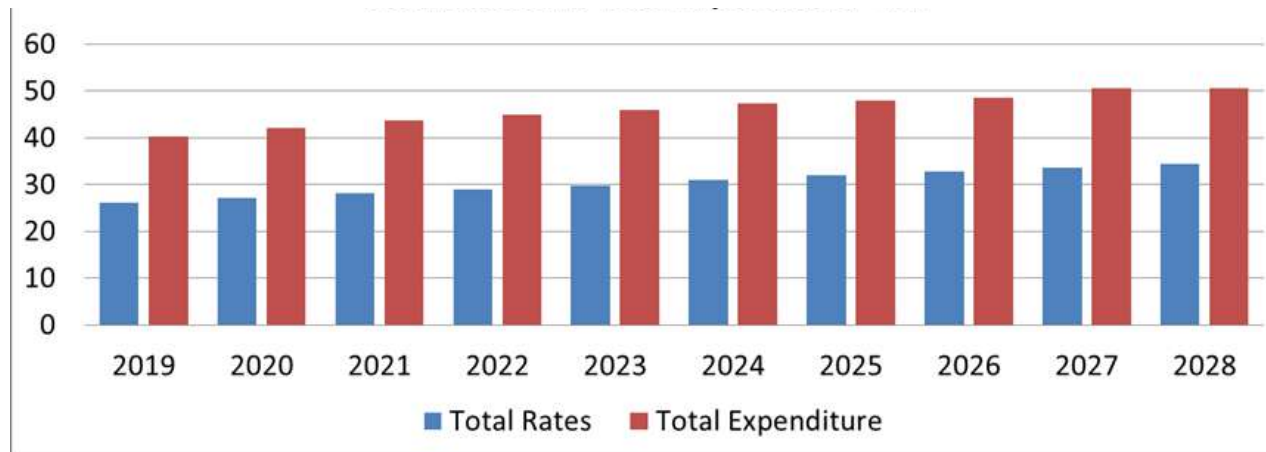
Overall Financial Trends - Rates, Borrowing and Capital Expenditure - \$M



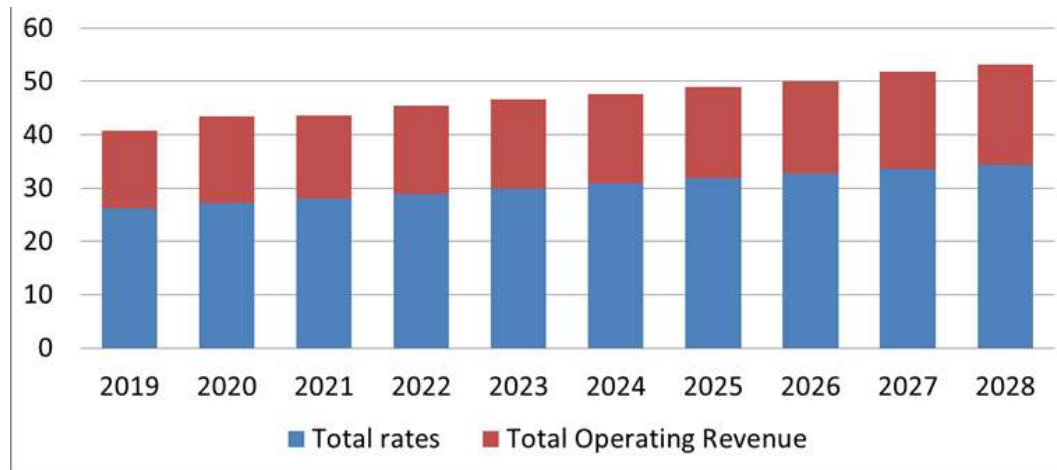
Capital Funding Sources - \$M



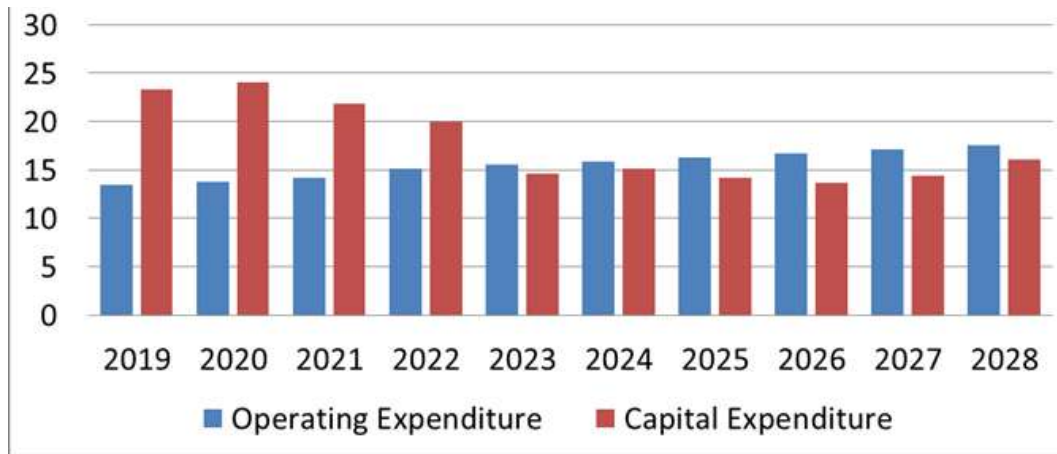
Total Rates and Total Expenditure - \$M



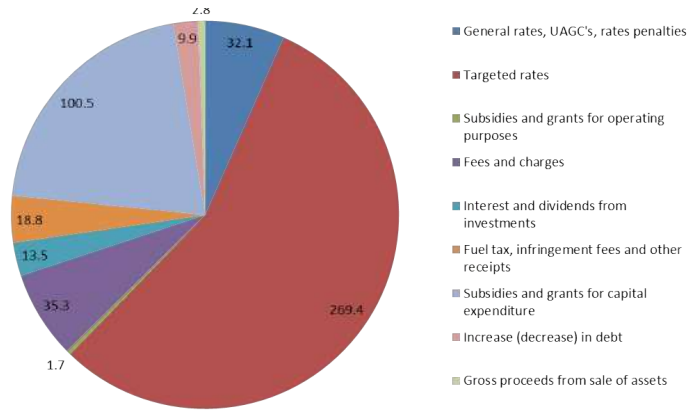
Total Rates and Total Operating Revenues - \$M



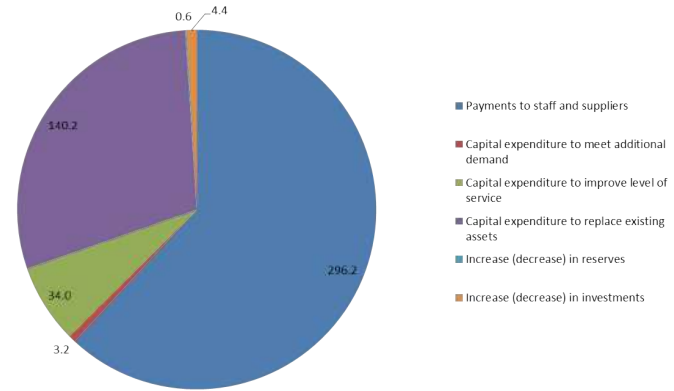
Operating and Capital Expenditure - \$M



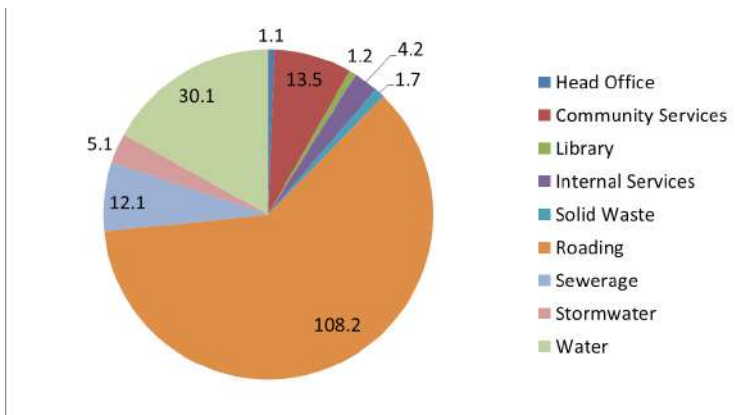
Sources of Funding 2018/28 \$M



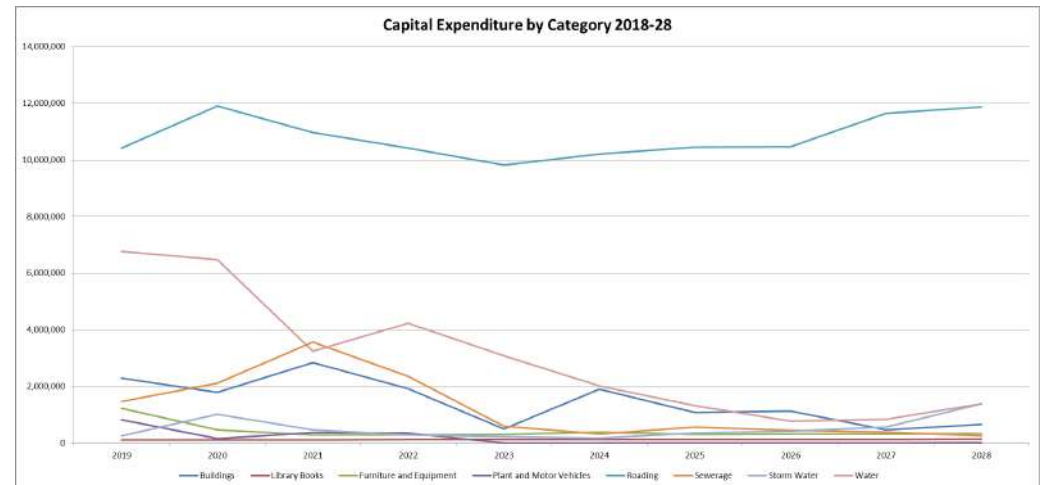
Application of Funding 2018/28 \$M



Capital Expenditure by Activity 2018/28 -\$M



Capital Expenditure by Category 2018/28 -\$M



BALANCING THE BOOKS

COUNCIL INTENDS TO FUND ALL ITS EXPENDITURE AND IS FORECASTING A BALANCED BUDGET IN ALL YEARS OF THE 2018/28 LONG TERM PLAN

Council is required to ensure that each year's projected operating revenues (including rates) are set at a level sufficient to meet that year's projected operating expenses. The only time that a council can deviate from this is when it is financially prudent to do so. When considering setting revenue at less than operating costs Council must take into account the cost of achieving and maintaining service levels over the ten years of the long term plan. Council must also take into account its ability to meet the costs of maintaining the service capacity and integrity of assets over their useful life

whilst, ensuring the equitable distribution of those costs during that lifetime. Council has balanced the budget in the context of Section 100 of the Local Government Act 2002. As a prudent asset manager, Council treats depreciation (decline in value) as an operating cost. To balance the operating account, money must be raised from rates each year to reflect the value of the service consumed annually, reflected by the reduction in the value of the assets. This depreciation charge is a substantial item in the rates-funded operating budgets (approximately 33%). Council places depreciation funds in interest-earning reserves and uses them to fund future costs of renewing the asset or to repay principal on existing loans. Council has budgeted to fund depreciation in full for water, sewerage and stormwater for the ten years of this plan. While we fund for depreciation for bridges, which have a periodic renewal cycle, other roading depreciation is funded by annual renewal works matching or exceeding the annual depreciation amount.

Funded Depreciation

Council has made a comparison between depreciation and renewals below, which has produced some anomalies that warrant explanation:

- Stormwater – Council has deliberately focused on level of service upgrades in the first five years of the plan which has affected the renewals timing.
- Sewerage – a lot of our network was put in during a concise period when government subsidies were available. This means the renewal profile is not spread over a number of years and the timing of most will be outside this 10 year forecast.
- Water – a lot of our network was put in during a concise period when government subsidies were available. This means the renewal profile is not spread over a number of years and the timing of most will be outside this 10 year forecast but not to the same extent as with sewerage

FUNDED DEPRECIATION 2018/28

(\$M)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Depreciation	12.6	13.0	14.3	14.7	15.1	15.8	16.4	16.9	18.1	18.6
Renewals	13.5	16.4	15.3	15.4	12.8	14.3	13.1	12.6	13.4	14.8
Variance	0.9	3.4	1.0	0.7	(2.3)	(1.5)	(3.3)	(4.3)	(4.7)	(3.8)

RATES

RATES ARE ONE OF THE MOST IMPORTANT SOURCES COUNCIL USES TO FUND THE COST OF ITS SERVICES.

We expect 62% of Council’s overall costs will be funded by rates during the 2018-28 period. The level of rates increases set out below is considered sustainable and required to enable Council to fund the proposed levels of service. The overall funding required from rates in 2018/19 year, as shown in the table is \$25.8M. Council is forecasting that funding required from rates will increase to \$33.9M by 2027/28. This increase includes price adjustments for inflation.

Off-setting rates

We’re proposing to increase the amount we off-set the rate that everyone pays, the Uniform General Charge (UAGC), using the interest we expect to earn from our portfolio of investments. This is forecast to amount to an average of \$900K per annum, equivalent to a discount of \$86 per ratepayer. This

will be subject to the amount of returns that Council earns, which may be higher or lower than the forecast. This will be reviewed on an annual basis and updated via the annual plan.

Limits on rates and rates increases

We expect our overall rates to increase around 2.83% on average during the next ten years. This is below the 4% cap we have set ourselves. But as you may have read in other sections, we want to work to improve on this and have a number of proposals to continue working towards keeping rates down.

Changes to how we rate

Weighing up who pays, and how much is affordable heavily influences Council’s decisions. In our widespread rural district we have the added challenge of a relatively small population, a number of smaller rural towns with services throughout these towns. Council has the important balancing act of providing services to the standards that residents expect, at a price they can afford. In developing the 2018/28 financial strategy, Council has been carefully considering the current rating

system and how to improve it. An important responsibility that Council has when it comes to rating is to also take into account what’s known as ‘affordability’ and ‘ability to pay’. Council is changing the way it rates for community facilities by introducing a fixed charge for ratepayers within a greater community of interest, and moving away from using land value for community facilities. A component of rating (for district-wide toilet facilities) will now be rated by a mix of fixed charge (UAGC) and a capital value targeted rate.

Smoothing rates

Council applies ‘smoothing’ of its funding profile and year on year rates changes. This has been achieved by changing the timing of rates funding of primarily bridge depreciation and adjusting transfers from depreciation reserves. This means that the overall amount of funding of depreciation remains the same during the period of this plan, but there is less variability from year to year for overall rates.

FORECAST RATES CHANGES, RATES LIMITS AND INFLATION 2018/28

	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Forecast rates (\$M)	25.8	26.6	27.5	28.5	29.5	30.6	31.4	32.2	33.1	33.9
Forecast rates change (%)	1.69%	3.12%	3.31%	3.42%	3.69%	3.73%	2.65%	2.53%	2.89%	2.36%
Rates limit at 4% (\$M)	26.4	26.9	27.7	28.6	29.6	30.7	31.8	32.7	33.5	34.5

INVESTMENTS

COUNCIL EXPECTS AN INCREASE IN INVESTMENTS DURING THE NEXT TEN YEARS.

Council manages its investment funds in a way that ensures there is an availability of operating and capital funds when needed and an investment return competitive with comparable funds and financial market indices. Council has outsourced the management of its investment portfolio to managers who are under instruction to split the portfolio 50% in growth assets and 50% in income assets. Within these broader categories certain investment allocation ranges have been agreed to manage risk and returns. For the period of this LTP investments returns have been based on the following calculation:

Investment Return Calculation

Nikko AM Wholesale NZ Bond Fund	3.50%
Nikko AM Wholesale NZ Cash Fund	2.75%
Nikko AM Wholesale Core Equity Fund	8.00%
Nikko AM Wholesale Global Bond Fund	3.00%
Nikko AM Wholesale Global Equity Unhedged Fund	7.50%
Nikko AM Wholesale Global Equity Hedged Fund	8.50%
Nikko AM Wholesale Property Fund	6.00%
Calculated WACC	5.50%
Adjustment for median forecast return	0.50%
Investment Return used for LTP	5.00%

Council maintains investments to:

- Provide cash in the event of a natural disaster. Council currently has set aside a special fund of \$4.2 million to meet costs resulting from a natural disaster.
- Council also established a separate self-insurance fund in 2013/14 for the costs associated with replacing underground assets destroyed or damaged in a natural disaster. The fund currently stands at \$176,000 as at 20 June 2017.
- Invest amounts allocated to special funds and reserves.
- Invest amounts allocated for future expenditure (depreciation reserves), to implement strategic initiatives, or to support intergenerational allocations. Because we fund depreciation, these amounts are set aside in reserve funds to meet the costs of future asset renewal purchases.
- Invest the proceeds from the sale of assets.
- Invest surplus cash. Cash flow surpluses often arise from day-to-day operations. These surpluses are invested in a bank money market account. The interest from these surpluses is used to offset rates or provide a return on reserves.
- Investments are forecast to grow from \$25 million to \$29 million over the ten year period.

Based on investment returns on special and reserve funds per the Treasury Policy Council has used a 3.27% rates offset against the 5% earned per the table below:

FORECAST EXTERNAL INVESTMENTS 2018/28

(\$M)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	ten years
Closing balance	25.2	25.7	26.2	26.6	27.0	27.4	27.9	28.4	28.9	29.4	
Interest earned	1.3	1.3	1.3	1.3	1.3	1.3	1.4	1.4	1.4	1.4	13.4
Amount to offset rates	1.2	0.8	0.8	0.9	0.9	0.9	0.9	0.9	0.9	0.9	9.1

Targets on investments

The makeup of Council's external investment portfolio has certain agreed parameters which are reflected in the table below:

INVESTMENT ALLOCATION			
	Planned Portfolio Make-up	Range Limit	Range Limit
	%	+/-	
Wholesale NZ Bond Fund	14.50%	5.00%	-5.00%
Wholesale NZ Cash Fund	7.50%	5.00%	-5.00%
Wholesale Core Equity Fund	12.50%	5.00%	-5.00%
Wholesale Global Bond Fund	28.00%	6.00%	-6.00%
Wholesale Global Equity Unhedged Fund	20.17%	6.00%	-6.00%
Wholesale Global Equity Hedged Fund	11.33%	5.00%	-5.00%
Wholesale Property Fund	6.00%	4.00%	-4.00%

Internal Investments

Council borrows internally where reserves held for investment purposes are invested in specific Council activities which would otherwise require external borrowing. It is acknowledged that where Council borrows internally, only ratepayers who receive the benefit of those activities pay the cost of that borrowing through targeted rates and charges. The primary objective in funding internally is to use

Council reserves effectively. This creates operational efficiencies as savings are created by eliminating the marginal cost through Council separately investing and borrowing externally. The following specific reserves are used for internal borrowing purposes:

- General Funds
- Special Funds
- Depreciation Funds

Interest is charged by the finance function to the

activity centre on quarterly loan balances at an agreed rate, which is fixed for a 12-month period and reviewed annually. Interest is paid quarterly. Interest received is disbursed according to the Treasury Policy. The internal borrowing rate is referenced to a three-year borrowing rate comprising; the three-year borrower swap bid rate as quoted by Council's principal bank and three year borrowing margin as determined by the Council's principal bank. The all-up rate is set at the beginning of each financial year. For the value of internal investments, refer to the section on debt. We have used 3.98% as the internal borrowing rate for the forecast 10-year period.

FORECAST INTERNAL INVESTMENTS 2018/28 - \$M

(\$M)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	TOTAL
Closing balance	32.0	38.3	41.8	44.3	44.1	43.3	42.4	41.3	40.1	39.6	
Interest earned	1.1	1.2	1.3	1.4	1.5	1.5	1.4	1.4	1.3	1.3	13.4

EQUITY INVESTMENTS

Council does not actively invest in equity investments. The only equity investments Council holds are shares in Civic Assurance Corporation. Council is in the position where it can borrow from its own reserves to finance capital expenditure, i.e. one part of Council lends to another. Council will have a reasonable level of internal debt over the life of the plan. This debt is not allowed to appear in Council's balance sheet under current accounting rules. Nonetheless it is a commitment that impacts on non-targeted rates, as there are interest costs and principal repayments for the internal borrowing. Overall internal debt is budgeted to move from \$32.0M in year 1 of this plan, peaking at \$44.3M in year 4, then reducing to \$39.6M at the end point of the ten year period covered by this plan.

INTERNAL DEBT (BORROWING)

Council has externally invested \$25.1M (see the investments section). Instead of breaking these investments and reducing the amount it proposes to discount rates by, Council will consider externally funding some projects. The amount of additional funding we forecast will be needed if we carry out our proposed capital programme is set out in the table below. To allow for us to plan ahead, Council has approved participating as a 'Non-Guaranteeing Borrower' in the New Zealand Local Government Funding Agency Limited (LGFA) scheme.

INTERNAL DEBT (BORROWING) 2018-2028

\$M	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Total Internal borrowing (\$M)	32.0	38.3	41.8	44.3	44.1	43.3	42.4	41.3	40.1	39.6

LIMITS ON DEBT

The Council is planning to participate as a “Guaranteeing Borrower” in the New Zealand Local Government Funding Agency Limited (“LGFA”) Scheme. Council are forecasting to become a “Non-Guaranteeing Borrower” during the 2018/19 year and to become a “Guaranteeing Borrower” during the 2020/21 financial year when borrowings surpass the \$20mil threshold. We have set ourselves the limits for external debt, i.e. that it is less than 150% of annual revenue. This is shown in \$M terms in the table below.

Giving of security on borrowings

Council is forecasting we will borrow externally to meet short to medium term funding shortfalls. Council has entered into a ‘negative pledge’ as security for overdraft lending facilities. A negative pledge essentially is borrowing without security that involves a promise by Council that it will not grant security over any assets to any other lender or creditor.

A negative pledge is granted on the basis that Council’s unsecured promise to pay should of itself be adequate comfort to the lender and that none of Council’s other lenders/creditors would be put in a preferred position in the event of a default. As Council plans to join the LGFA, it will cede rates collection and may have a contingent liability due to cross guarantees.

STAYING WITHIN OUR DEBT LIMITS

\$M	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
External debt (\$M)	6.0	15.0	21.8	26.0	25.0	23.9	21.8	17.9	13.6	9.9
External interest costs as a % of rates*	0.0%	1.1%	1.6%	1.8%	1.7%	1.6%	1.5%	1.2%	0.9%	0.6%
Debt Limit (\$M)**	61.0	65.0	65.2	68.1	70.1	71.7	73.4	75.1	77.8	79.7

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

WHERE WE EXPECT TO BE IN TEN YEARS TIME

COUNCIL BELIEVES THAT THIS FINANCIAL STRATEGY WILL ACHIEVE THE FOLLOWING FINANCIAL END POINTS ON BEHALF OF THE DISTRICT.

- A projected increase in Council’s investment funds from \$25.1M at 1 July 2018, to \$29.4M at 30 June 2028.
- Off-setting rates with interest earned on investments to give a discount in rates to all ratepayers amounting to \$9.1M during the ten years.
- The responsible use of debt to spread capital costs across the future ratepayers who will benefit from the capital expenditure on infrastructure. Council’s level of external debt is forecast to be \$9.9M by 2027/28.
- A level of rates and rate increases that are within ratepayers’ ability to pay. Increases for most years of the plan are in keeping with inflationary factors. This is an area for ongoing work.

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS

Long Term Plan disclosure statement for the period commencing 1 July 2018

WHAT IS THE PURPOSE OF THIS STATEMENT

The purpose of this statement is to disclose the Council's planned financial performance in relation to various benchmarks to enable the assessment of whether the Council is prudently managing its revenues, expenses, assets, liabilities and general financial dealings.

The Council is required to include this statement in its long term plan in accordance with the Local Government (Financial Reporting and Prudence) Regulations 2014 (the regulations). Refer to the regulations for more information, including definitions of some terms used in this statement.



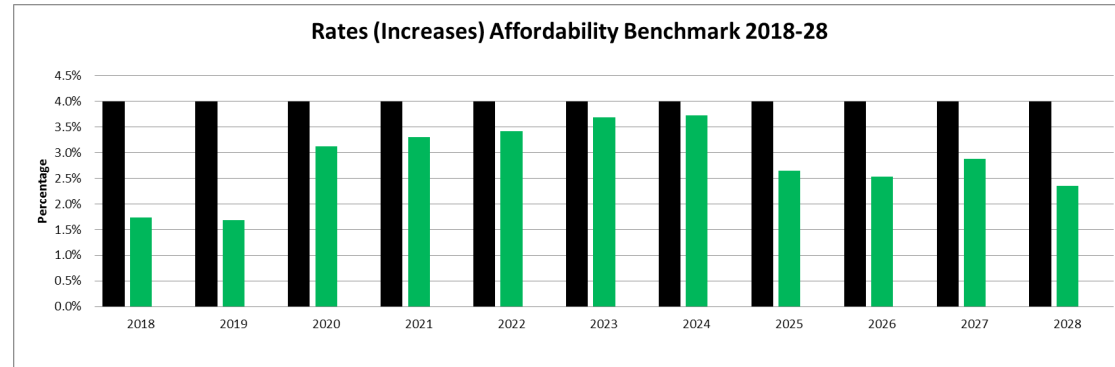
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if

- its planned rates is equal to or is less than each quantified limit on rates.
- Its planned rates increases equal or are less than each quantified limit on rates increase.

The following graph compares the council's planned rates with a quantified limit on rates contained in the financial strategy included in this long-term plan. The quantified limit is 4% of budgeted rates for the previous year.

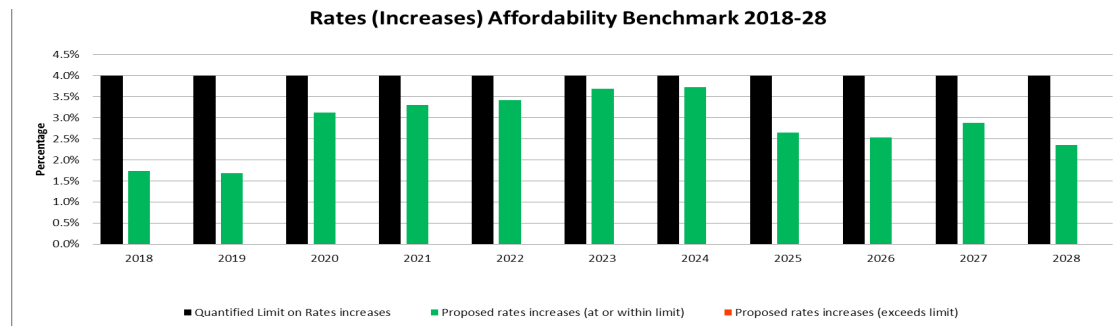
Rates Affordability Benchmark 2018/28 - \$M



Rates (Increases) Affordability

The following graph compares the Council's actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council's long-term plan. The quantified limit is 4% of budgeted rates for the previous year.

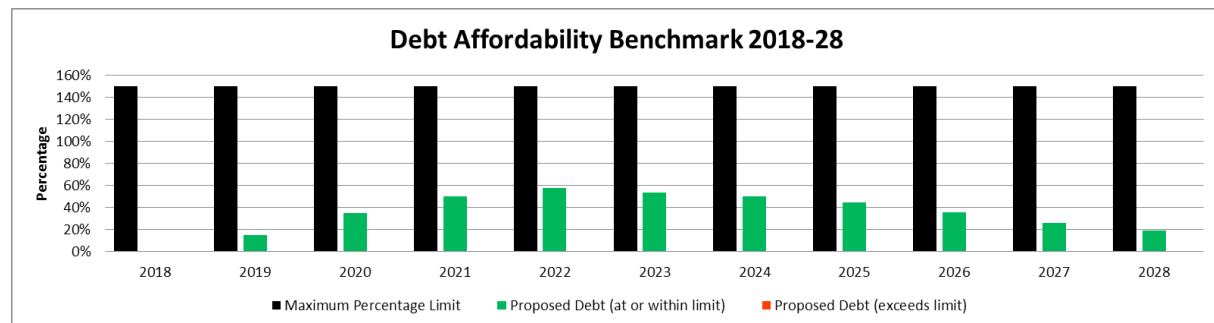
Rates (Increases) Affordability Benchmark 2018/28 - %



Debt Affordability Benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing. The following graph would compare the councils' planned debt with a quantified limit on borrowing stated in the financial strategy included in this long term plan.

Debt Affordability Benchmark 2018/28 - %

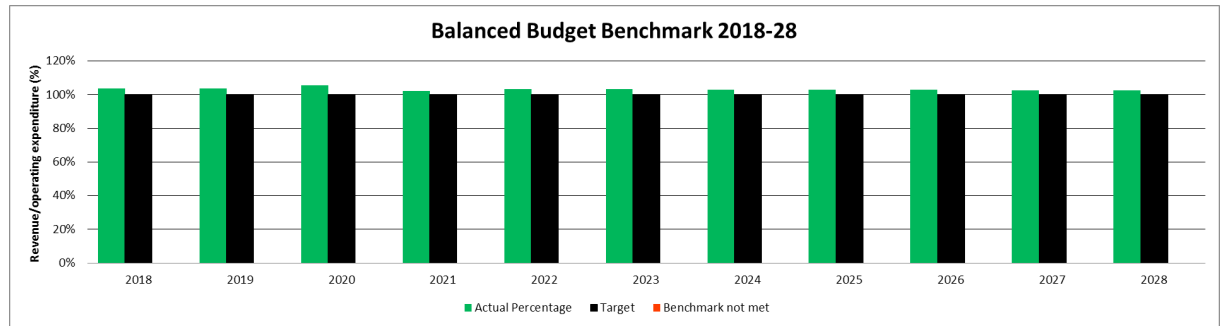


Balanced Budget Benchmark 2018/28

This graph displays the Councils' planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant or equipment) as a proportion of planned operating expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment). The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

Council expects to meet this benchmark in all of the 10 reported years, as its revenue is budgeted to be greater than its expenses.

Balanced Budget Benchmark 2018/28 -%

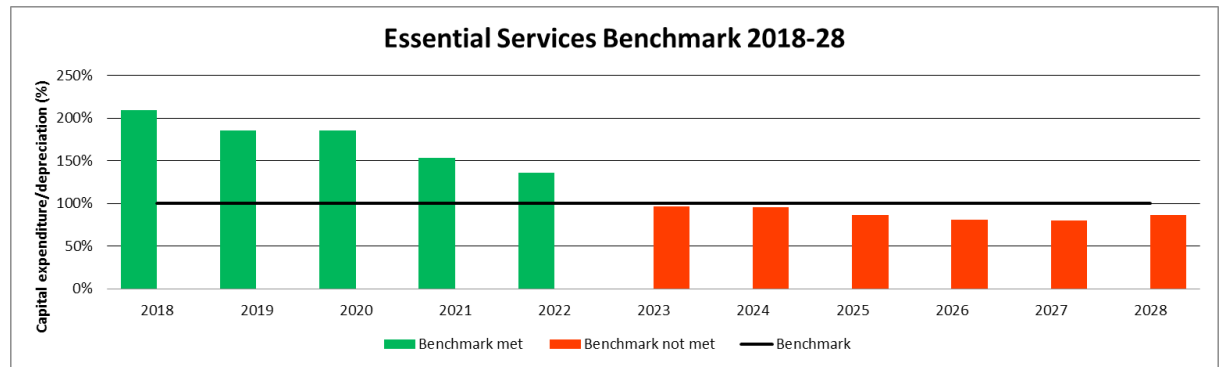


Essential Services Benchmark

This graphic displays the Council's planned capital expenditure on network services as a proportion of depreciation on network services. The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services. Network services means infrastructure related to water services and roading.

Council has not met this benchmark in all 10 years of the Long Term Plan 2018/28 due to budgeted capital expenditure not being as great as our budgeted depreciation expense.

Essential Services Benchmark 2018/28 -%

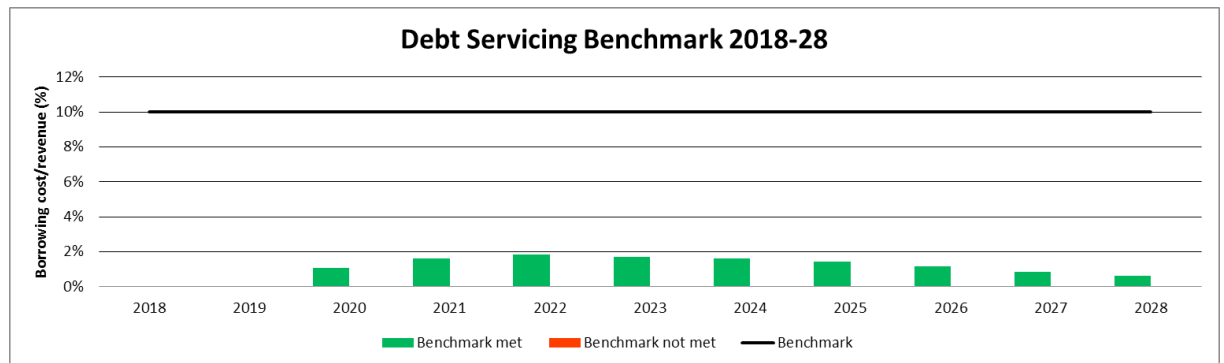


Debt servicing benchmark

The following graph displays the Council's planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations or property, plant or equipment). Council meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Council expects to meet this benchmark in all of the 10 reported years.

Debt Servicing Benchmark 2018/28 -%



SIGNIFICANT FORECASTING ASSUMPTIONS

This section explains the significant assumptions and the risks associated with those assumptions which have been made by the Council in its forecasting for the 10 year period. The assumptions are based on the

information available to Council in November 2017. While every effort has been made to ensure the forecasts are the Council's best estimate for the future, the actual results for the reporting period are likely to vary from

the information presented, and the variations may be material. These assumptions are universal and relate to all our activities. Some activities have specific assumptions that are detailed in the relevant activity plan.

WHAT WE HAVE ASSUMED

Population

Usually resident population

2013	2018	2028
17,250	17,575	17,490

Clutha's population is forecast to remain relatively static during the life of this plan. It is assumed that there are no additional pressures or changes on services at this time. This will be reassessed on an ongoing basis.

Council has adopted a medium growth scenario that projects usually resident population to change from 17,250 to 17,490 to 2048.

Growth is not expected to occur evenly throughout the district. Bruce, Clutha Valley and Kaitangata-Matau are projected to experience positive population growth. The population in the Clutha, Catlins, West Otago, Lawrence-Tuapeka and Clinton wards are forecast to decline slightly, however dwelling and rating unit growth is still positive. At settlement level Benhar, Waiholo and Taieri Mouth. Kaka Point and Stirling are expected to have slight population increases.

Refer to the appended Rationale Ltd report with Detailed Projection tables and Residential Population Growth graph for further detail.

LEVEL OF UNCERTAINTY (RISK)



REASON FOR UNCERTAINTY, IMPACT OF RISK:

Most of Council's current infrastructure and facilities have an element of available capacity which means they are able to handle small increases in demand. Significant increases in population might place greater demands on services such as water, sewerage, solid waste and regulatory functions.

If demand changes unexpectedly due to societal or demographic changes then capital and operating expenditure forecasts could be insufficient and Council would need to reassess budgets subject to urgency. Council's strategic approach to promote growth in the rating base and promote living and working in Clutha has been incorporated into this plan and is expected to facilitate growth in key areas e.g. Milton-Waiholo water extension.

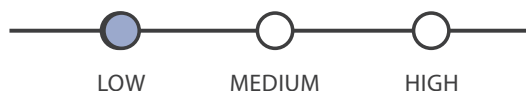
SIGNIFICANT FORECASTING ASSUMPTIONS

WHAT WE HAVE ASSUMED

Age Demographics

The average age of the population of the district will continue to increase over the long-term and expected to impact on the way Council delivers its services. In 2013 people aged 65 and over made up around 16%. This is expected to increase to 33% in 2048. A major increase in older people is likely to change the type of services and ability to pay for those services. This is unlikely to result in new activities, rather types of services and how they are delivered. The specifications of services such as footpaths and library services may need to be adapted but overall it is unlikely to result in significantly higher costs.

LEVEL OF UNCERTAINTY



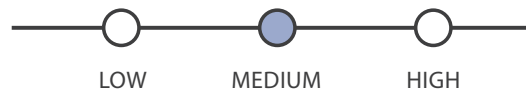
REASON FOR UNCERTAINTY, IMPACT OF RISK:

The range of services utilised by older people is not significantly different from younger people. While the need for active team sports may decline there will still be demand for parks, reserves, pools, halls etc. There is expected to be increased demand for activities such as walking and cycling, as identified through the development of community plans for the district's main towns, where further investment in walking and cycling has been identified.

Initiatives such as attracting residents relating to the Living & Working in Clutha strategy may mean the proportion of residents over 65 might not grow as quickly as forecast.

Volunteer community

Several activities (such as cemeteries, halls, parks, and governance) rely on volunteers. It is assumed that volunteers will continue to make themselves available to support these activities as they have done in the past.



Clutha communities because of their geographical spread and local nature, tend to have a strong volunteer ethic. If volunteers were reduced or not available, Council would need to provide rate funding to undertake activities that local volunteers have provided.

SIGNIFICANT FORECASTING ASSUMPTIONS

WHAT WE HAVE ASSUMED

Tourist and visitor growth

District visitor numbers	2013	2018	2028
Total visitors (average day)	2,358	3,366	4,267
Total visitors (peak day)	6,616	8,148	9,793

Visitor population on both the average and peak day is projected to increase annually by 2.4% and 1.7% respectively during the term of this plan. Visitors to all eight wards are expected to increase. Average visitors per day are expected to increase from 2,358 in 2013 to 4,267 by 2028. Peak visitors are expected to increase from 6,616 to 9,793 over the same period.

Balclutha, Milton, Lawrence, Owaka and Kaka Point have the highest number of visitors in the district and this is expected to continue.

LEVEL OF UNCERTAINTY (RISK)



REASON FOR UNCERTAINTY, IMPACT OF RISK:

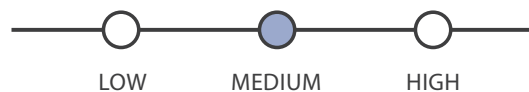
Visitor numbers may increase demand on infrastructure and services such as water supply, sewerage, solid waste, parking, public toilets and roading. Improvements to the level for public is budgeted in this plan for Balclutha and Milton. Recognition of road safety measures for visiting drivers has also been identified for roading. Further work is required in this area to fully assess what additional levels of service are needed and how this can be funded with the least cost to ratepayers. Balclutha, Milton, Lawrence, Owaka and Kaka Point have the highest number of visitors in the district and this is expected to continue. Refer to the appended Rationale Ltd report with Medium Growth Scenario table and Visitor Population by type and day graph.

Dwelling growth

Total residential dwellings

2013	2018	2028
8,341	8,941	9,782

This plan assumes that the number of dwellings will increase as per Rationale Ltd projections. The Benhar, Bruce, Waiholo and Taieri Mouth are projected to experience the higher dwelling growth of around 1% per year. Most other settlements are projected to grow at between 0.1% and 0.7% per year. The exceptions are Clinton, Lawrence and Tapanui where dwelling numbers are not expected to increase.



Economic conditions and the changing nature of the housing market could cause variations from year to year. Projections for townships are more sensitive to variation where individual developments can influence overall forecasts, as has been shown in recent times with Council-facilitated developments in Balclutha, Tapanui and Kaitangata as part of Council's growth strategy.

If some areas increase higher or lower than forecast this may impact on the demand on infrastructure in these areas.

SIGNIFICANT FORECASTING ASSUMPTIONS

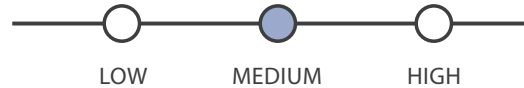
WHAT WE HAVE ASSUMED

Rating base

Council's rating base is expected to increase incrementally from 11,124 to 11,348 during the life of this plan.

Note: historic rating base numbers actually reduced as a result of rural amalgamations but not in a physical sense. Real change in rating units is expected to increase by 0.2% per annum.

LEVEL OF UNCERTAINTY

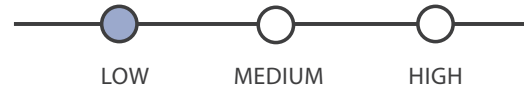


REASON FOR UNCERTAINTY, IMPACT OF RISK:

Increases or decreases to the rating base may affect the distribution and amount of rates to be paid. Council's strategic approach to promote growth in the rating base and promote living and working in Clutha aims to facilitate growth in the rating base over and above the 0.2% in the medium to longer term. The impacts are too difficult to forecast in detail at this point. Note that changes to the rating base are re-forecast on an annual basis through annual plan updates.

Land use change

No major shifts in land use are expected during the life of this strategy that will majorly impact on Council's finances.



There is a long lead in time for changes in the District Plan.

SIGNIFICANT FORECASTING ASSUMPTIONS

GENERAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Climate change

The plan assumes that there will be no significant climate impacts occurring within the period of the plan and that the rate of climate change will be gradual; allowing Council time to plan and prepare its response and options around services and infrastructure.

Medium to long term predictions indicate that climate change will affect Clutha with increases in temperature being 0.9°C warmer by 2040 and 2.8°C warmer by 2090. By 2090 Otago is projected to have about 4–25 extra days per year where maximum temperatures exceed 25°C, with around 13–45 fewer days with frost per year and rainfall (between 2% to 7% by 2090), with more extreme rainfall events and sea level rise of between 0.5m to 0.8m by 2090. Clutha may also experience higher snow lines, possible reduced snow coverage, increased wind and intensity and duration of droughts in drought-prone parts of the District.

The climate change impacts expected in Clutha include:

- Flooding - Increases risk of flooding, landslides and erosion. The capacity of stormwater systems may be exceeded more frequently due to heavy rainfall events which could lead to surface flooding, damage to infrastructure and road closures.
- Water availability- Water security is most likely to be an issue. Droughts are likely to increase in both intensity and duration over time

Coastal hazards. There is likely to be increased risk to coastal roads and infrastructure from coastal erosion and inundation, increased storminess and sea-level rise.

Agriculture: Warmer temperatures, a longer growing season and fewer frosts could provide faster growth of pasture and potentially better crop growing conditions. The South Otago area has been identified as an area within Otago/Southland where increases are most likely to be realised. However, these benefits may be limited by negative effects of climate change such as prolonged drought comparable to those experienced during 1997/98 El Nino and the 1998/99 La Nina episode, increased flood risk, and greater frequency and intensity of storms. Higher rainfall during winter is expected to make management of winter conditions more difficult, particularly in dairy farming areas.

Biosecurity: Warmer temperatures, particularly with milder winters, could increase the spread of pests and weeds.

LEVEL OF UNCERTAINTY (RISK)



REASON FOR UNCERTAINTY, IMPACT OF RISK:

If the impacts of climate change are felt sooner than expected there may be demands on Council's budgets. Council's ability to deliver the level of service to the community may be impacted if climate change occurs faster than expected or to a greater extent. If this occurs it may require unbudgeted emergency work to be carried out and/ or create additional costs to mitigate impacts, such as improving protection of critical infrastructure or increasing maintenance. In addition, the Council's low level of debt allows us greater flexibility to respond to any unexpected climate movements through borrowing for emergency works if required. In addition, Council self-insures for underground assets to help provide for emergency work if required.

In the short term, Council will ensure that future assets are of sufficient standard to cater for predicted climate change, including rain fall and sea level rise. Council is planning to carry out more detailed modelling around climate change impacts over the next three years. Council will continue to monitor climate change science and the response of central government and adapt its response where required.

However the impacts of climate change are expected to be felt over the longer term (50-100 years) and are unlikely to have a significant immediate impact during the period of this plan.

SIGNIFICANT FORECASTING ASSUMPTIONS

GENERAL ASSUMPTIONS

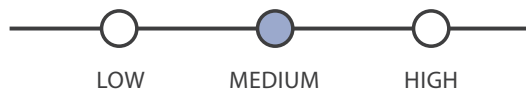
WHAT WE HAVE ASSUMED

Natural disasters

The plan assumes that Council and the community will be prepared to respond to any natural hazards including floods, storm and earthquakes that might occur during the life of this plan.

It is assumed that there will be no natural disasters requiring emergency work that cannot be funded from existing budgets, reserves, Council's insurance policies or via central government assistance.

LEVEL OF UNCERTAINTY



REASON FOR UNCERTAINTY, IMPACT OF RISK:

The timing and scope of natural disasters are unpredictable. There have been an increasing number of disasters including earthquakes and floods in New Zealand during the past decade.

A major event would impact on Council through the need for immediate funding, and depending on the scale, duration and location of the event, there could be unforeseen costs in terms of damage to Council assets. Depending upon the severity or timing of disasters, Council may not have enough staff to rapidly manage recovery and response. The lives of residents and continuity for businesses could also be affected as key services such as water, sewerage and roads could be disrupted for considerable periods.

The risk is reduced in Clutha because of its size and the number of widespread rural townships, reducing the likelihood of extensive damage throughout all critical infrastructure at the same time.

Any major disaster that results in significant repair costs is likely to be funded largely by insurance and/or central government assistance. Council also has set aside a \$4M emergency fund to provide its share towards costs. It is assumed that this would be sufficient to cover Council's share of one major event. A big event will trigger the need for additional insurance cover for the next big event.

SIGNIFICANT FORECASTING ASSUMPTIONS

GENERAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Resource consents

It is assumed that Council will meet consent conditions and that conditions of resource consents currently held will not be significantly altered. It is assumed that updates to attain consent renewals will progress as programmed and that they can be achieved within allocated budgets.

It is anticipated that there will be heightened level of controls on stormwater discharges relating to Otago Regional Plan Change 6B. No additional capital budgets have been included at this stage until more is known, so that Council is in a position to assess potential financial impact in the 2021/31 Long Term Plan.

Further information about the impact of major renewals such as for Mt Cooe and sewage consents will be outlined in further detail in activity-specific assumptions.

LEVEL OF UNCERTAINTY (RISK)



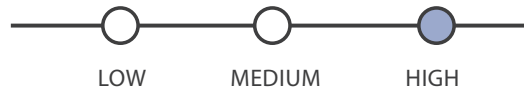
REASON FOR UNCERTAINTY, IMPACT OF RISK:

When there is information about what will be required, Council has indicated it will then be in a position to assess the financial impact. If requirements increase and additional work is required for consent conditions Council will need to provide rate funding to meet the requirements or request a change of consent conditions. As external agencies' plans are developed, we expect to be in a position to provide further information. Council aims to work with other agencies to understand and stay up to date with changing standards.

Legislative changes

It has been assumed there will be no major legislative changes or changes in government policy that will significantly impact Council.

It is assumed any change that is introduced can be accommodated within existing budgets.



The role and function of local government is set out by legislation. Council has many responsibilities prescribed by various acts, including the Local Government Act 2002, Reserve Management Act 1991 and Building Act 2004. The recent changes in government increase the likelihood of additional legislative/policy shifts that may have a medium effect on Council's finances and levels of service.

SIGNIFICANT FORECASTING ASSUMPTIONS

GENERAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Levels of service

This plan assumes that aside from where level of service changes have been specifically outlined and included for consultation to inform the final plan, demand for council services and customer expectations will not significantly change. It is assumed beyond those service levels raised, there will be no significant effect on asset requirements or operating expenditure.

LEVEL OF UNCERTAINTY



REASON FOR UNCERTAINTY, IMPACT OF RISK:

Council has defined levels of service for its planned activities that have been reviewed as part of the LTP process. Resident satisfaction surveys generally support this key assumption and there are currently no areas of the Council's service that require significant modification.

If higher levels of service are to be considered during the life of this plan, levels of expenditure and capital works would need to be reassessed, as would impact on rates.

SIGNIFICANT FORECASTING ASSUMPTIONS

FINANCIAL ASSUMPTIONS

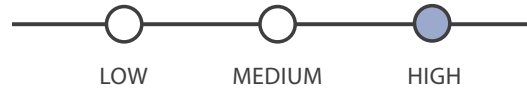
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY (RISK)

REASON FOR UNCERTAINTY, IMPACT OF RISK:

Contracts

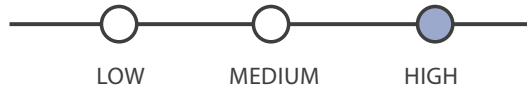
This plan assumes there will be no significant variations in the price of re-tendering operating and maintenance contracts. Major contracts due for renewal during the term of this plan include Water Services and Solid Waste.



If contract prices were to increase significantly, Council would review the work programme and levels of service. It may also look to reduce risk with an extension of the Solid Waste contract to coincide with possible changes related to resource consent renewal for Mt Cooe in 2023. Overall exposure is slightly lower as roading maintenance contracts do not come up for renewal during the term of this plan.

Capital project costs

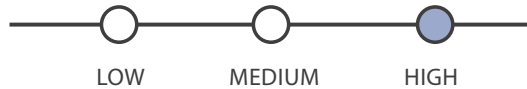
On average, capital project costs will not vary significantly from estimates included in this plan.



Council has a higher level of confidence regarding capital project costs in the short term (1-2 years) of this plan but less certainty in the longer term due to possible fluctuations in the economy, consent conditions etc. Any increase in costs may result in higher loan funding requirements and rates. To mitigate this, Council has processes in place that if projects are outside a financial parameter they are reassessed.

Capital project completion

That Council will complete capital projects as budgeted.



Based on historical completion rates there is a risk that the capital works programme will not be completed fully in any given year of this plan. Council is expecting to increase completion rates due to a number of improvements.

SIGNIFICANT FORECASTING ASSUMPTIONS

FINANCIAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Useful lives of significant assets

The useful lives of all assets will be in accordance with the depreciation rates set out in the accounting policies of Council. It is assumed remaining life forecasts for significant assets are correct and renewal forecasts are accurate.

LEVEL OF UNCERTAINTY



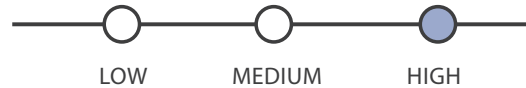
REASON FOR UNCERTAINTY, IMPACT OF RISK:

Useful lives are used to calculate depreciation. Where useful lives are incorrect the depreciation funded may be funded at the wrong level. If remaining lives vary from those predicted, renewals and replacement may have to be undertaken more or less frequently, impacting on capital budgets. There is no certainty that asset components will last exactly for their design lives. Capital projects could be brought forward in the event of early deterioration of assets. This may be partially off-set by other assets lasting longer than estimated.

Revaluation of non-current assets

The roading network and utility assets (water, sewerage, stormwater) are to be revalued in 2019/20, 2022/23 and 2025/26.

Infrastructure revaluations impact on the depreciation calculation. Where price levels change the depreciation funded may be at the wrong level. Revaluations are expected to be positive and not to have a material impact if the assumption is incorrect.



If price level changes are significantly higher or lower, depreciation and the funding of depreciation could be over or under stated. Depending on circumstances the revaluation period may be shorter or longer.

SIGNIFICANT FORECASTING ASSUMPTIONS

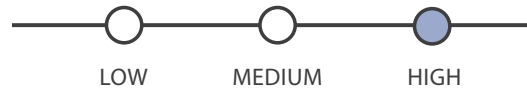
FINANCIAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Price level changes

Price level changes have been calculated using projections prepared by Business & Economic Research Ltd (BERL). The appended Price Level Changes table depicts the annual price level changes as indicated by BERL which are based upon October 2017 values, with the exception of roading where the October 2016 values were the latest available at the time of preparing budgets to be submitted to NZTA. A zero (baseline) budget has been used for the 2018/19 financial year. This has required budget managers and staff to consider all costs included during the budgeting process and apply these accordingly. Inflation percentages applied can be found at the end of this section.

LEVEL OF UNCERTAINTY (RISK)



REASON FOR UNCERTAINTY, IMPACT OF RISK:

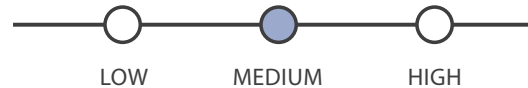
Inflation is affected by external economic factors. The result of any variations up or down will result in higher or lower rates requirements, which may also impact on the levels of service, in particular for roading, water, sewerage and stormwater.

Service levels

Council has approved service level changes in the final 2018/28 LTP for the following areas:

- Sealing Roads
- Milton Main Street improvements
- Mt Cooee Resource Recovery Park
- Bridge upgrades
- Stormwater improvements
- Earthquake strengthening

Outside of these it is assumed service levels are expected to remain unchanged.



If Council has not adequately engaged and consulted on changes to service levels or service levels are perceived to be unaffordable, levels including funding would need to be reassessed.

SIGNIFICANT FORECASTING ASSUMPTIONS

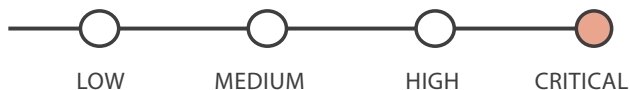
FINANCIAL ASSUMPTIONS

WHAT WE HAVE ASSUMED

Forecasted return on investments

A return of 3.98% is budgeted for internal investment and 5.0% for external investments. It is proposed that disbursement of the returns from internal and external investments, in accordance with the Treasury Policy, will include an off-set to the UAGC.

LEVEL OF UNCERTAINTY



REASON FOR UNCERTAINTY, IMPACT OF RISK:

Investments are approximately \$25 million so any changes in returns could have a major impact. Any significant drop of interest rate (greater than 1%) will reduce the rates offset (UAGC), meaning the UAGC will increase. There is a level of certainty in years 1-2 with increasing uncertainty after that. The risk is partly mitigated by re-forecasting on an annual basis through annual plan updates.

Sensitivity Analysis on Forecasted Return on Investments

	LTP 0.5% \$M	LTP \$M	LTP (0.5)% \$M
Rate of Return	5.50%	5.00%	4.50%
Closing Value in 2028	30.3	29.4	29.1
Total Interest Earned Over 10 years	15.0	13.4	12.3
Total Rates Subsidy Over 10 years	9.8	9.1	8.3
	Change \$M	Change \$M	Change \$M
Closing Value in 2028	0.9		(0.3)
Total Interest Earned Over 10 years	1.6		(1.1)
Total Ratea Subsidy Over 10 years	0.7		(0.8)

SIGNIFICANT FORECASTING ASSUMPTIONS

FINANCIAL ASSUMPTIONS

WHAT WE HAVE ASSUMED	LEVEL OF UNCERTAINTY	REASON FOR UNCERTAINTY, IMPACT OF RISK:
----------------------	----------------------	---

Expected interest rates on borrowing

Interest on existing and new internal borrowing is allowed for at 3.98% over the term of the borrowing. It is assumed that any potential external borrowing would be at less than 3.98%.

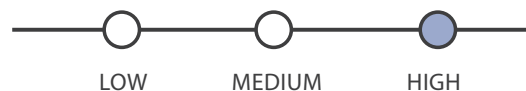


Minimal impact as impact of internal borrowing is offset by income. If use of external debt increases there would be a positive impact as the cost of borrowing would reduce.

There is a level of certainty in years 1-2 with increasing uncertainty after that. The risk is partly mitigated by re-forecasting on an annual basis through annual plan updates.

Expected level of external borrowing

As a result of an updated focus on maximising investment returns, Council's level of liquidity is expected to change, and external borrowing is forecast during this LTP. Council has agreed to joining LGFA as a non-guaranteeing borrow. Current forecasts in the plan exceed the \$20M limit for non-guaranteeing criteria from the 2020/21 to 2024/25 period. A forecast rate of 3.1% has been used as the average cost of borrowing based on advice received from the LGFA.



Given forecasts in this plan Council will need to re-assess its LGFA membership, external borrowing and external investments should it reach the \$20M criteria limit.

The risk is partly mitigated by re-forecasting on an annual basis through annual plan updates.

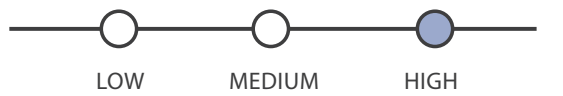


A change in interest means the rating requirement for the cost of financing as well as the loan repayment would change as illustrated below.

Sensitivity Analysis on Forecasted Rate on External Borrowings

	LTP 0.5% \$M	LTP \$M	LTP (0.5)% \$M
Rate of Borrowing	3.6%	3.1%	2.6%
Closing External Debt in 2028	10.4	9.9	8.5
Total Interest Paid Over 10 years	6.1	5.7	4.2
	Change \$M	Change \$M	Change \$M
Closing External Debt in 2028	(0.5)		1.4
Total Interest Paid Over 10 years	(0.4)		1.5

SIGNIFICANT FORECASTING ASSUMPTIONS

FINANCIAL ASSUMPTIONS

WHAT WE HAVE ASSUMED	LEVEL OF UNCERTAINTY (RISK)	REASON FOR UNCERTAINTY, IMPACT OF RISK:																					
<p>Renewability or otherwise of external funding</p> <p>Cash flow deficits managed through Westpac multi-option credit facility can also be used if needed to meet medium-term lending requirements.</p>		<p>Higher cost of short term borrowing and inability to meet liquidity shortfalls.</p>																					
<p>NZTA Subsidy Rates</p> <p>Based on representation and advice from NZTA the rates by year are presented below:</p> <table border="1"> <thead> <tr> <th></th> <th>18/19</th> <th>19/20</th> <th>20/21</th> <th>21/22</th> <th>22/23</th> <th>23/24-27/28</th> </tr> </thead> <tbody> <tr> <td>Local roads</td> <td>59%</td> <td>59%</td> <td>59%</td> <td>59%</td> <td>59%</td> <td>59%</td> </tr> <tr> <td>SPR* maintenance & ops renewal and minor improvements, new & other improvement projects</td> <td>89%</td> <td>83%</td> <td>77%</td> <td>71%</td> <td>65%</td> <td>59%</td> </tr> </tbody> </table> <p>NZTA programmes will be signed off post adoption of this Long Term Plan. Council is assuming that funding will be confirmed for all aspects included in the financially-assisted components included in LTP budgets, including for footpath renewals.</p> <p><small>*Special purpose roads i.e. Southern Scenic Route These rates up until 2021/22 have been confirmed by NZTA.</small></p>		18/19	19/20	20/21	21/22	22/23	23/24-27/28	Local roads	59%	59%	59%	59%	59%	59%	SPR* maintenance & ops renewal and minor improvements, new & other improvement projects	89%	83%	77%	71%	65%	59%		<p>Reduction in roading programme or increase in rates to meet budgeted programme. If there are changes or reductions, Council will have to reconsider the level of delivery for the financially-assisted programme.</p>
	18/19	19/20	20/21	21/22	22/23	23/24-27/28																	
Local roads	59%	59%	59%	59%	59%	59%																	
SPR* maintenance & ops renewal and minor improvements, new & other improvement projects	89%	83%	77%	71%	65%	59%																	
<p>Depreciation rates on planned asset acquisitions</p> <p>If depreciation costs are significantly higher than budgeted, rates would increase to balance the budget.</p>		<p>If depreciation costs are significantly higher than budgeted, rates would increase to balance the budget.</p>																					

PRICE LEVEL CHANGES

Accounting rules require Council to adjust its forecast financial information to take into account the impact inflation. These price level adjustments have been applied to all budgets and projects at the rates outlined below. They are based on the Local Government Cost Index (LGCI).

PRICE LEVEL ADJUSTORS APPLIED TO 2018/28 LONG TERM PLAN FORECASTS

	2018/19	2019/20	2020/21	2021/22	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Administration	Base year		2.0%	2.0%	2.1%	2.2%	2.3%	2.3%	2.4%	2.5%	2.5%
Three Waters	Base year		2.8%	2.4%	2.5%	2.6%	2.7%	2.8%	2.9%	3.0%	3.2%
Roading	Base year		3.1%	3.1%	3.0%	2.9%	2.8%	2.7%	2.6%	2.5%	2.5%
Salaries	Base year		1.6%	1.7%	1.8%	1.8%	1.9%	1.9%	2.0%	2.0%	2.1%

RATING UNIT CHANGES

Based on historical data and changes to the district's rating base, Council is projecting that the number of rating units in the district will continue to grow at a rate of a minimum of 0.2% per annum.

FORECAST CHANGES IN RATING UNITS 2018/28

YEAR BEGINNING	RATING UNITS	CUMULATIVE CHANGE IN RATING UNITS (%)	ANNUAL CHANGE IN RATING UNITS
1/07/2018	11,146	0.20%	22
1/07/2019	11,169	0.40%	23
1/07/2020	11,191	0.60%	22
1/07/2021	11,213	0.80%	22
1/07/2022	11,236	1.00%	23
1/07/2023	11,258	1.20%	22
1/07/2024	11,281	1.40%	23
1/07/2025	11,303	1.60%	22
1/07/2026	11,326	1.80%	23
1/07/2027	11,348	2.00%	22

COUNCIL ACTIVITIES

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



GUIDE TO ACTIVITIES

The services Council provides have been categorised into nine activity groups. This section sets out each of the activity groups, how they contribute to the district, and how Council will maintain, measure and fund each activity.

ACTIVITY GROUP	COMMUNITY OUTCOME	ACTIVITY
1. COMMUNITY LEADERSHIP	A well informed community where people have a say in the decisions that affect them	<ul style="list-style-type: none"> • Governance
2. ECONOMIC & COMMUNITY DEVELOPMENT	An economic environment that encourages growth in a way that sustainably supports the community	<ul style="list-style-type: none"> • Economic Development • Community Development
3. ROADING	Roading infrastructure that sustainably supports the community and economy	<ul style="list-style-type: none"> • Roading
4. WATER		<ul style="list-style-type: none"> • Urban Water • Rural Water
5. SEWERAGE	Water services that sustainably supports the community and economy	<ul style="list-style-type: none"> • Sewerage
6. STORMWATER		<ul style="list-style-type: none"> • Stormwater

Continues on next page

ACTIVITY GROUP	COMMUNITY OUTCOME	ACTIVITY
7. COMMUNITY SERVICES	Community facilities that sustainably benefit users and the wider community	<ul style="list-style-type: none"> • Library/Service Centre/Information Services • Swimming Pools • Parks, Reserves, Sportsgrounds & Playgrounds • Public Conveniences • Cemeteries • Halls & Community Centres • Community Housing & Property
8. SOLID WASTE MANAGEMENT	A sustainable environment that promotes a clean, green image	<ul style="list-style-type: none"> • Solid Waste Management
9. REGULATORY & EMERGENCY SERVICES	A safe and supportive community	<ul style="list-style-type: none"> • Resource Management • Animal Control • Environmental Health • Building Control • Liquor Licensing • Compliance • Civil Defence • Rural Fire
INTERNAL SERVICES		<ul style="list-style-type: none"> • Internal Services

Each of the activity groups have been set out using the headings as follows:

WHAT WE DO

Under this heading you will find a description about what Council does within this group of activities. It includes information about the levels of service Council provides, and in some instances there is an outline of the assets involved.

WHY WE DO IT

This part includes the rationale for why Council is involved with this group of activities and how the activity contributes to Council's community outcomes. Each of the services Council provides contributes to one or more of the community outcomes which are explained in greater detail in Section 2: Council's Community Outcomes.

SIGNIFICANT EFFECTS

Provides information about potential negative effects of the activity on community wellbeing, along with what Council will do in response.

MAINTAINING CURRENT LEVELS OF SERVICE

This section describes how Council plans to continue providing the current level of service. For activities with major assets it outlines the maintenance and renewal/replacement programmes for these assets.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

As the heading suggests this part sets out what capital projects are planned in order to create improvements. Any proposals for new or enhanced assets are included here as well as any projects which are to be carried out to expand asset capacity. This is where any decreases in level of service are also flagged. Information about how these projects will be funded is also included.

WHAT'S NOT INCLUDED IN THE PLAN

This section includes information about issues that Council is aware of, but for which there is no budget. Examples include work required to bring some of Council's buildings 'up to standard' in relation to required earthquake strengthening.

WHAT WE'RE AIMING FOR

These tables outline the level of service provided for each activity in that group and the key measurements that Council uses to evaluate how well these service levels are being met. Performance targets for the coming years are also presented, and these will be reported against in future Annual Reports. Where they apply, information about the Otago Regional Performance Improvement Framework benchmarking measures and mandatory Department of Internal Affairs measures have been included.

HOW THE ACTIVITY GROUP IS FUNDED

This section provides information from Council's Revenue and Financing Policy about how the activities within the groups are funded.

WHAT IT WILL COST

Funding Impact Statements provide financial information about each group of activities and how they will be funded for each of the next ten years.

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

Significant forecasting assumptions are defined as something taken to be true for the purposes of future action. This section outlines these assumptions together with the level of uncertainty and some comments on what might happen if the assumption is wrong.

COMMUNITY LEADERSHIP

Our elected members represent the Clutha District and its communities, undertaking an important oath to make decisions in the best interests of the Clutha District.

WHAT WE DO

Clutha District Council comprises 14 Councillors and a Mayor.

The 14 Councillors represent eight wards - Balclutha, Bruce, Catlins, Clinton, Clutha Valley, Kaitangata-Matau, Lawrence-Tuapeka and West Otago. Together the Councillors and Mayor provide leadership for the district by setting an overall direction, determining priorities, and making decisions about the scope and the levels of service Council will provide. Decision making is an important part of their role, including what Council will do, and how to pay for activities.

The Mayor and Councillors set the performance standards and oversee the performance of Council activities and assets to ensure the best operation, maintenance and use of community resources. Much of this work takes place in Council and Committee meetings.

The Mayor proposes and the Council approves the Council and Committee structure. This structure enables Council's decision-making processes to be implemented in an effective and efficient manner, and also allows for the delegation of certain powers.

An important part of elected members role also includes representing their community, including communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

This activity also includes the conduct of elections, by-elections and review of representation arrangements.

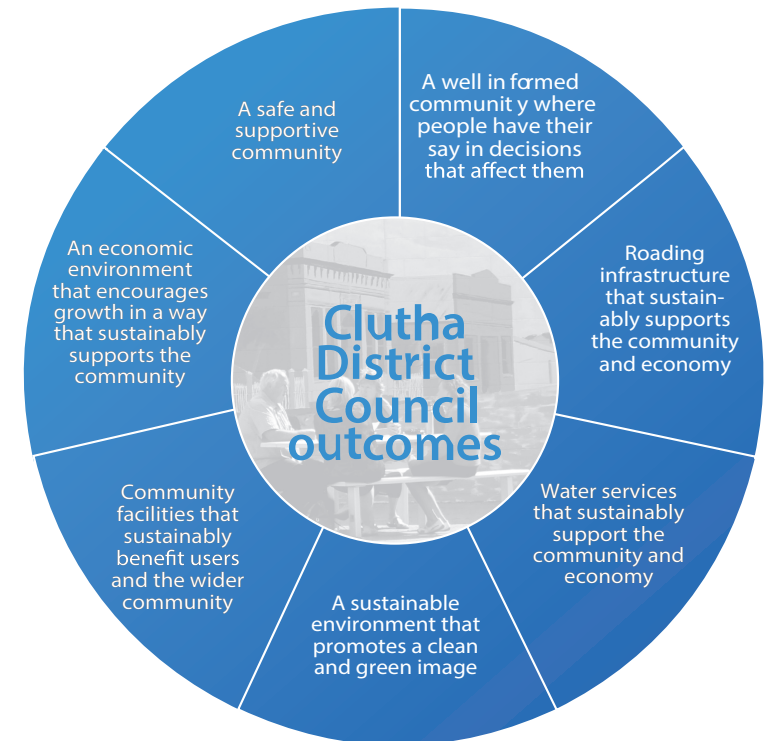
WHY WE DO IT

Council is involved in this activity to help our district and its communities develop and move forward. Decisions are made in the interests of the whole of the district, with current and future generations in mind.

This activity contributes to all of Council's outcomes, with a particular association with the outcome of "a well-informed community where people have their say in decisions that affect them".

SIGNIFICANT EFFECTS

There are no significant negative effects identified for this group of activities.



MAYOR
Bryan Cadogan

MAINTAINING LEVELS OF SERVICE

RENEWALS AND REPLACEMENTS

This activity does not include any significant assets and therefore there are no asset management, maintenance, renewal and replacement issues.

TRIENNIAL ELECTIONS

Local elections are held once every three years with the next election taking place in October 2019. Clutha District Council is also mandated with the responsibility to hold elections for Lawrence/ Tuapeka and West Otago community boards, and to act as the electoral officer for the Clutha Licensing Trust and Clutha Health First. All of the above will be subject to a Representation Review that will be completed in time for the 2019 elections.

Public confidence in the local electoral processes is fundamental to a healthy local democracy. There are political and public risks of getting things wrong and this could potentially undermine the electoral process. Council reduces potential risk by outsourcing the role of electoral officer in its entirety to an independent contractor.

AUDIT AND RISK

Council has appointed an independent chair for the Audit and Risk Committee, in accordance of Office of the Auditor General best practice guidelines. An independent review also identified the need for a formal risk management framework and this has been introduced.

FACILITATING GROWTH

Like other rural areas throughout New Zealand, the Clutha District has experienced a period of population decline in recent times. The previous Long Term Plan set the platform for a change in direction to promote growth. This direction was overwhelmingly supported through submissions. In developing that plan Council took the opportunity to examine the current and future needs of the district and look ahead and consider what our organisation can do to help future proof our district. Arising from this work Council published an Economic Development Strategy and Living and Working in Clutha Strategy.

Council has continued to give effect to these strategies, in order to encourage further growth. This included innovative approaches to Council-led development, the development of Community Plans for Balclutha and Milton (and their implementation), and additional support to our Economic Development Agency to carry out a recruitment agency role to support our businesses.

Council also supported the Kaitangata House and Land Package with increased fee remission availability, voluntary targeted rate availability for fees, and also approval to construct a turn-key house on Council-owned land.

RATES AFFORDABILITY

Making decisions about rates including who pays and how much is a consideration that heavily influences Council's decision-making. Council carefully considers how to make rates as affordable as possible given our challenges of a small population, large land area, and correspondingly large amount of infrastructure.

Council will continue to look for effectiveness and efficiency in controlling costs, maximizing returns to our ratepayers from our investments, setting rates limits that are deemed appropriate, promoting the rates rebate scheme for low income households in our district, and continuing to review our rating systems. Council has instituted a more equitable way of paying for our three waters infrastructure by amalgamating individual schemes and engaging in a review of the Community Facilities Rate.

The approach of encouraging growth in the parts of the district that have potential is also expected to impact and contribute to rates affordability. Council will continue to carefully consider levels of service in other areas that are no longer a sustainable use of rates e.g. divesting the Kaitangata pool.

IMPROVEMENTS OR CHANGES WE'RE PLANNING

FACILITATING GROWTH

Proposals and actions which will maximise opportunities to grow the rating base are recognised throughout this plan and across the majority of Council's activities. They can be linked to both the Economic Development Strategy and Living and Working in Clutha Strategy which both underpin this plan. The Infrastructure Strategy has been developed on an assumption of growth and Council is committed to continuing to sustainably manage and maintain key infrastructure throughout the District.

Actions to facilitate growth include completing the Rosebank Industrial Park (and accepting that it will be developed at a small loss), completing Milton’s residential and industrial zone changes and structure plan, and progressing the Milton to Waihola water pipeline. Work is also being carried out to facilitate solutions to the District’s accommodation shortage for social and worker accommodation, in order to mitigate these growth-related problems.

RATES AFFORDABILITY

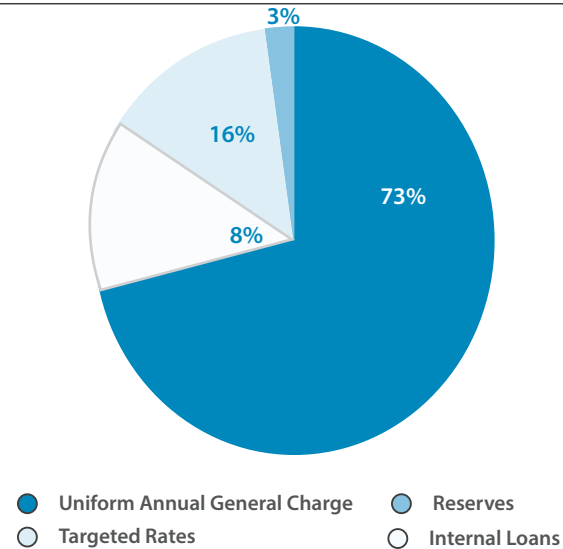
Council has decided to implement a new rating mechanism for Community Facilities, replacing the old method of town-based charges and an overall rural charge, with 6 communities of interest across the whole of the District paying a fixed charge. Council has also agreed to review other areas of inequity or inconsistency within the rating system within the first year of the Long Term Plan, including a review of Community Hall funding, a review of Community swimming pool funding, and a review of Community Grants. Now that the decisions have been made on Communities of Interest for funding facilities, it is appropriate to reconsider Community funding and grant areas.

WHAT’S NOT IN THE PLAN

Council recognises that promoting growth must be done in a sustainable way. This plan and its budgets have been developed on the basis that Council supports initiatives to growth, subject generally to any initiative being at worst rates neutral. When specific rates funding is required for any initiative or action that is not rates neutral, Council will take a business case approach to assessing it and make any budgets changes through the annual planning process.

HOW COMMUNITY LEADERSHIP IS FUNDED

Representation by Council is provided for the benefit of the community as a whole, and therefore is funded by the whole district.



Rating for Community Leadership

ACTIVITY	DISTRICT-WIDE RATES		RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION	
	FEES & CHARGES	UNIFORM CHARGE (UAGC)	CAPITAL VALUE (CV)	UNIFORM CHARGE (UAGC) / LAND VALUE (LV)
Council		100%		
Community Boards ¹				100%

¹ Lawrence/Tuapeka and West Otago wards

WHAT WE ARE PLANNING FOR COMMUNITY LEADERSHIP

WORK WE WILL BE FOCUSING ON IN THIS PLAN:

- Leadership of Council’s growth focus
- Ongoing work around rates affordability
- Reviewing governance and committee structures and undertaking elections

WHAT WE’RE AIMING FOR

WHAT WE’RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE’RE PERFORMING NOW	WHAT WE’RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2021/22 - 2027/28
Provide effective leadership, representation and service to residents and ratepayers	Satisfaction with decision-making, leadership and planning of elected members (Council)	83%	≥80%	≥80%	≥80%	≥80%
Monitor rates affordability and provide prudent, effective and efficient financial management	To stay within rates limits	\$24.9M	25.8	26.6	27.5	31.3

* Average for 2021/22-2027/28

** Accumulated total for 2021/22-2027/28

WHAT IT WILL COST FOR COMMUNITY LEADERSHIP

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	1,110	1,002	1,056	1,086	1,089	1,117	1,150	1,176	1,220	1,223	1,251
Targeted rates	158	245	248	252	252	256	260	260	264	269	271
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	1,268	1,247	1,304	1,338	1,341	1,373	1,410	1,436	1,484	1,492	1,522
Applications of operating funding											
Payments to staff and suppliers	(688)	(892)	(724)	(701)	(729)	(764)	(744)	(778)	(811)	(792)	(824)
Finance costs	(58)	(55)	(75)	(72)	(70)	(67)	(64)	(61)	(57)	(54)	(50)
Internal charges and overheads applied	(422)	(475)	(485)	(510)	(500)	(517)	(543)	(531)	(547)	(575)	(573)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,168)	(1,422)	(1,284)	(1,283)	(1,299)	(1,348)	(1,351)	(1,370)	(1,415)	(1,421)	(1,447)
SURPLUS (DEFICIT) OF OPERATING FUNDING	100	(175)	20	55	42	25	59	66	69	71	75
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(50)	698	(67)	(70)	(73)	(76)	(79)	(81)	(85)	(89)	(92)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	(50)	698	(67)	(70)	(73)	(76)	(79)	(81)	(85)	(89)	(92)

Continues on next page

WHAT IT WILL COST FOR COMMUNITY LEADERSHIP

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in reserves	(12)	319	40	7	21	41	8	5	5	5	5
(Increase) decrease of investments	(38)	(842)	7	8	10	10	12	10	11	13	12
TOTAL APPLICATIONS OF CAPITAL FUNDING	(50)	(523)	47	15	31	51	20	15	16	18	17
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(100)	175	(20)	(55)	(42)	(25)	(59)	(66)	(69)	(71)	(75)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR COMMUNITY LEADERSHIP AND OUR DISTRICT OVERALL

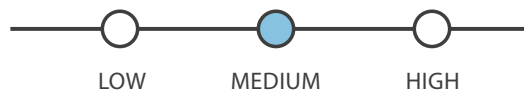
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Amalgamation/Boundary Changes

Council is assuming that the Clutha District will retain its existing boundaries, functions and status as a territorial authority during the life of this plan.



Should amalgamation with neighbouring authorities or significant boundary changes take place, this would significantly impact on all of this plan in its entirety.

Representation arrangements

Council assumes that the current structure of representation will not change significantly.



In general, any changes to representation arrangements will not have significant budgetary implications. However, there would be changes to rates based on electoral ward.

*Universal financial assumptions that also affect Community Leadership are included in the financial strategy section of this document.

FACILITATING GROWTH

Council is proposing a coordinated, integrated set of actions orientated towards growing the rating base. These feature in the proposed Economic Development strategy. Proposed initiatives and actions relating to different areas of Council are summarised below:

COMMUNITY LEADERSHIP & PLANNING

- Co-invest/partner in:
 - Housing and commercial development including town centres
 - Business parks
 - Opportunities to support growth
- Take into account economic impact in policy decisions
- Actively encourage the roll out of the Rural Broadband Initiative (RBI)
- Investigate opportunities for public/private co-invest in broadband infrastructure
- Review Council's procurement policy to support the local economy
- Maintain a business friendly culture within Council
- Co-invest/partner of opportunities to support growth (residential/commercial)

ECONOMIC & COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

- Contribute to business support services
- Contribute to business expansion and retention programmes
- Identify needs and help growing sectors develop e.g. tourism sector
- Facilitate and support industry hubs/networks/clusters
- Facilitate business support services
- Facilitate tailored development programmes for the primary sector
- Facilitate the promotion of events*
- Create a coordinated marketing strategy for the district.*
- Develop an Events Strategy for the district to

focus on attracting of residents and visitors.

- Support and facilitate group initiatives within communities such as cycle trails, wetlands and community facilities.*
- Support the development of job and training opportunities including Mayors Taskforce For Jobs and Clutha Country Training and Development Awards.
- Invest in attraction and retention of people in the workforce
- Develop a Live, Work and Invest in Clutha promotional tool and website.
- Encourage an environment where professional development, on the job training, apprenticeships and earn as you learn programmes are supported by and promoted to local employers.
- Develop Clutha District as a destination

COMMUNITY DEVELOPMENT

- Engage with communities on local community initiatives.
- Promote the value of volunteering
- Support young people into leadership roles (Youth Council, leadership forums and programmes).
- Foster partnerships that facilitate better access to health and education services.
- Support leadership and mentoring programmes
- Support community beautification projects
- Investigate opportunities to utilise empty buildings
- Promote and develop pride in the Clutha District

INFRASTRUCTURE (ROADING, WATER, SEWERAGE, STORMWATER)

- Invest to a level to meet regulatory requirements as a minimum standard e.g. environmental discharges, drinking water standards.
- Ensure a level of infrastructure to meet present and future needs to ensure the ability to be responsive to growth opportunities.
- Council expenditure on roading to meet agreed levels of service.
- Invest in streetscape upgrades in towns around the district including town entranceways.
- Review town signage e.g. for attractions, services and town parking areas.

COMMUNITY SERVICES

- Future proof current Council community housing stock.
- Update reserve management plans.

REGULATORY & EMERGENCY SERVICES

RESOURCE MANAGEMENT

- Enabling the consenting process.
 - Facilitating the development of district hubs via the District Plan, e.g. Milton as an industrial hub and Balclutha as a service hub.
 - Council to support and enable the utilization of land for development.
 - Council decision-making process and staff support will allow for flexibility within the District Plan.
 - Assess current land availability and potential for use.
 - Research where our gaps are in housing, commercial property, industrial land and town aesthetics.
-

LIVING AND WORKING IN CLUTHA

Council is proposing to do more work with communities and key stakeholders towards developing a coordinated, integrated set of actions that promote Living and Working in Clutha.

This work reflects that economic and community development work alongside each other in determining what creates the economic and social infrastructure needed to sustain and grow the district. Some of these actions already feature in the proposed Economic Development Strategy.

The following areas have been identified as helping promote Living and Working in Clutha:

COMMUNITY LEADERSHIP & PLANNING

- Overall leadership for the strategy

ECONOMIC & COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

- Facilitate the promotion of events.
- Create a coordinated marketing strategy for the district.
- Develop an Events Strategy for the district to focus attracting of residents and visitors.*
- Support and facilitate group initiatives within communities such as cycle trails, wetlands and community facilities.
- Develop a Live, Work and Invest in Clutha promotional tool and website.

COMMUNITY DEVELOPMENT

- Engage with communities on local community initiatives.
- Support young people into leadership roles (Youth Council, leadership forums and programmes).
- Foster partnerships that facilitate better access to health and education services.
- Support community beautification projects
- Investigate opportunities to utilise empty buildings.
- Promote and develop pride in the Clutha District.

INFRASTRUCTURE (ROADING, WATER, SEWERAGE, STORMWATER)

- Invest to a level to meet regulatory requirements as a minimum standard e.g. environmental discharges, drinking water standards.
- Ensure a level of infrastructure to meet present and future needs to ensure the ability to be responsive to growth opportunities.
- Invest in streetscape upgrades in towns around the district including town entranceways.

COMMUNITY SERVICES

- Future proof current Council community housing stock.
- Update reserve management plans.

REGULATORY & EMERGENCY SERVICES

RESOURCE MANAGEMENT

- Research where our gaps are in housing, commercial property, industrial land and town aesthetics .
-

ECONOMIC & COMMUNITY DEVELOPMENT

Future growth and sustainability for our district means putting economic and community development at the forefront of our actions and decisions.

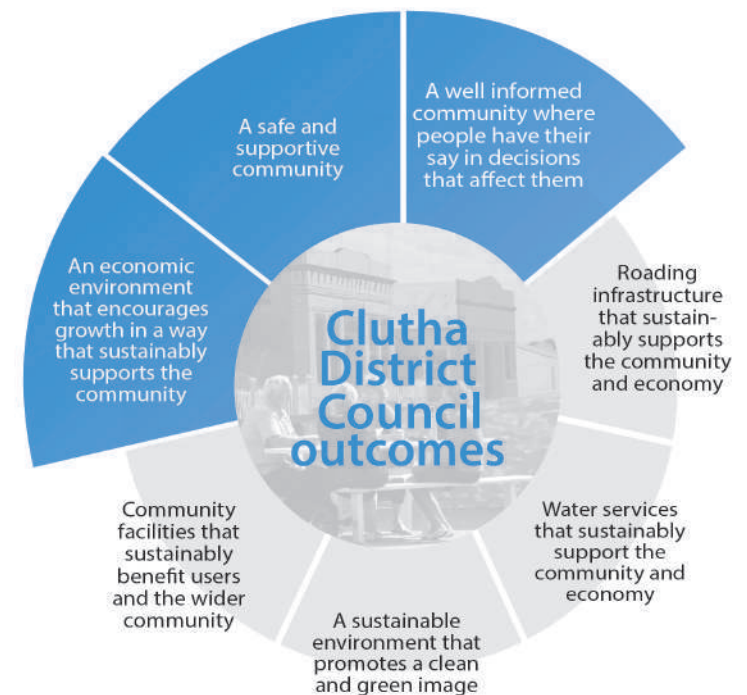
WHAT WE DO

Part of Council's leadership involves supporting the economy and communities through economic and community development functions. The following functions and services are included in this activity group:

- Economic Development: leading and delivering activities that will support, sustain and grow the economy, including via the economic development agency – Clutha Development Incorporated and in implementing Council's Economic

Development Strategy.

- Destination marketing for the district, including being a Regional Tourism Organisation (RTO), provided via Clutha Development Inc.
- Community Development which involves providing support and facilitation for community-driven initiatives throughout the district, including implementing Council's Living and Working in Clutha Strategy via Community Plans.
- Youth development which involves part-funding the Clutha District Youth Development Programme, and providing coordination and support for the Clutha District Youth Council.
- Providing financial assistance through a range of community grants and funding schemes.



WHY WE DO IT

The Clutha District faces some significant challenges. We need be aware of the risks to our local economy, businesses and communities, and the opportunities that our challenges will bring. Council sees promoting growth as a priority and believes there are untapped opportunities to promote the district's potential as an attractive place to live, work and invest. Economic and community development are services that enable growth and positively impact on rates affordability.

Economic and Community Development primarily contributes to the outcome: "An economic environment that encourages growth in a way that sustainably supports the community".

SIGNIFICANT EFFECTS

There are no identified significant negative effects for this activity group.

MAINTAINING CURRENT LEVELS OF SERVICE

MAINTENANCE AND OPERATIONS

Council will continue to deliver economic development and destination marketing through contracted service providers. We will also continue to part-fund youth development services through contracted services and continue to support a Youth Council. Community development services will continue to remain 'in-house'.

IMPLEMENTATION OF THE ECONOMIC DEVELOPMENT STRATEGY

Council will continue to implement the Economic Development Strategy which includes regular reporting by Clutha Development Inc. of progress against the Strategy. In implementing the Economic Development Strategy there are consequential links to the Living and Working in Clutha Strategy, although the primary deliverer of that Strategy is Council. Council has required Clutha Development Inc. to have a particular focus on business and job support over the previous three years, in respect to Council funding through the Economic Development Strategy. This will also continue throughout the term of this Long Term Plan. Primary sector support will in the main continue to be supported through third party funding.

Destination Marketing will continue to be resourced through Clutha Development Inc. at approximately 1 Full-time Equivalent staff level.

Community Plans for Balclutha and Milton will continue to be implemented, Waiholā completed and implemented, and the following schedule of Community Plans will be completed and implemented during the term of this Long Term Plan:

- 2018/19: Kaka Point, Catlins
- 2019/20: Kaitangata, Lawrence-Tuapeka
- 2020/21: West Otago
- 2021/22: Clinton, coastal communities, Clutha Valley
- 2022/23: Stirling, Benhar
- 2023/24: Waipori, Mahinerangi, Berwick, rural Bruce.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

ECONOMIC DEVELOPMENT

Council has confirmed funding for job support and recruitment as a specific and necessary function of Clutha Development Inc. In the previous 12 months Clutha Development Inc. trialled this role resulting in 110 direct job placements. Sourcing workers to fill the District's jobs is considered an essential role for Clutha Development Inc. as not having enough workers is a brake to the District's economy.

Council has also confirmed a facilitation and coordination role in worker and social accommodation, in conjunction with Clutha Development Inc. and third party providers and stakeholders, to address an identified shortage in these areas. Council's actions to-date have been to improve the long term supply of housing through making more land available, however there are issues of under supply of accommodation that needs addressing in the short term.

Council has also increased investment in Destination Marketing and has commissioned Clutha Development Inc. in 2018/19 to:

- Complete a Destination Management Infrastructure Priorities Plan Feasibility Study,
- Develop a Clutha District Destination Plan,
- Improve the consistency of imagery and branding in key locations to promote Clutha, and
- Contribute to existing and future tourism alliances.

COMMUNITY DEVELOPMENT

Council has confirmed funding for a Youth Council initiative of \$10,000 for an illegal substance use campaign driven by Youth.

Council has also agreed to carry out a Community Grants review in 2018/19 brought on by difficulties Council had in prioritizing and allocating funding to meet significant numbers of requests for funding from Community organisations.

WHAT'S NOT IN THIS PLAN

Council recognises that promoting growth must be done in a sustainable way. The Economic Development Strategy and Living and Working in Clutha Strategy have been developed on the basis that Council supports initiatives to encourage investment in our district, subject generally to any initiative being at worst rates neutral.

When specific rates funding is required for any initiative or action that is not rates neutral, Council will determine additional funding depending on the business case presented through the annual planning process.

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME:

A WELL INFORMED COMMUNITY WHERE PEOPLE HAVE THEIR SAY IN THE DECISIONS THAT AFFECT THEM

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2021/22 - 2027/28
Support the District's communities and economy through community planning facilitation and support	Percentage of programmed Our Place community plans completed	New	100% ¹	100% ²	100% ³	100% ⁴

¹ Includes Kaka Point and Catlins ² Includes Kaitangata and Lawrence/Tuapeka ³ Includes West Otago ⁴ Includes Clinton, Clutha Valley and coastal communities (2021/22), Stirling and Benhar (2022/23), Waipori, Mahinerangi, Berwick and rural Bruce (2023/24).

WHAT WE ARE PLANNING FOR ECONOMIC & COMMUNITY DEVELOPMENT

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Economic Development Agency – Clutha Development Incorporated service agreement	545 ¹	457	467	476	486	498	509	521	534	548
Contracted youth development services	30	31	31	32	33	33	34	35	36	37

¹ Includes \$85,000 for tourism-related work - infrastructure and destination plan.

BE FOCUSING ON IN THIS PLAN:

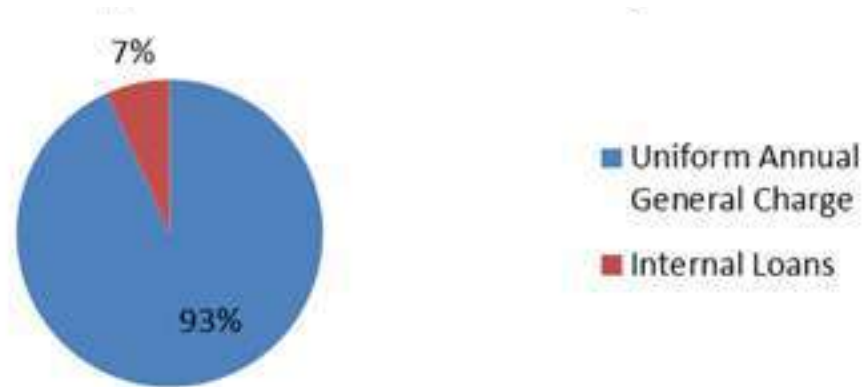
- Implementing the Clutha Economic Development Strategy
- Developing Living and Working initiatives and work programmes

BUDGETED COMMUNITY FUNDING

ORGANISATION	DESCRIPTION	2018/19
Clutha District Combined Museums	Funding towards operating costs for the 6 Clutha District Museums managed under the umbrella of Clutha District Combined Museums	\$58,994
Lawrence Tuapeka Community Company	For providing contracted information services in Lawrence	\$40,000
Tokomairiro Historical Society	For providing contracted information services in Milton	\$11,399
Catlins Historical Society	For providing contracted information services in Owaka	\$22,030
Clutha Gold Trail Maintenance Fund	Funding set aside for future maintenance requirements on the Clutha Gold Trail	\$26,265
Mayors Taskforce for Jobs	Support of your leadership in the Clutha District	\$11,072
Fees Reimbursement Scheme	Scheme which provides for reimbursement of Council-related fees and charges to community groups and volunteers	\$37,377
Property Rent Assistance Scheme	Scheme which reimburses community groups who lease Council land and buildings	\$8,453
Swimming Pool Grants	Grants towards operating costs for various pools throughout the district	\$42,341
Gore and Clutha Women's Refuge Services	Funding to Gore Womens Refuge which provides support services in the Clutha District	\$8,634
Heartland Life Education Trust	Sponsorship towards the charitable trust providing life education services to Clutha District Youth	\$5,133
Sport Clutha	Council portion of funding Sport Clutha coordination services	\$42,420
Kaka Point Surf Life Saving Club	Funding for retaining lifeguard patrol services at Kaka Point	\$19,137
Clutha District Emergency Services Trust	Funding towards the running costs of the Emergency portacom caravan	\$1,500
Clutha Recreation Centre	Funding towards operating costs	\$44,100
Project Bruce	Funding towards the operating costs of Project Bruce	\$7,244
Catlins Coast Incorporated	Funding towards the Catlins Care Code brochure	\$1,500
Clutha Sport Masters Games	Funding to support the annual Balclutha Masters Games	\$600
Tokomairiro Community Recreation Centre	Towards the sealing of the carpark	\$10,000
Milton Coronation Hall Group	Towards the project to waterproof the south wall of the Milton Coronation Hall	\$14,000

HOW ECONOMIC AND COMMUNITY DEVELOPMENT IS FUNDED

The district-wide benefits for these activities are recognised in the way they are funded.



Existing Rating for Economic & Community Development

ACTIVITY	FEES & CHARGES	DISTRICT-WIDE RATES		RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION	
		UNIFORM CHARGE (UAGC)	CAPITAL VALUE (CV)	UNIFORM CHARGE (UAGC)	LAND VALUE (LV)
Economic Development				100%	
Community Development				100%	

WHAT IT WILL COST FOR ECONOMIC AND COMMUNITY DEVELOPMENT

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	1,336	1,308	1,275	1,362	1,384	1,413	1,445	1,471	1,504	1,541	1,574
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	1,336	1,308	1,275	1,362	1,384	1,413	1,445	1,471	1,504	1,541	1,574
Applications of operating funding											
Payments to staff and suppliers	(1,273)	(1,329)	(2,200)	(1,218)	(1,243)	(1,270)	(1,299)	(1,328)	(1,360)	(1,393)	(1,427)
Finance costs	(12)	(12)	(21)	(60)	(59)	(57)	(55)	(54)	(52)	(50)	(48)
Internal charges and overheads applied	(99)	(97)	(99)	(104)	(102)	(105)	(111)	(108)	(111)	(117)	(117)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,384)	(1,438)	(2,320)	(1,382)	(1,404)	(1,432)	(1,465)	(1,490)	(1,523)	(1,560)	(1,592)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(48)	(130)	(1,045)	(20)	(20)	(19)	(20)	(19)	(19)	(19)	(18)
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	22	22	986	(39)	(40)	(42)	(42)	(46)	(47)	(49)	(51)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	22	22	986	(39)	(40)	(42)	(42)	(46)	(47)	(49)	(51)

WHAT IT WILL COST FOR ECONOMIC AND COMMUNITY DEVELOPMENT

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to replace existing assets	0	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in reserves	57	108	59	59	60	61	62	65	66	68	69
(Increase) decrease of investments	(31)	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING	26	108	59	59	60	61	62	65	66	68	69
SURPLUS (DEFICIT) OF CAPITAL FUNDING	48	130	1,045	20	20	19	20	19	19	19	18
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR ECONOMIC AND COMMUNITY DEVELOPMENT

WHAT WE HAVE ASSUMED

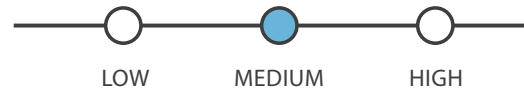
LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Current delivery of services

These budgets assume that the current method of delivery of services will continue, i.e. youth, economic and tourism development are contracted services.

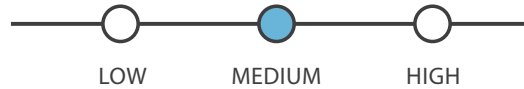
It is assumed that community development will continue to be carried out in-house.



If this changes levels of funding and/or levels of service might be affected.

Funding for youth services

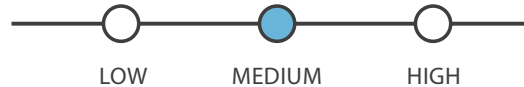
Council has assumed it will continue to partner with other funders and part-fund contracted services for youth development in current levels.



If availability of funding from other funders changes Council would need to review levels of funding and/or levels of service.

Funding for community grants

These budgets allow for grants and community contract services funding to continue at current levels.



Grants and community-contract services funding will be reviewed on a triennial basis as part of the development of the Long Term Plan. Continuation of funding will be considered on a case-by-case basis.

*Universal financial assumptions that also affect economic and community development are included in the financial strategy section of this document.

ROADING

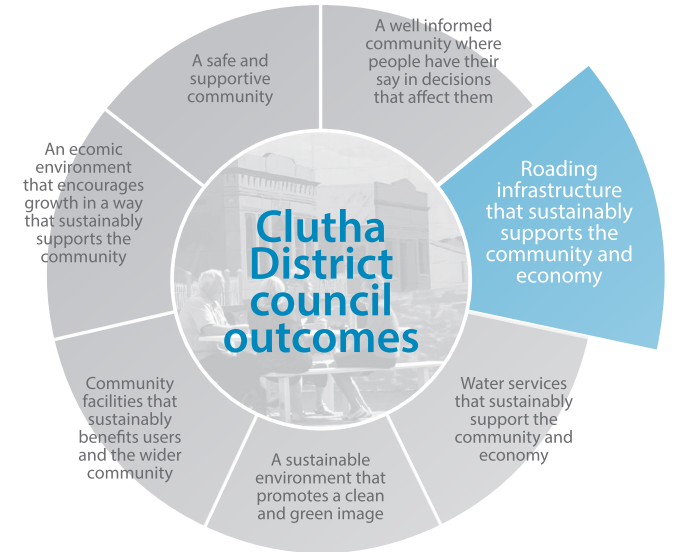
Roading is a fundamental core service for Council. We have the third largest local network in the country, and roading accounts for over 40% of expenditure.

WHAT WE DO

Within the Clutha District, roads are managed by two separate roading authorities. The New Zealand Transport Agency (Highway Network Operations) takes care of State Highways, while Clutha District Council maintains all other roads, known as local roads.

The Clutha District Council has the third largest local roading network in New Zealand, comprising 2,917km of local roads. Of this, 826km is sealed and 2,091 km is unsealed. The roading network supports a resident population of around 17,250 people. Rural roads make up 95% of our network and form an important part of the export supply chain with the main land uses in the District being dairy, pastoral farming, forestry and horticulture. There are also key tourist routes through the District.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights and other assets that are associated with transportation. The total replacement cost for Council's roading assets is \$1,107.9 million. The table (right) illustrates the main features of the roading network:



Roading Asset Information

ASSET COMPONENT	QUANTITY	ASSET VALUE* (\$MILLION)
Formation	23,979,495 m ²	\$536.3
Sealed Pavement Surface	826 km	\$12.9
Sealed Pavement Structure	826 km	\$138.5
Unsealed Pavement Structure	2,091 km	\$79.6
Drainage		\$22.0
Surface Water Channels	161,301 m	\$11.6
Footpaths (sealed + unsealed)	239 km	\$8.8
Signs/RRPM's/Markings/Railings		\$3.6
Edge Marker Posts	15,053 units	\$0.2
Street Lights	1,654 units	\$0.5
Minor Structures, Retaining Walls	3,458 m	\$2.0
Bridges and Major Culverts	401 units	\$46.5
TOTAL		\$859.4

SIGNIFICANT EFFECTS

Although the road network provides many important benefits to the community and is vital to enable trade, commerce and personal travel, there are a number of negative effects arising from both the construction and maintenance activities within the road corridor and its use by motor vehicles.

POTENTIAL SIGNIFICANT NEGATIVE EFFECT					OUR RESPONSE
	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	
Road and environment factors can contribute to crashes, particularly those that involve loss of control	●	●	●	●	Continue to undertake Minor Safety Improvement projects and target road user safety education
Speed restrictions imposed at inappropriate locations causing speed limits to be ignored	●	●	●	●	Set speed limits in accordance with Setting of Speed Limit Rules and regularly review
Stock movement may result in traffic hazards and public nuisance, particularly if the Roding Bylaw – Stock Movement is not adhered to	●	○	●	●	Monitor Roding Bylaw – Stock Movement to ensure appropriate movement of stock
Economically, the cost of desired infrastructure may exceed the community's ability to pay	○	●	●	○	Reassess roading programmes and expenditure and consult on Levels of Service through the LTP process Utilise an Economic Network Plan to help target investment
The impact of surface runoff from roads that discharges into adjacent coastal or other waters or onto land	○	●	●	○	Compliance with resource consents and Council's engineering standards and guidelines.
Dust nuisance from unsealed roads that don't have the traffic volumes to meet funding requirements for sealing	●	●	●	●	Continue to allow suppressants to be used and to investigate alternative methods
Potential impacts on customer satisfaction due to service failure/delays/responsiveness	○	●	●	○	Monitor customer requests for service and report on these. Ensure customer complaints are resolved satisfactorily

MAINTAINING CURRENT LEVELS OF SERVICE

MAINTENANCE AND OPERATIONS

The operation and maintenance of our roading assets follows a systematic and cyclical process, as shown in the graphic (right), and is delivered through a combination of in-house staff, and external consultants and contractors.

All of the regularly maintained roading assets in the district are in relatively good condition and routine maintenance is at a level that preserves this condition. The maintenance activity is relatively uniform throughout the year although winter may bring an increase in work.

RENEWALS AND REPLACEMENTS

Ongoing maintenance to unsealed roads:

Ongoing grading and maintenance metalling is planned for unsealed roads at current levels – i.e. maintain the status quo from previous years.

Reducing spending by reducing pavement rehabilitation and resealing work:

While sealed roads make up just over a quarter of the roading network, they are the most expensive part of it. In 2015 the Council decided to reassess its approach to managing and investing in the roading network, and the 2018-28 plan sees a continuation of this relatively new strategy for our sealed road network to 'sweat the asset'. This approach has been adopted by many road controlling authorities in New Zealand in response to reduced levels of funding. It promotes a lower level of renewals, which

PROCESS FOR OPERATION & MAINTENANCE OF OUR ROADING ASSETS



comes with the risk of long-term network deterioration and the need for a potential increase in reactive maintenance. Council feels that its previous work program has reduced the likelihood of pavement failures to a manageable level, and that this risk is therefore something that it is willing to accept.

As a result, pavement rehabilitation work will continue at a reduced level, along with a slight increase in maintenance levels, for a lower overall cost. The strategy to manage the risk of road failure includes maintaining a contingency fund, which will enable Council to fund the local share required to reconstruct/strengthen up to 10 kilometres of road, should there be a sudden increase in localised traffic/loading or a failure that would require urgent pavement rehabilitation.

Maintaining a waterproof surface is essential to getting the most out of our roads. However, with stronger roads it is anticipated that average seal life will increase. Therefore, Council is also proposing to reduce the amount of resealing

done annually. We expect the average reseal life will extend from 14 years to 15 years.

Given the current quality of our sealed roads Council is in a good position to reduce the level of roading investment, especially roads with low traffic volumes. This approach will provide significant savings, especially for rural ratepayers. The trade-off will be that sealed roads won't be as smooth as they are now, and may look patchier, but will still be fit for purpose and safe to travel on.

However, Council recognises that this approach needs to be carefully considered and monitored. This approach assumes that the average lives of many of our roads will be substantially higher than national guidelines. More work will be needed over the short to medium term to confirm if this approach is sustainable in the longer term.

This approach will also assist Council in transitioning to the

required One Network Road Classification (ONRC) and the associated Customer Levels of Service (refer to the improvements and changes section for more information).

BRIDGES

Maintaining Council's bridge stock to a safe and appropriate standard has previously been identified by Council as one of its top 3 priority items within the roading area. Currently a large number of our 41 bridges are not capable of carrying 50 tonne (50max) vehicles. One of the Government's Policy Statement (GPS) objectives to promote economic growth and productivity is to open the entire network for greater use by High Productivity Motor Vehicles (HPMV).

Our 10-year bridge upgrade programme includes the replacement of 50MAX vehicle restricted bridges and this will support both the GPS objectives, and Council's own strategic priority to promote economic growth in the district. It is also a key aspect towards making the network safer. The cost of accelerating the bridge upgrades will be co-funded by the NZTA, with Council's share to be met from bridge depreciation reserves, so there would be no direct rates impact.

Smaller bridge replacement works across the network will be assessed on a case by case basis, including consideration of the economic importance of the route, and access for the top end HPMV vehicles. For larger expensive items such as renewing major components of a bridge and total bridge replacements, Council's share is normally funded from its depreciation reserves.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

CENTRAL GOVERNMENT INVESTMENT PRIORITIES

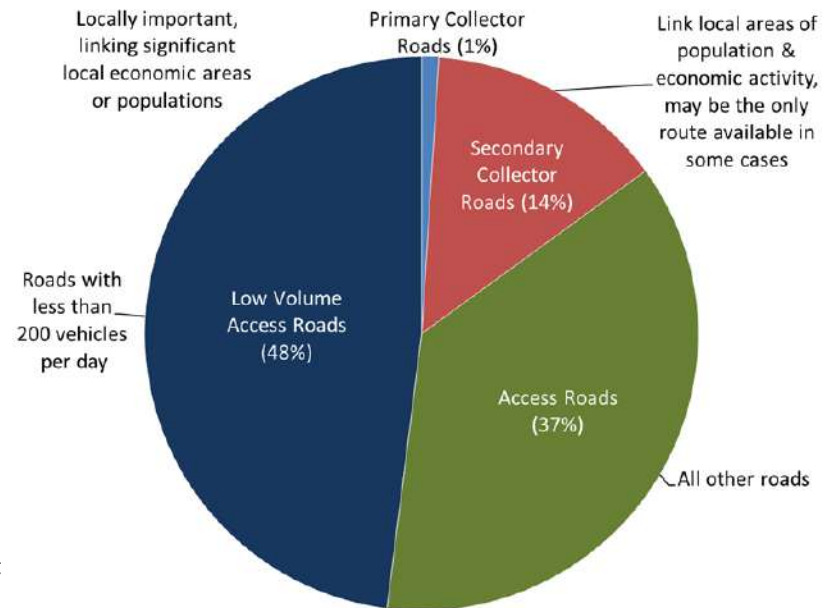
The new government has signalled a change in priorities for the GPS focusing on safety and access. They still have economic activity as a secondary focus.. The GPS includes an overall provision for inflation for the next 10 years but it is indicated that this will not automatically be applied. In order to prepare ten year budgets Council has assumed that the co-investment rate with NZ Transport Agency (NZTA) of 59% for the life of this plan.

ALIGNING TO A NATIONALLY CONSISTENT LEVEL OF SERVICE

The One Network Road Classification (ONRC) is a joint initiative of Local Government New Zealand and the NZTA's Roding Efficiency Group (REG) to provide a nationally consistent framework to inform activity management planning, including choices about investments, maintenance and operations. The REG is a collaborative initiative by the road controlling authorities of New Zealand, and was nominated by the government to carry out the recommendations of the broader Road Maintenance Task Force, which was established by the government in 2011, to identify opportunities to increase the effectiveness of road maintenance. The ONRC initiative aims to standardise the road user experience nationally and to support consistent asset management across the country. It also aims to facilitate collaboration and prioritisation between organisations responsible for planning and service delivery for the national road network.

The classification promotes a customer focus, and investment decisions are based on whether the roads are fit for purpose and meeting the needs of users. It is based around the principle that roads are fit for purpose in terms of where the road sits in the overall network of roads in New Zealand and how much traffic it carries.

The national adoption of the ONRC has allowed Council to work towards the standardisation of different levels of services for different assets on its network, depending on the demands placed on them. The distribution and characteristics of roads in the District according to the ORNC is shown in the graph below.



ONGOING COMMITMENT TO IMPROVING THE SAFETY OF OUR NETWORK

Safety on the network is of paramount importance to our road users, and Council is well aware that the majority of crashes within the Clutha District occur on rural roads. Council will continue to actively target safety improvement opportunities to be incorporated within renewal and maintenance activities. This includes Council's Minor Improvement projects programme which includes work such as intersection improvements, traction seals, bridge renewals, visibility improvements, and stock underpasses.

An opportunity to improve the road environment along tourist routes has also been highlighted as an area of focus which will have benefits, both for safety and visitor experiences. Work will also be undertaken to improve crossings and safety for pedestrians and cyclists in our towns. As the proportion of older residents within the District grows in coming years, this will become increasingly important. This also links with proposed improvements to Milton's main street. Budgets to continue Road User Safety education programmes in the district have also been included. A key change has been to employ a local road safety coordinator to support a focus on road safety and support our communities. All these road safety initiatives support the aims of the National Road Safety Strategy, Safer Journeys 2020.

MILTON MAIN STREET

Public feedback through the 'Our Place Milton Community Plan' and the Long Term Plan processes provided a strong message that Council should undertake work to improve the look of Milton's main street (Union Street). Another theme identified through the feedback was 'do it once and do it right'. As such, Council has included \$2M for this project, with improvements intended to start from 2021 and

continue through until 2022. Potential improvements include:

- Improvements to the Stewart Reserve
- Footpath resurfacing
- Improving the 3 main pedestrian crossings
- Improving the southern entrance
- Putting power lines underground.

OTHER WORK

Other major items of work planned by Council over the duration of this plan to maintain its transportation assets, and to ensure the safety of its users is summarised in the table below:

Focus Area	Action	Timeframe
Erosion Protection	• Address high risk sites where river erosion is threatening existing roads.	Ongoing
Unsealed Roads	• Provision of traction seals where existing problems are known.	Ongoing
	• Continuation of 'ten year' programme of targeted semi-permanent seals for dust suppression.	Ongoing
Cycle Trails	• Ongoing support towards extension of the Clutha Gold Trail linking Lawrence to Milton.	2018 - 2020
Systems Improvements	• Introduction of a linked financial and customer service system. • Improvement of maintenance records, particularly for low volume access roads.	2018
Low Volume and Access Roads	• Investigate common factors associated with crashes on these roads and develop a programme of work to address them.	2018 - 2020
	• Implement identified safety solutions.	2019/20 and beyond
Townships	• Investigation into appropriate speeds and adequate pedestrian crossing facilities, particularly near schools.	2018/19
	• Implement speed and crossing solutions.	2019/20
Streetlights	• Conversion from high pressure sodium to LED luminaries.	Immediate
Signage	• Investigate locations for improved signage on low volume and low volume access roads. • Implement a programme of improvements.	2018/19 2019/20
Footpaths	• Renewal of footpaths will continue to be undertaken in line within existing strategy, focusing on those in the worst condition.	Ongoing
Townships	• Consultation regarding improvements to Balclutha Bridge entrances.	Immediate
	• Seal extensions in areas that have experienced growth in terms of visitors, residential development or heavy traffic.	2018 - 2020

STOCKPILING GRAVEL

A budget of \$1M has been provided in 2018/19 for Council to obtain a stockpile of gravel. This is to allow the gravel to weather for longer before being applied to roads. It will allow the gravel to better settle and compact– and therefore be less susceptible to corrugation and potholes. Having stockpiles will also enable Council to adjust its metalling programme at short notice and respond to adverse weather and rapid changes in road usage. Council intends to work with NZTA to reduce the cost of this to ratepayers.

SEAL EXTENSIONS

Council has allocated just under \$2 million for sealing approximately 5.7 kilometres of gravel road, spread across 10 urban areas. This work will be funded through a fixed charge across all urban local roading rating areas. This is a change of position by Council, as since 2009 we have only sealed roads which qualified for funding assistance from the NZ Transport Agency. The roads that will be given priority for this new sealing are still to be finalised, but this work is intended to address the negative impacts and environmental effects of traffic on some currently unsealed roads.

A programme for prioritising and sealing rural roads will be considered and consulted on during the 2019/20 Annual Plan process

BRIDGE IMPROVEMENTS

Maintaining Council's bridge stock to a safe and appropriate standard has previously been identified by Council as one of its top 3 priority items within the roading area. Currently a large number of our 41 bridges are not capable of carrying 50 tonne (50max) vehicles. One of the Government's Policy Statement (GPS) objectives to promote economic growth and productivity is to open the entire network for greater use by High Productivity Motor Vehicles (HPMV). Our 10-year bridge upgrade programme includes the replacement of 50MAX vehicle restricted bridges and this will support both the GPS objectives, and Council's own strategic priority to

promote economic growth in the district. It is also a key aspect towards making the network safer. The cost of accelerating the bridge upgrades will be co-funded by the NZTA, with Council's share to be met from bridge depreciation reserves, so there would be no direct rates impact

WHAT WE ARE PLANNING FOR ROADING*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Unsealed Road Metalling	1,903	1,962	2,023	2,084	2,144	2,204	2,264	2,322	2,380	2,440
Sealed Road Resurfacing	2,527	2,762	2,937	2,821	2,931	3,094	3,145	3,101	3,215	3,301
Drainage Renewals	459	473	488	502	517	531	546	560	574	588
Pavement Rehabilitation	464	206	425	813	800	761	818	771	1,165	1,247
Structure Component Replacement	694	716	738	760	782	804	826	847	869	890
Traffic Services Renewals	253	261	269	277	285	293	301	309	317	325
Bridge Renewals	105	2,624	0	0	0	0	0	0	0	0
Footpath Upgrades	390	402	415	427	440	452	464	476	488	500
Improvements										
Minor improvement Projects	1,725	1,815	1,797	1,770	1,929	2,066	2,096	2,087	2,651	2,590
Balclutha Streetscape Improvements	240	0	240	0	0	0	0	0	0	0
Stirling Footpath View Street	36	0	0	0	0	0	0	0	0	0
Milton Streetscape Improvements	0	50	975	975	0	0	0	0	0	0
Urban Seal Extensions	620	639	659	0	0	0	0	0	0	0
Purchase of Roading Material (Metalling)	1,000	0	0	0	0	0	0	0	0	0

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: ROADING INFRASTRUCTURE THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

ROADS

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Provide an effective and sustainable local roading network	Average quality of ride on the sealed road network (as per smooth travel exposure)	97%	≥97%	≥97%	≥97%	≥97%
	Percentage of the sealed local network that is resurfaced*	6.9%	≥6.9%	≥6.9%	≥6.9%	≥6.9%
	% of customer service for roads and footpaths responded to within timeframes	77%	≥95%	≥95%	≥95%	≥95%
Monitor safety and invest in improving the local roading network	Number of fatalities and serious injury crashes	10	≤10	≤10	≤10	≤10
FOOTPATHS						
Provide an effective and sustainable network of footpaths throughout the district	% footpaths that are in good, very good or new/near new condition	90%	≥96.0%	≥97.0%	≥97.5%	100%
BRIDGES						
Provide a safe and economic network of bridges throughout the district	% of bridges on key routes that meet heavy vehicle (50 Max) safety requirements	90.1%	≥90.6%	≥91.4%	≥91.7%	95.0%

* Refers to footpath condition standard ratings, where 1 is poor, 2 is below average, 3 is good, 4 is very good and 5 is new or near new

HOW ROADING IS FUNDED

The roading network provides national, regional and local benefits. Roothing uses a combination of funding mechanisms that aim for rates to reflect access to and benefits gained from the roading network.

ROADS AND BRIDGES:

A substantial amount is funded through financial assistance from NZ Transport Agency, with the balance being split between district and local roading rates based on the district/local benefit of each road.

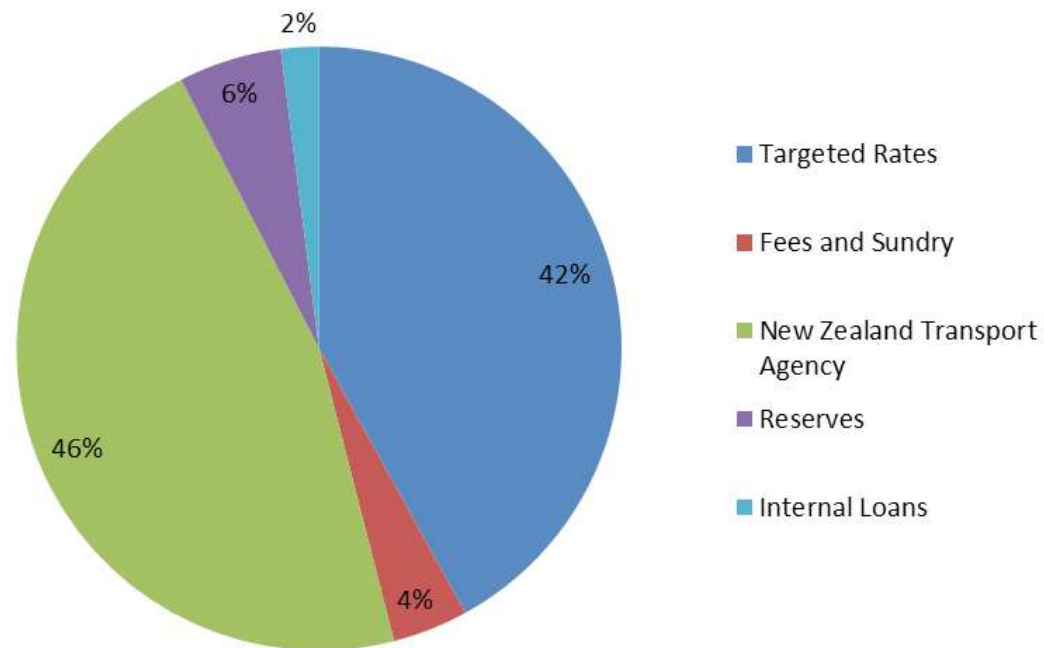
A district-wide roading rate, based on capital value, funds 37% (90% of the cost of arterial roads, 50% of collector roads and 10% of local roads) of the Council's share. The remaining 63% of the rates requirement is funded by 11 targeted local roading rates made up of a minimum charge and with the remainder based on land value. Each area funds a share of the local roading rate based on the value of the roading asset within that area.

MAIN STREETS:

20% UAGC, with 80% of Balclutha, Lawrence and upcoming Milton costs on a uniform community of interest rating area.

NEW FOOTPATHS:

A uniform rate per separately used or inhabited part of a rating unit (SUIP) on those in the rating area benefiting from the new footpaths.



Rating for Roothing

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE LAND VALUE (LV)
Roading network including bridges ¹			37%	63%
New footpaths				100%
MAIN STREET UPGRADES	Balclutha, Lawrence & Milton	20%		80%
SEAL EXTENSIONS	Urban roading areas			100%

WHAT IT WILL COST FOR ROADING

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	7,804	8,276	8,154	8,219	8,588	8,817	9,240	9,526	9,616	10,086	10,296
Subsidies and grants for operating purposes	3,145	3,449	3,585	3,668	3,778	3,952	3,998	4,106	4,207	4,284	4,427
Fees and charges	840	794	810	826	844	862	882	902	924	947	971
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	11,789	12,519	12,549	12,713	13,210	13,631	14,120	14,534	14,747	15,317	15,694
Applications of operating funding											
Payments to staff and suppliers	(5,859)	(6,151)	(6,380)	(6,541)	(6,737)	(7,029)	(7,128)	(7,321)	(7,491)	(7,641)	(7,894)
Finance costs	(337)	(288)	(301)	(324)	(383)	(404)	(384)	(365)	(344)	(322)	(300)
Internal charges and overheads applied	(1,614)	(2,223)	(2,190)	(2,276)	(2,260)	(2,324)	(2,415)	(2,400)	(2,463)	(2,560)	(2,575)
Other operating funding applications		0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(7,810)	(8,662)	(8,871)	(9,141)	(9,380)	(9,757)	(9,927)	(10,086)	(10,298)	(10,523)	(10,769)
SURPLUS (DEFICIT) OF OPERATING FUNDING	3,979	3,857	3,678	3,573	3,831	3,873	4,193	4,448	4,449	4,794	4,926
Sources of capital funding											
Subsidies and grants for capital expenditure	5,730	5,084	6,639	5,452	5,709	5,827	6,113	6,157	6,208	6,864	7,023
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	154	579	345	1,494	537	(476)	(490)	(509)	(530)	(551)	(574)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	5,884	5,663	6,984	6,946	6,246	5,351	5,623	5,648	5,678	6,313	6,449

Continues on next page

WHAT IT WILL COST FOR ROADING

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	(2,114)	(2,114)	(1,421)	(1,852)	(945)	(241)	(265)	(267)	(264)	(368)	(351)
Capital expenditure to replace existing assets	(8,727)	(8,303)	(10,491)	(9,116)	(9,484)	(9,586)	(9,941)	(10,192)	(10,211)	(11,290)	(11,531)
(Increase) decrease in reserves	434	1,337	1,417	346	332	387	435	437	430	641	603
(Increase) decrease of investments	544	(440)	(167)	103	21	216	(45)	(74)	(82)	(90)	(96)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(9,863)	(9,520)	(10,662)	(10,518)	(10,076)	(9,225)	(9,816)	(10,096)	(10,126)	(11,108)	(11,375)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(3,979)	(3,857)	(3,678)	(3,572)	(3,831)	(3,874)	(4,192)	(4,448)	(4,449)	(4,795)	(4,926)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR ROADING*

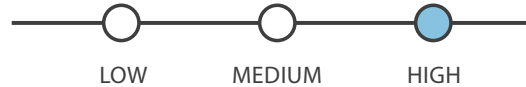
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Roading maintenance contract renewal

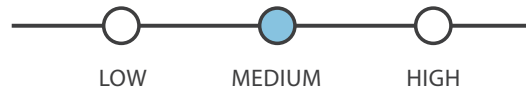
Roading budgets assume the price for the Maintenance and Operations 5-year contract will not exceed current expectations.



Operating and maintenance expenditure forecasts for 2018/19 onwards would be lower than required and work would have to be reprioritised or additional funding sought.

One Road Network Classification

The levels of service currently provided will be measured against that of the ONRC and it is predicted that for the foreseeable future changes may be required.

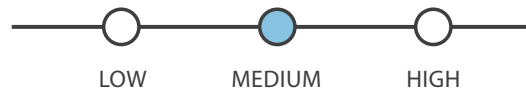


This may result in a further readjustment of levels of service or additional local funding if a different level of service is agreed to by our communities.

There is some uncertainty around how this will affect funding levels from year 4 and beyond 2018/19 onwards. It is anticipated that the development of a Transition Plan will reduce this uncertainty.

Volatility of oil based supplies

Recent history suggests that oil prices will remain volatile for the foreseeable future, but are likely to be lower than the last six years.



Historically, work programmes have been adjusted accordingly to account for price variability in oil based supplies. This approach is assumed to be sustainable over the next ten years.

*Universal financial assumptions that also affect Roading are included in the financial strategy section of this document.

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR ROADING*

WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Useful lives of roading assets

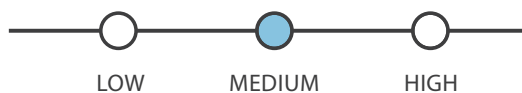
It is assumed that budgets at the revised requested levels to the NZTA will mean that the remaining lives of assets (design life for top surface is currently 15 years, design life for rehabs is currently 80 years) will not be exceeded.



If remaining lives are shorter than predicted renewals would have to be undertaken more frequently, impacting on capital renewals budgets. If budgets are not available, focus will be on keeping top surfaces water resistant, with money concentrated on reseals rather than rehabs. Loss in funding for rehabilitations will either result in increased maintenance or increased capital requirements.

Impacts of climate change on roading

Climate change is expected to cause sea-level rise and increased frequency of storm events. Sea level changes are not expected to have an impact on roading assets during the life of this plan. However increased storm events and associated flooding are expected to increase the risk of road closures and failure at culverts and bridges. See below regarding Council's Emergency Fund.



If repairs of the roading network as a result of extreme weather events exceed the available budgets, this may affect priorities for other roading projects.

Implications of natural disasters for roading

In terms of costs of natural disasters, it is assumed that Council's Emergency Fund would cover Council's share for the repair/replacement of roading assets.



Depending upon the scale and cost of the emergency some assets either won't be replaced/repaired or will take longer to replace/repair.

If roads are disrupted for a period of time this can have significant flow on effects for users.

WATER SUPPLY

There are 22 water schemes that deliver water to 15 towns and more than 2,000 rural properties throughout the district, providing water for household consumption and stock water.

WHAT WE DO

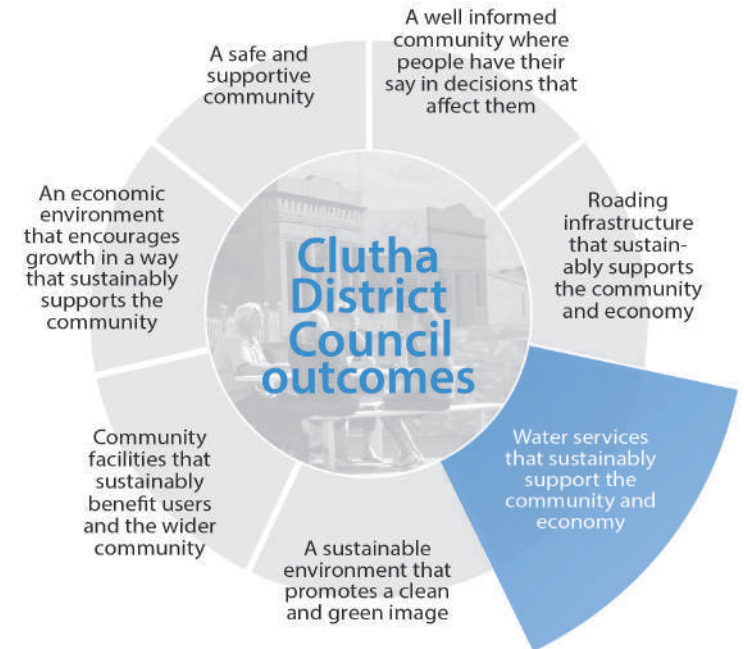
Council supplies water via a number of urban and rural water supply schemes, with approximately a third of the water produced being for domestic consumption and the balance being largely used for stock water. Council's water supplies include:

- Six urban water supplies servicing Balclutha, Kaitangata, Lawrence, Milton, Owaka and Tapanui. With the exception of Owaka (which is a restricted supply), they provide an on-demand supply of potable water for domestic, commercial and industrial use within each scheme area.
- 11 rural water schemes which primarily provide drinking water for stock. These are Balmoral 1, Balmoral 2, Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi and Wangaloa. All schemes other than Waipahi also provide water for domestic consumption.
- Nine smaller communities and townships are provided water in bulk from rural water schemes. These townships are Clinton (Clydevale-Pomahaka), Kaka Point (Richardson), Waihola (North Bruce), Benhar (South Bruce/Stirling Treatment Plant), and Stirling (South Bruce/Stirling Treatment Plant). Most of these communities have restricted supplies to consumers, except for Benhar and Stirling which are both on-demand schemes and Stirling is also universally metered.

WHY WE DO IT

Water is one of our most important assets - our residents, industry, businesses and farms depend on it. The supply of safe and affordable water provides for public health as well as enabling high levels of productivity and providing security for our District's agriculture-based economy. Water is considered a core service for local government. Water primarily contributes to the outcome: "Water services that sustainably support the community and economy", with our goal towards this being to grow and maintain the district to meet regulatory requirements and a high standard of infrastructure.

Our approach will be to (a) invest to a level to meet regulatory requirements as a minimum standard, and (b) provide a level of infrastructure to meet present and future needs, that will allow the ability to be responsive to growth opportunities.



Water Asset Information

ASSET COMPONENT	ASSET VALUE*	POPULATION SERVED [±]	PROPERTIES SERVICED
Schemes: 22	\$60 million	11,613 (67% of the district's population).	7,735
Reticulation: 2,466			
Valves: 2,405			
Pump Stations: 37			
Tanks / Reservoirs: 257			
Treatment Plants: 16			

*Depreciated replacement value (2017).

±2013 Census information.

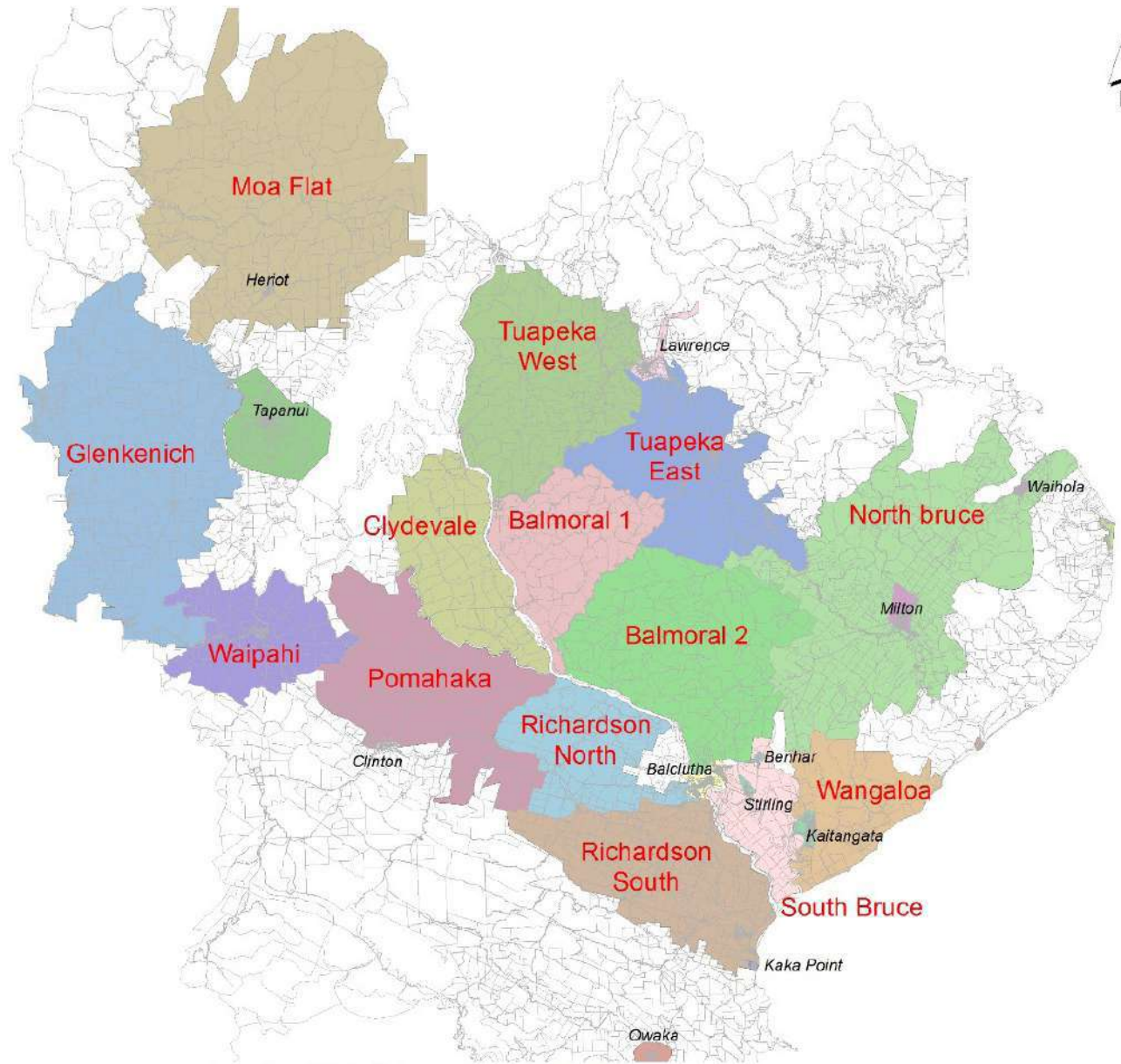
†Includes full and half rated properties

CLUTHA DISTRICT COUNCIL-ADMINISTERED WATER SUPPLIES



Legend

- Rural Water Schemes
- Town Water



Location of Water Schemes for the Clutha District Council



12/12/2014 T.S

SIGNIFICANT EFFECTS

As for any natural resource use, there are a range of effects which can be associated with the abstraction of water from rivers and streams for the purpose of water supply, and Council endeavours to mitigate these effects through the adoption of appropriate strategies.

At the same time, the health and economy of the district depends on adequate supplies of safe water being available for stock, commercial, industrial and domestic consumption – any negative effects of water abstraction need to be kept in perspective with the positive benefits that they provide.

POTENTIAL SIGNIFICANT NEGATIVE EFFECT					OUR RESPONSE
	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	
Potential contamination of raw water supply	●	●	●	●	Emergency response plans, operation procedures and monitoring of raw water supply. Ensuring Water Safety Plans are in place and implemented.
Drinking water not meeting NZ Drinking Water Standards 2005(2008)	○	●	●	○	Implement Water Safety Plans and continue to improve water treatment (as per capital improvements programme).
Discharges of backwash water from treatment plants	●	●	●	●	Compliance with resource consents.
Effects on river ecology caused by extraction during low flows	●	○	○	●	Ensure compliance with resource consents, including minimum flows.
Inadequate pressure and flow in urban reticulated areas to fight fires	●	●	●	●	Make improvements as required, to ensure compliance with resource consent conditions.
Insufficient water supplies during times of low rainfall	○	●	●	●	Ensure security of supply and ensure there is sufficient reservoir/back up storage capacity.
Insufficient water supply to allow for potential growth	○	●	●	○	Enabling growth in areas where it can be economically and feasibly supported and managing demand where water supply is insufficient.
Health and safety risks associated with the operation, maintenance, or construction of water infrastructure	○	●	●	○	Ensure compliance with legislation and health & safety management plans.
Potential impacts on customer satisfaction due to service failure/delays/responsiveness	○	●	●	○	Monitor customer requests for service and report on these. Ensure customer complaints are resolved satisfactorily.

MAINTAINING CURRENT LEVELS OF SERVICE

ORGANISATIONAL STRUCTURE

This activity is managed within the Service Delivery Department of Clutha District Council. Within this department, the following teams all contribute to developing, managing and delivering the activity management plan:

- Infrastructure and Strategy Team
- Capital Delivery Team
- Operations Team.

Council currently has approved Water Safety Plans for all the water supplies. Water Safety Plans use a risk-based approach to addressing public health related issues associated with our water supplies. They are the means of identifying forward works projects for public health driven expenditure in the LTP.

MAINTENANCE AND OPERATIONS

All of Council's water supplies, sewerage schemes and stormwater systems are operated under the Water Services Operations and Maintenance contract. The contractor is responsible for the day-to-day management and operations of the network. There is some provision for smaller contractors to be engaged where required, for example the construction and operation of sewage treatment plant upgrades, . Professional services are engaged on a case-by case basis.

Previously insurance costs were funded council-wide (across all of council's activities). However, the increase in insurance premiums following the Canterbury earthquakes has meant that Council

has reevaluated its insurance cover and funding. Council has decided that it is fair that premiums for underground insurance (pipes etc.) are actually funded by the schemes that are covered by the insurance. This means that water schemes are now directly responsible for the cost of their insurance and that ratepayers will pay increased insurance costs through their water rates.

RENEWALS AND REPLACEMENTS

Generally, most of the water supply assets are in good condition. A schedule of renewals is programmed for all schemes. Non-routine renewals are mentioned in the 'Community Summary' sections under the appropriate rating area. Of these, the more significant renewals required over the next ten years include;

Rural water schemes reservoir renewals

Many of the rural schemes reservoirs are coming to the end of their economic lives. A programme is to be undertaken where the reservoirs are first inspected to assess the conditions and propose renewals solutions where necessary; secondly a budget has been established five years after the inspection to replace the reservoirs. Exact timing of the reservoirs will be assessed within the inspection and budget may be moved forward or backwards following this budget has been established five years after the inspection to replace the reservoirs. Exact timing of replacement will be assessed within the inspection and budgets may be moved forward or backwards following this.

Priority pipeline renewals (rural and urban)

Work has been undertaken to identify pipelines that need to be replaced. A programme of renewals has been set based on criticality of these various pipelines.

Asbestos concrete (AC) water main renewals

There is considerable uncertainty related to the useful life of the AC water mains within the various water scheme (especially the rural schemes). Some of the AC water mains are failing well before their projected economic lives and are being renewed. There is currently no coordinated condition assessment of the AC pipes so a program of assessment has been budgeted for in the LTP with renewals subject to this assessment.

Rural water plant upgrades and renewals

Following the Havelock North inquiry there are clear signals that an increased focus on drinking water compliance and improving water quality will be required. As such Council has discussed a number of water treatment upgrades with rural water scheme committees across the district. Key upgrades have been identified during the next two to three years are to Glenkenich, Richardson North, Evans Flat, Moa Flat, North Bruce and Waitahuna Water treatment plants. There are also significant upgrades planned for the Stirling and Kaitangata water treatment plants.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

WATER LOSS MANAGEMENT

Council has recently completed a water balance assessment across all water supply schemes. This has provided some interesting, but not unexpected, results that show relatively low losses from our rural schemes and high losses in our older supplies in Balclutha and Milton.

This work has also confirmed that additional metering is needed to be able to manage our networks property and to calculate night flows from some schemes. We are aiming to monitor and identify areas where losses are higher from minimum night flow measurements and for better day to day management.

We will also aim to focus on the Balclutha and Milton townships by installing additional meters and valves, so they can be split into zones for more detailed monitoring. This will help identify areas with greater losses for leak detection work and where accelerated capital upgrades would mean we can better manage and reduce leakages.

A Water Loss Reduction Strategy is proposed for 2018/19, which will set the direction for reducing losses and improving system performance.

BALCLUTHA RESERVOIR IMPROVEMENTS

Joint repair work and installation of a seismic valve is planned for next year for the Plantation Heights Reservoir. This will ensure the reservoir continues to operate into the future and in the event of an earthquake or large leak the seismic valve will shut off so the reservoir will not completely empty. This will increase the resilience of our infrastructure in an emergency situation.

COMMERCIAL METERING CHEMICAL STORAGE IMPROVEMENTS

Currently some commercial properties receiving water are metered and some are not. Budgets for district-wide commercial metering have been included from 2018 to 2021 to ensure all commercial properties are metered. This will enable consistent metering and charging for commercial properties. It is also anticipated it will provide a consistent mechanism to calculate trade wastes in the future.

CHEMICAL STORAGE IMPROVEMENTS

Improvements to chemical storage are required in Balclutha and other treatment plants. Balclutha is the central chlorine storage location for the district and an appropriate storage shed is required to be able to accept chlorine.

TAPANUI BACKWASH UPGRADE/REMOVAL

The Tapanui Water Treatment Plant currently discharges backwash water and clarifier sludge directly into the Whiskey Gully Stream. A short term consent was granted by the ORC several years ago as there was uncertainty regarding the volumes and quality of the discharge as the WTP was being upgraded at the time. This consent is expiring and we expect that an improvement in the backwash discharge is going to be required. This project makes provision to either install a treatment system for the backwash or for a pipeline to be installed so this can be discharged into the Tapanui Sewerage system, thereby removing the need for a treatment system or discharge consent.

MILTON WATER TREATMENT PLANT – ACCESS AND SLUDGE IMPROVEMENTS

This project is to improve access to treatment plant components by installing a walkway in addition to finding a lower cost long-term sludge disposal option .

We currently spend approximately \$65K per annum on sludge disposal costs for it to be carted to the Milton Sewerage Treatment Plant. Options to reduce this cost that include a pipeline to the Milton Sewer reticulation or a treatment process and discharge into the Tokomairiro River. These will be evaluated to confirm which option provides the most sustainable and cost-effective long term option.

MILTON-WAIHOLA PIPELINE

Water is a core service provided by Council and the current set-up is limiting growth in the Waihola/ Milburn area, which has strong residential and industrial development potential. North Bruce is one of our key rural water schemes and also supplies water for this area, including the Waihola township. However, the scheme is fully subscribed meaning there's no capacity to support growth in this area. Council has allocated \$3.5 million to construct a 15.5km pipeline and to upgrade pumps, which would allow about a third of current customers to shift off the rural scheme (freeing up space) and connect to the Milton urban water supply instead. The new pipeline will also support Council's vision to encourage growth in the district. Milton's water treatment plant is the most modern in the district and is able to support more customer connections. This project is expected to commence in 2021.

WHAT WE ARE PLANNING FOR URBAN WATER*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Pipeline Renewals	365	21	595	459	94	659	421	229	570	716
Condition Assessment of Pipelines and Modelling	20	21		43		45		48		51
Reservoir Assessment and Renewals	20			43	43	45		48		51
Balclutha Cast Iron Mains Renewals	150			216			234			256
Balclutha Water Treatment Plant Renewals					33				62	
Lawrence Water Treatment Plant Backwash Tank Inspection & Renewals			47							
Lawrence ater Treatment Plant Renewals			68		83					
Lawrence Backwash Discharge Consent Renewal						45				
Milton Backwash Discharge Resource Consents Renewal		41								
Level of Service Improvements										
Balclutha Plant Upgrades	60									
Clinton Plant Upgrades			126			148				
Lawrence Plant Upgrades		123								
Owaka Plant Upgrades		21	95							
Tapanui Plant Upgrades	75									
Milton Plant - Access and Sludge Improvements	350									
Commercial Meter Installation	200	206	211							
Urban Water Loss Management - Additional Monitoring	65	62	32							
Urban Water Loss Management - Zone Metering	60	123								
Urban Water Loss Management Strategy	45	20								
Tapanui Backwash Upgrade/Removal	30	463								
Chemical Storage Improvements	65	62	32							
Growth Projects										
Milton to Waihola Pipeline Extension			107	1,639	1,793					

* Equal to or greater than \$20K

WHAT WE ARE PLANNING FOR RURAL WATER*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Balmoral 1	90	31	63	49				29		
Balmoral 2	315	152	256	124	22	110				205
Clydevale-Pomahaka	135	344	65	92	142					
Glenkenich	1,151	1,300	37	187		119			155	
Kaitangata	40	1,110	222	27	28	142				
Moa Flat	145		677	701		330		313		
North Bruce	261			168				121		79
Richardson	53	208	64	193	237	33				64
South Bruce	180			173						
Tuapeka West		200	168	146	482	381	392			
Stirling										
Tuapeka East	75	36	237							
Tuapeka Network Physical Works	200									
Wangaloa		95		11				30	31	
Level of service improvements										
Clydevale/Pomahaka Water Treatment Plant Upgrade	297									
Moa Flat Water Treatment Plant Upgrades	245	617								
North Bruce Plant & Treatment Upgrades	598									
South Bruce Reservoir Tank Replacement		21								
Stirling Switchboard & Treatment Upgrades	1,080									
Tuapeka - Evans Flat Treatment Plant Upgrade	50	925								
Waitahuna Treatment Plant Upgrades	75	308								

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: URBAN WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Water from Council urban supplies is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	91%	100%	100%	100%	100%	
	Compliance with the NZDW Standards protozoal compliance	46%	≥50%	≥55%	≥60%	≥70%	
Urban supplies provide a continuous and reliable source of water to consumers	Number of drinking water complaints (Requests for Service) per 1000 connections about:	Clarity	12	≤17	≤17	≤17	≤17
		Taste	1	≤3	≤3	≤3	≤3
		Odour	1	≤2	≤2	≤2	≤2
		Pressure	7	≤5	≤5	≤5	≤5
		Continuity	29	≤30	≤30	≤30	≤30
		Council's response to any of these issues	2	≤5	≤14	≤14	≤13
		Average consumption of drinking water per resident per day (litres per day)	663	≤650	≤650	≤650	≤650
Urban water schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site*	Urgent	0.8	1	1	≤1	≤1
		Non-urgent	4	≤6	≤5	≤5	≤5
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution*	Urgent	2	≤2	≤2	≤2	≤2
		Non-urgent	18	≤24	≤24	≤24	≤24
Percentage of real water loss from Council's reticulation system (%)		Not available	≤30%	≤29%	≤28%	≤27%	

Continues on next page

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: RURAL WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Water from Council rural schemes is safe to drink	Compliance with the NZDW Standards for bacteriological compliance	91%	100%	100%	100%	100%	
	Compliance with the NZDW Standards protozoal compliance	0%	≥50%	≥55%	≥60%	≥65%	
Rural schemes provide a continuous and reliable source of water to consumers	Number of drinking water complaints (requests for service) per 1000 connections about:	Clarity	12	≤12	≤12	≤12	≤12
		Taste	3	≤5	≤5	≤5	≤5
		Odour	1	≤3	≤3	≤3	≤3
		Pressure	177	≤200	≤200	≤200	≤200
		Continuity	178	≤200	≤200	≤200	≤200
		Council's response to any of these issues	14	≤5	≤5	≤5	≤5
Rural schemes are managed efficiently and effectively	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel reach the site:	Urgent	2	≤2	≤2	≤2	≤2
		Non-urgent	6	≤8	≤6	≤6	≤6
	Median response time (in hours) from when Council receives notification about a fault or unplanned interruption to its network reticulation system to the time personnel confirm resolution:	Urgent	7	≤12	≤12	≤12	≤12
		Non-urgent	18	≤24	≤24	≤24	≤24

Continues on next page

HOW WATER IS FUNDED

Council sets water rates which fund operating and maintenance costs for water schemes. Capital expenditure is funded from depreciation reserves and internal borrowing from other Council reserve funds (e.g. drinking water treatment upgrades or major pipeline renewals).

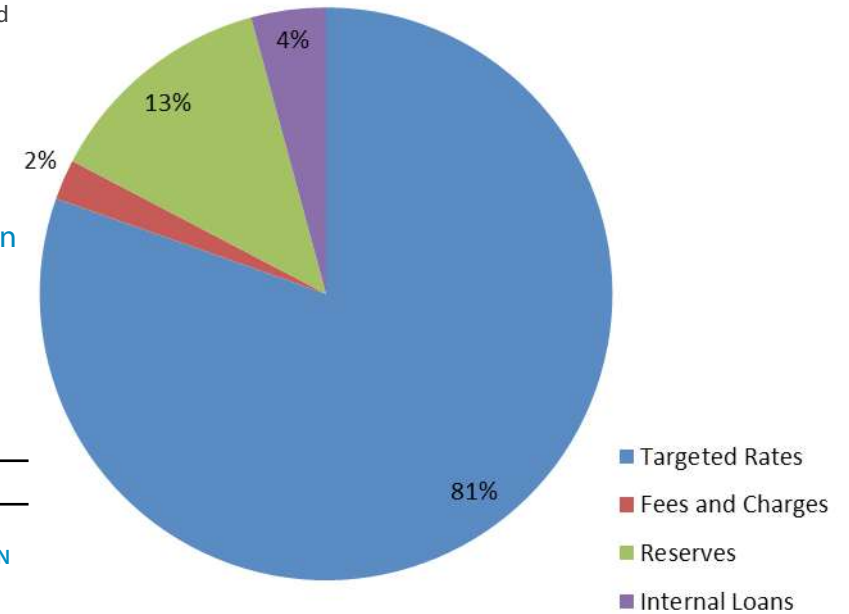
URBAN WATER RATES

Urban water rates are currently set as a fixed charge for each separately used or inhabited part of a rating unit (SUIP) that is either connected, or has a connection is available.

RURAL WATER SCHEME RATES

Each rural water scheme is operated and funded as a stand-alone entity. Each scheme has a unit rate, and each consumer is charged according to how many units (cubic metres of water per day peak capacity) they are allocated.

Refer to the Rates section of this plan for more information.



Rating for Water Supply

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE LAND VALUE (LV)
Urban water supply – on demand ¹				100%
Urban water supply - restricted ²				100%
Rural water supply ³				100%

¹ Includes Balclutha, Benhar, Kaitangata, Lawrence, Milton and Tapanui.

² Includes Clinton, Kaka Point, Owaka and Waiholo.

³ Includes Balmoral 1, Balmoral 2, Clydevale/Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi and Wangaloa.

WHAT IT WILL COST FOR WATER

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	6,697	7,031	7,389	7,751	7,981	8,265	8,595	8,836	9,093	9,366	9,665
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	440	453	491	562	1,032	1,077	592	608	625	643	662
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	7,137	7,484	7,880	8,313	9,013	9,342	9,187	9,444	9,718	10,009	10,327
Applications of operating funding											
Payments to staff and suppliers	(4,157)	(4,119)	(4,278)	(4,419)	(4,514)	(4,616)	(4,735)	(4,847)	(4,967)	(5,095)	(5,228)
Finance costs	(264)	(284)	(400)	(561)	(582)	(623)	(646)	(624)	(596)	(567)	(543)
Internal charges and overheads applied	(877)	(998)	(978)	(1,014)	(1,015)	(1,042)	(1,081)	(1,082)	(1,111)	(1,152)	(1,165)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,298)	(5,401)	(5,656)	(5,994)	(6,111)	(6,281)	(6,462)	(6,553)	(6,674)	(6,814)	(6,936)
SURPLUS (DEFICIT) OF OPERATING FUNDING	1,839	2,083	2,224	2,319	2,902	3,061	2,725	2,891	3,044	3,195	3,391
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	2,600	2,574	3,634	(1)	789	524	(453)	(692)	(713)	(742)	(606)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	2,600	2,574	3,634	(1)	789	524	(453)	(692)	(713)	(742)	(606)

Continues on next page

WHAT IT WILL COST FOR WATER

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	(75)	(1,147)	(1,255)	0	0	0	0	0
Capital expenditure to improve the level of service	(1,163)	(3,474)	(3,078)	(368)	0	0	(148)	0	0	0	0
Capital expenditure to replace existing assets	(8,611)	(3,206)	(3,399)	(2,804)	(3,080)	(1,830)	(1,875)	(1,330)	(779)	(836)	(1,390)
(Increase) decrease in reserves	(24)	2,133	688	822	336	(654)	(280)	(741)	(1,276)	(1,297)	(1,095)
(Increase) decrease of investments	5,359	(110)	(69)	107	200	154	31	(128)	(276)	(320)	(300)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(4,439)	(4,657)	(5,858)	(2,318)	(3,691)	(3,585)	(2,272)	(2,199)	(2,331)	(2,453)	(2,785)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,839)	(2,083)	(2,224)	(2,319)	(2,902)	(3,061)	(2,725)	(2,891)	(3,044)	(3,195)	(3,391)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR WATER*

WHAT WE HAVE ASSUMED

Meeting drinking water standards

Balclutha, Kaitangata, Milton and Lawrence treatment plants have recently been upgraded to be capable of producing water that is compliant with Drinking Water Standards NZ: 2005 (revised 2008). Compliance with the standards will require significant capital investment to rural treatment plants and Council has committed to a programme of upgrades. It is assumed budgets in this plan will meet the costs of these upgrades. However, until the results of the Havelock North enquiry are known, there is some uncertainty about what will be required, and associated costs.

LEVEL OF UNCERTAINTY

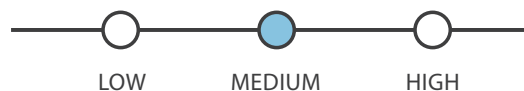


WHAT WOULD HAPPEN IF THIS CHANGED

If more than the \$4 million budgeted is needed for the upgrades, Council's strategy towards meeting the standards would need to be reassessed.

Increasing demand for water

Increased demand for rural water is expected due to continued conversion from pastoral to dairy farming and increasing herd sizes (although at slower rates than experienced in recent times). During the life of this plan Council will aim to supply additional water units where this is feasible and economically viable.



If additional demand or new water infrastructure is required, this would need to be assessed including budgetary/financial impacts.

Council's approach to servicing any new major industries is to consider any proposal on a case-by-case basis. Provision of adequate water would be a fundamental issue for resolution by negotiation during project feasibility investigations.

Increasing the supply of water in the Waihola-Milburn area will continue to be investigated during the life of this plan, with provision programmed in 2021/22.

*Universal financial assumptions that also affect Water are included in the financial strategy section of this document.

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR WATER*

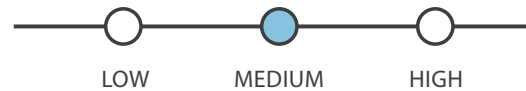
WHAT WE HAVE ASSUMED

Impacts of climate change on water

Main risks include (1) changes in climate could result in reduced stream flows and groundwater levels, which could limit some traditional water sources (although the Clutha River is unlikely to be affected); (2) warmer temperatures could increase overall demand for water; (3) an increase in the frequency and intensity of heavy rainfall and flood events could result in a risk to water infrastructure; (4) ongoing sea-level rise may impact on water infrastructure in low-lying coastal communities.

It has been assumed that any significant effects associated with climate change will not be experienced during the life of this plan. However, there may be unexpected failures or events which do affect infrastructure (see below).

LEVEL OF UNCERTAINTY

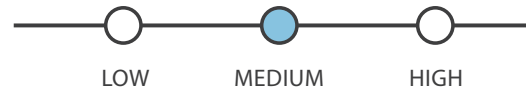


WHAT WOULD HAPPEN IF THIS CHANGED

Further investigate work may determine further capital works are needed to address the impacts of climate change on water infrastructure, with flow on impacts for budgets.

Implications of natural disaster for water

In terms of costs of natural disasters, it is assumed that the current level of insurance, Council's Emergency Fund, combined with underground asset self-insurance would cover the repair/replacement of water assets.



Depending upon the scale and cost of the emergency some assets either won't be replaced/repared or will take longer to replace/repair.

If schemes are disrupted for a period of time this can have significant flow on effects for its users.

*Universal financial assumptions that also affect water are included in the financial section of this document.

SEWERAGE

Council protects environmental and public health by collecting, treating and disposing of treated effluent from 14 townships in the district, via 11 sewerage schemes.

WHAT WE DO

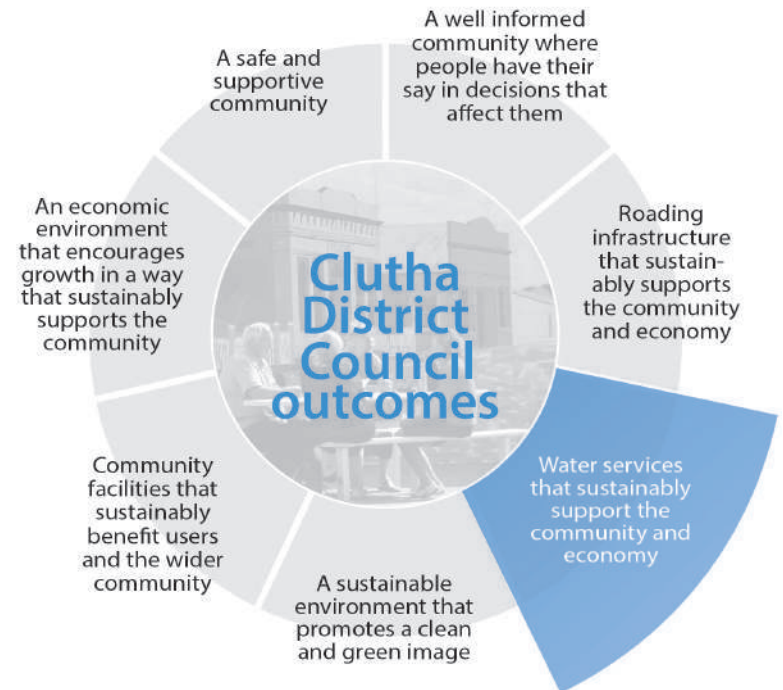
Council collects, treats and disposes of domestic sewage and non-domestic liquid (tradewaste) discharges via 11 public sewerage schemes. These schemes service the townships of Balclutha, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui and Waihola. Extensions to the Balclutha and Milton schemes have been completed to serve the townships of Benhar and Tokoiti respectively. There is also a piped collection system for Pounaweia, connected to the Owaka treatment plant that will service properties, if they wish to connect. For new properties in Pounaweia, or significant changes to existing properties compulsory connection to this system is required under the Building Act.

WHY WE DO IT

The safe disposal of sewerage ensures public and environmental health. It also reduces the effects of discharges into the district's environment. This activity is a core function for local government.

Sewerage primarily contributes to the outcome: "Water services that sustainably support the community and economy", with our goal towards this being to grow and maintain the district to meet regulatory requirements and a high standard of infrastructure.

Our approach will be to (a) invest to a level to meet regulatory requirements as a minimum standard, and (b) provide a level of infrastructure to meet present and future needs, that will allow the ability to be responsive to growth opportunities.



Sewerage Asset Information

ASSET COMPONENT	ASSET VALUE	POPULATION SERVED	PROPERTIES SERVICED
Schemes: 11			
Reticulation: 160km			
Pump Stations: 28	\$37.5 million	10,492 (60% of the district's population)	5,486
Manholes: 1,598			
Treatment:			
Plants: 1			
Oxidation Ponds: 5			
Oxidation Ponds plus biofiltro: 5			
Wetlands: 3			

SIGNIFICANT EFFECTS

Council is aware of the potential issues associated with the collection, treatment and disposal of sewage from the communities within the district and endeavours to mitigate any negative effects through the adoption of appropriate strategies.

At the same time, the health of the communities within the district depends on the provision of reticulated sewerage systems so that the negative effects of these services need to be kept in perspective with the positive benefits that they provide.

POTENTIAL SIGNIFICANT NEGATIVE EFFECT	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	OUR RESPONSE
Discharges to land and waterways not complying with resource consents	●	●	●	●	Continue to monitor discharges and improve processes if required (including capital works)
Smell and noise from treatment plants	●	●	●	●	Manage potential negative effects through meeting conditions of discharge consents
Sewage overflows due to blockages or during period of heavy rainfall	●	●	●	●	Investigate and take remedial measures including measures to reduce the infiltration of stormwater
Health and safety risks associated with the operation, maintenance, or construction of sewerage infrastructure	○	●	●	○	Ensure compliance with legislation and health & safety management plans
Potential impacts on customer satisfaction due to service failure/delays/responsiveness	○	●	●	○	Monitor customer requests for service and report on these. Ensure customer complaints are resolved satisfactorily

MAINTAINING CURRENT LEVELS OF SERVICE

ORGANISATIONAL STRUCTURE

This activity is managed within the Service Delivery Department of Clutha District Council. Within this department, the following teams all contribute to developing, managing and delivering the activity management plan:

- Infrastructure and Strategy Team
- Capital Delivery Team
- Operations Team.

MAINTENANCE AND OPERATIONS

All of Council's water supplies, sewerage schemes and stormwater systems are operated under the Water Services Operations and Maintenance contract. The contractor is responsible for the day-to-day management and operations of the network. There is some provision for smaller contractors to be engaged where required, for example the construction and operation of sewage treatment plant upgrades. Professional services are engaged on a case-by case basis.

There has been an increased focus on unauthorised discharges and Council will need to carefully manage and improve systems to avoid regulatory action

RENEWALS AND REPLACEMENTS

Generally, most of Council's sewerage assets are in good condition. However, the condition of underground assets is relatively unknown, as we cannot directly assess these assets. Poor condition is generally identified after these assets have failed or have not performed as expected. To gain more

detailed information about underground assets, Council has planned to commence a programme of sewerage pipeline assessment work using CCTV. This will give more detailed information about pipes, which will allow Council to improve the accuracy of what is needed for its future renewals programme.

A schedule of renewals is programmed for all schemes. The one exception to this is Heriot, where a declining number of connections means that only limited renewal work will be undertaken to enable the scheme to keep operating, i.e. pump replacements, resource consents. As such a significant proportion of depreciation for Heriot is unfunded as the scheme is not expected to be renewed when the current piped system reaches the end of its useful life.

Council has previously approved a desludging project for all oxidation ponds throughout the district. The contract for this is a multi-year contract and was secured at rates significantly less than the estimate. The second stage of this project is to remove the dewatered solids from the pond sites after they have been there for a couple of years. In some locations these may be able to be buried adjacent to the ponds, however this won't be appropriate at all sites. The proposed budgets of \$1.9M over the four years from 2018 to 2022 include contingencies and allow for removal off-site from all locations to Mount Cooe. The intention is that the dewatered sludge will be used at Mount Cooe as additional top soil material and as such will reduce the amount of imported topsoil that will be required in the future.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

DISCHARGE CONSENTS

Under the Resource Management Act 1991, Council is required to have various resource consents in place for its sewerage discharges. Many of these consents require renewal over the next ten years, and in some cases this will mean Council will need to consider costly upgrade options to meet increasingly stringent conditions.

Upgrades are planned for the Waiholo and Balclutha Sewerage Treatments Plants, to ensure they can meet required levels of service, and to meet the requirements of new discharge consents. The Waiholo upgrade is planned for 2020/21, with Balclutha being spread over 2 years from 2020/21 to 2021/22. The value of these upgrades is \$1.8M and \$3.3M respectively.

Other work Council is planning, in response to particular issues it is aware of, include:

- Extending the monitoring system to pump stations in Balclutha
- Controlling the infiltration and inflow of stormwater into the sewerage system, especially in Milton.

TRADEWASTE BYLAW

Council will continue development of a tradewaste bylaw to protect our effluent treatment systems and make sure that large users are paying their fair share of costs for running these schemes.

As part of mitigating the risks identified in the Water Safety Plans, the development of a backflow policy was identified. A trade waste bylaw regulates the discharge of trade waste to the sewerage network,

generally by industry and commercial activities. A bylaw is currently being proposed for development in 2019/20 and will include a charging regime. This will control the quality of trade waste entering the sewage treatment plants, which in turn will help to improve the quality of the discharge to meet resource consent conditions. The bylaw will be developed following the completion of a programme to meter commercial premises, as this will provide a mechanism to measure waste - likely to be a calculation associated with water use.

WHAT'S NOT IN THIS PLAN

There are no plans to extend sewerage services into other areas at this stage as there has been no demonstrated need, e.g. Taieri Mouth, Papatowai. Increasing numbers of permanent residents in these areas mean that sanitary services assessments for these areas and any other smaller communities will be reviewed during the next three years.

WORK WE WILL BE FOCUSING ON IN THIS PLAN:

- Treatment upgrades and consent renewals for Balclutha, Clinton, Heriot, Kaitangata, Milton and Waihola
- Pipeline condition assessments and renewals
- Developing Trade Waste Bylaw

WHAT WE ARE PLANNING FOR SEWERAGE*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Balclutha Pump Station Maintenance Programme			60	20			135	15		55
Renewals Programme	99	247	126	115	332	273	123	379	93	128
Pipeline Condition Assessment and Renewals Programme	40	41	42	43	44	45	47	48	50	51
Removal of Sludge from Oxidation Pond/Desludging										
Balclutha Sewer Oxidation Pond Desludging	680									
Lawrence Sewer Oxidation Pond Desludging	100									
Kaka Point Sewer Oxidation Pond Desludging		154								
Stirling Sewer Oxidation Pond Desludging		144								
Tapanui Sewer Oxidation Pond Desludging		175								
Improvements										
Balclutha Treatment Upgrade	80	82	1,474	1,662						
Clinton Treatment Upgrade	300									
Waihola Treatment Upgrade	40	720	1,063							
Growth										
Sewer Network Extension - Waihola	35				221		234		248	

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

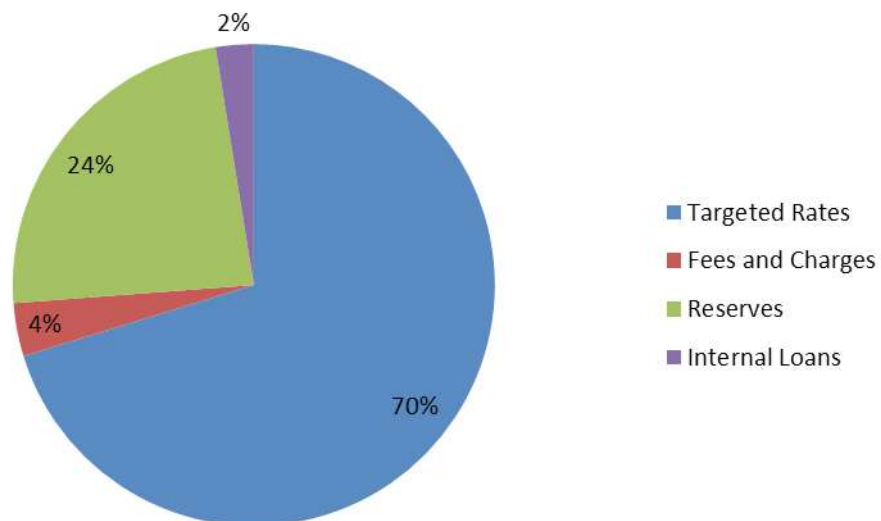
WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Provide sewerage services that effectively collect and dispose of sewage	The number of dry weather sewerage overflows from Council's sewerage system, expressed per 1000 sewerage connections to that sewerage system	0	≤6	≤6	≤6	≤6	
Sewerage schemes are managed efficient and effectively	Median response time (in hours) from when Council receives notification about a sewerage block or other fault, to the time service personnel:	Reach the site (response)	0.64	≤1	≤1	≤1	≤1
		Confirm resolution of the blockage or other fault (resolution)	1	≤4	≤4	≤4	≤4
	Number of complaints per 1,000 connections about any of the following:	Sewage odour	1	≤3	≤3	≤3	≤3
		Sewerage system faults	7	≤10	≤10	≤10	≤10
		Sewerage system blockages	1	≤5	≤5	≤5	≤5
		Council's response to any of these issues	0	≤5	≤5	≤5	≤5
	Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement notices	0	0	0	0	0
		Infringement notices	1	0	0	0	0
		Enforcement orders	0	0	0	0	0
		Convictions	0	0	0	0	0

HOW SEWERAGE IS FUNDED

Council sets sewerages rates which overall fund operating and maintenance costs for sewerage schemes. Capital expenditure is funded from depreciation reserves and internal borrowing from other Council reserve funds (e.g. for treatment upgrades to secure long-term resource consents).

SEWERAGE RATES

Sewerage rates are currently set as a fixed charge for each separately used or inhabited part of a rating unit (SUIP) that is either connected or has a connection available.



Rating for Sewerage

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE LAND VALUE (LV)
Sewerage ¹				100%
District Treatment Upgrade Support				90%
Benhar & Tokoiti				90% ²

¹ Includes Balclutha (including Benhar), Clinton, Kaitangata, Kaka Point, Lawrence, Milton (including Tokoiti), Owaka (including voluntary connected properties in Pounaewa), Stirling, Tapanui, and Waihola. Rate is based on availability AND location.

² Where this is made up of 40% from a targeted rate on all sewerage ratepayers and 50% uniform targeted rate on all connections to the new reticulation.

WHAT IT WILL COST FOR SEWERAGE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	2,127	2,380	2,498	2,609	2,777	2,951	3,072	3,157	3,249	3,346	3,453
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	136	136	139	141	144	148	151	154	158	162	166
Internal charges and overheads recovered	387	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	2,650	2,516	2,637	2,750	2,921	3,099	3,223	3,311	3,407	3,508	3,619
Applications of operating funding											
Payments to staff and suppliers	(1,283)	(999)	(1,019)	(1,039)	(1,416)	(1,447)	(1,481)	(1,515)	(1,551)	(1,590)	(1,630)
Finance costs	(106)	(80)	(80)	(79)	(81)	(84)	(89)	(85)	(90)	(85)	(90)
Internal charges and overheads applied	(398)	(499)	(490)	(506)	(507)	(519)	(537)	(537)	(551)	(569)	(575)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,787)	(1,578)	(1,589)	(1,624)	(2,004)	(2,050)	(2,107)	(2,137)	(2,192)	(2,244)	(2,295)
SURPLUS (DEFICIT) OF OPERATING FUNDING	863	938	1,048	1,126	917	1,049	1,116	1,174	1,215	1,264	1,324
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	247	5	(45)	38	66	106	(103)	98	(111)	85	(124)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	247	5	(45)	38	66	106	(103)	98	(111)	85	(124)

Continues on next page

WHAT IT WILL COST FOR SEWERAGE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	(170)	(35)	0	0	0	(221)	0	(234)	0	(248)	0
Capital expenditure to improve the level of service	(2,150)	(460)	(802)	(2,537)	(1,662)	0	0	0	0	0	0
Capital expenditure to replace existing assets	(2,513)	(974)	(1,306)	(1,026)	(691)	(376)	(318)	(327)	(445)	(142)	(249)
(Increase) decrease in reserves	(31)	432	629	1,636	689	(551)	(632)	(653)	(585)	(864)	(808)
(Increase) decrease of investments	3,754	94	475	763	680	(6)	(63)	(58)	(74)	(95)	(143)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,110)	(943)	(1,003)	(1,164)	(983)	(1,155)	(1,013)	(1,272)	(1,104)	(1,349)	(1,200)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(863)	(938)	(1,048)	(1,126)	(917)	(1,049)	(1,116)	(1,174)	(1,215)	(1,264)	(1,324)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

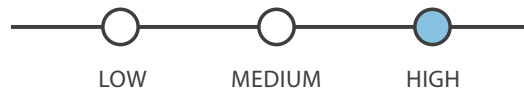
KEY PLANNING ASSUMPTIONS FOR SEWERAGE

WHAT WE HAVE ASSUMED

Resource consents

It is assumed that Council will meet consent conditions and that conditions of resource consents currently held will not be significantly altered. It is assumed that updates to attain consent renewals will progress as programmed and that they can be achieved within allocated budgets.

LEVEL OF UNCERTAINTY



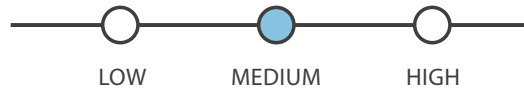
WHAT WOULD HAPPEN IF THIS CHANGED

If requirements increase and additional work is required for consent conditions, Council will need to provide rate funding to meet the requirements or request a change of consent conditions.

Levels of service/demand

for sewerage services

In recent years, the provision of sewerage services has been extended to Benhar, Tokoiti and Pounaweia. This plan assumes that there are no other known residential or industrial developments that would change levels of service and network demand.



Council's approach to servicing new industries is to consider any proposal on a case-by-case basis. Provision of sewerage would be considered in conjunction with relevant parties during the project feasibility investigations. This would determine if there are any flow on budget implications that need to be planned for.

Continues on next page

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR SEWERAGE*

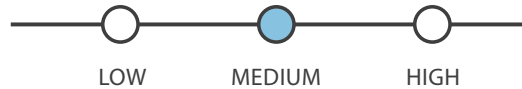
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Impacts of climate change on sewerage

Main risks include (1) changes in climate could result in reduced stream/river flows, which could affect dilution ratios for discharges from all schemes, except those that discharge into the Clutha River; (2) an increase in rainfall or rainfall intensity could result in greater infiltration of stormwater into sewerage systems; and (3) sea-level rise impacting on systems at Pounaweia, Kaitangata, Kaka Point, Milton and Waihola. Observed and predicted rates of sea-level rise are not expected to have an impact on Council's sewerage systems during the life of this plan.



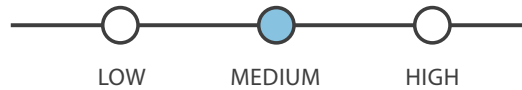
These factors are taken into account as part of resource consent renewals.

Further investigative work may determine further capital works are needed to address the impacts of climate change on sewerage infrastructure, with flow on impacts for budgets.

Implications of natural disasters

for sewerage

In terms of costs of natural disasters, it is assumed that the current level of insurance, Council's Emergency Fund, combined with underground asset self-insurance would cover the repair/replacement of sewerage assets.



Depending upon the scale and cost of the emergency, some assets either won't be replaced/repaired or will take longer to replace/repair.

If schemes are disrupted for a period of time this can have significant flow on effects for its users.

*Universal financial assumptions that also affect sewerage are included in the financial strategy section of this document.

STORMWATER

Council's stormwater drainage networks protects people and properties across many of the district's urban communities from the effects of flooding.

WHAT WE DO

There is a diverse range of towns and smaller settlements spread across the Clutha District, and they all bring their own specific demands and challenges, including how to collect and dispose of stormwater run-off.

Council currently provides for the drainage of stormwater via 8 community stormwater drainage schemes; in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui. These systems manage the disposal of surface water and ground water flows to protect property and public health. Generally, piped systems are designed to cope with stormwater flows resulting from a heavy rainfall such as a 1 in 5 year or 1 in 10 year event (20% or 10% probability of happening annually). However, when assessing and designing new systems, consideration is given to how flows from much larger events can be handled within the catchment i.e. overland flow paths, flood channels, diversions.

A few smaller communities also have limited stormwater infrastructure, such as basic pipe systems, open ditches or drains. These include Heriot, Pounaweia, Taieri Mouth, Stirling and Waihola. These are communities that have previously been included in a general rural stormwater area, however they have only paid a very small

amount towards this in their rates. In all these areas, stormwater improvements are needed and systems are in place that have ongoing operational costs. Their inclusion as part of a district wide urban stormwater funding mechanism allows for stormwater issues in urban areas to be dealt with in a coordinated and consistent way.

All other rural stormwater issues are generally associated with roading and as such are funded as a roading activity.

WHY WE DO IT

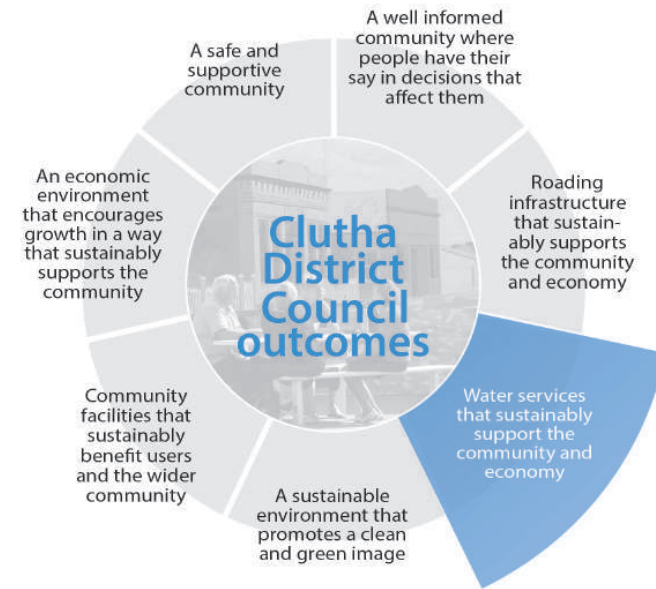
Stormwater infrastructure and drainage is an essential means of protecting people and property from flooding during heavy rainfall events. Stormwater drainage is considered to be a core service for local government.

Stormwater primarily contributes to the outcome: "Water services that sustainably support the

Stormwater Asset Information

ASSET COMPONENT	ASSET VALUE	POPULATION SERVED [±]	PROPERTIES SERVICED [‡]
Schemes: 13 Reticulation: 53km Valves: 48 Pump Stations: 5 Manholes: 636	\$10.8 million	10,824 (62% of the district's population)	5,662

*Depreciated replacement value (2017).
[±]2013 Census information.
[‡] Full and half rated properties



community and economy", with our goal towards this being to grow and maintain the district to meet regulatory requirements and a high standard of infrastructure. Our approach will be to (a) invest to a level to meet regulatory requirements as a minimum standard, and (b) provide a level of infrastructure to meet present and future needs, that will allow the ability to be responsive to growth opportunities.

SIGNIFICANT EFFECTS

Council recognises that there are potential negative impacts associated with the discharge of stormwater from the district's communities to rivers and streams. At the same time we recognise that the health and economy of the district depends on adequate stormwater drainage services being available. Accordingly, the demand for stormwater drainage and the negative impacts of this activity need to be kept in balance.

POTENTIAL SIGNIFICANT NEGATIVE EFFECT	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	OUR RESPONSE
Discharge of contaminants to waterways and streams impacting upon public health and the environment	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Ensure systems are in good working order and that the potential for pollutants to enter the drainage system is minimised
Discharges with land and waterways not complying with resource consent conditions	<input checked="" type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Monitor changes to requirements for discharges and make improvements
Health and safety risks associated with the operation, maintenance, or construction of stormwater infrastructure	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Ensure compliance with legislation and health & safety management plans
Potential impacts on customer satisfaction due to service failure/delays/responsiveness	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Monitor customer requests for service and report on these. Ensure customer complaints are resolved satisfactorily

MAINTAINING CURRENT LEVELS OF SERVICE

ORGANISATIONAL STRUCTURE

This activity is managed within the Service Delivery Department of Clutha District Council. Within this department, the following teams all contribute to developing, managing and delivering the activity management plan:

- Infrastructure and Strategy Team
- Capital Delivery Team
- Operations Team.

MAINTENANCE AND OPERATIONS

All of Council's water supplies, sewerage schemes and stormwater systems are operated under the Water Services Operations and Maintenance contract. There is some provision for smaller contractors to be

engaged where required, for example the construction and operation of sewage treatment plant upgrades. Professional services are engaged on a case-by case basis.

The cost of the contract is split across all schemes based on the time and resources the contractor spends on each scheme.

Previously insurance costs were funded council-wide (across all of council's activities). However the increase in insurance premiums following the Canterbury earthquakes has meant that Council has re-evaluated its insurance cover and funding. Council has decided that it is fair that premiums for underground insurance (pipes etc.) are actually funded by the schemes that are

covered by the insurance. This means that water schemes are now directly responsible for the cost of their insurance and that ratepayers will pay increased insurance costs through their water rates.

Council has also assessed that the risk of a natural event causing significant damage to our water schemes is relatively low, and that self-insurance is a more prudent option. Council is currently self-insuring underground assets at the level of \$50,000 (plus inflation) a year.

RENEWALS AND REPLACEMENTS

Generally, most stormwater assets are in good operational condition. This is because most systems are relatively young at 30-40 years. The exceptions to this are older systems in some of the larger towns, primarily Balclutha, Milton and Tapanui.

A schedule of renewals is programmed for all schemes (renewals are different from improvements or upgrades which are discussed in the following section). However, the condition of underground assets is relatively unknown, as we cannot directly assess these assets. Poor condition is generally identified after these assets have failed or have not performed as expected. To gain more detailed information about underground assets, Council has commenced a programme of stormwater pipeline assessment work using CCTV. This will give more detailed information about pipes, allowing Council to more accurately determine what is needed to support its renewals programme in the future.

Some pipes in older areas of Balclutha, Milton and Tapanui have already been programmed for renewal. These renewals will be subject to the CCTV assessment programme before the extent of works is confirmed.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

STORMWATER PRIORITY PROGRAMME

How we collect and dispose of stormwater run-off affects all of our communities, and stormwater networks are key strategic assets. The 2015-2025 Long Term Plan identified a number of issues in some of our smaller communities, so for the 2018 Plan we are proposing a programme that prioritises 21 upgrade projects during the next 10 years.

The projects are in Milton, Owaka, Lawrence, Tapanui, Heriot, Clinton, Waiholo and Pounaweia. The proposed projects will mean a higher level of protection for communities during heavy rainfall events. Further detail about works planned is provided over the page.

REMAINDER OF MILTON FLOOD DIVERSION UPGRADES

There is still a small amount of earthworks which needs to be completed around Milton, to ensure the rural runoff is diverted around the town. This is planned for completion during the 2018/19 year.

BALCLUTHA STORMWATER

Council will undertake work to improve the stormwater system in the Balclutha flat area, predominantly in areas where there aren't pumping systems at present and where ponding during wet weather has been an issue in the past.

TAPANUI'S PATERSON CREEK ADOPTION AS A PUBLIC DRAIN AND UPGRADE

For many years, this creek has been confirmed as a private drain, which has meant that maintaining and renewing the ditch or piped section was the responsibility of private landowners, with Council responsibility where it crossed public roads. This has led to the pipelines and ditches making up the creek having a highly variable capacity and state of repair as landowners treat each section differently. Council has accepted that this drain become a public drain and that it is renewed and upgraded by Council in the future. This obviously comes at a cost but is considered fairer to the landowners involved and would be consistent with the other drains in the area that are maintained by Council. This work will get underway in 2018/19, with the bulk of it being completed in the 2019/20 year.

LAWRENCE STORMWATER IMPROVEMENTS

Council has allocated \$35,000 in the 2018/19 year to undertake work which will improve the conveyance of stormwater in the major drain situated behind Ross Place in Lawrence. This will help to mitigate flooding issues in the town's Main Street area, which were highlighted during recent flood events.

STORMWATER PRIORITY PROGRAMME 2018/28

Project Name	Location Name
Beaumont Road Culvert Replacement	Lawrence
Rhododendron Garden Culvert Replacement	Lawrence
Paterson's Creek Lower Catchment Upgrade	Tapanui
South Roxburgh Street – Main Street Stormwater Improvements	Heriot
Catchment Pipeline installation – Chatham Street/Greenhithe St Area	Waihola
George Street Stormwater Upgrade	Waihola
North Street Catchment Upgrade	Clinton
Wratten Road Stormwater Improvement	Pounaweia
Alexandra Street Stormwater	Papatowai
Gormak Street/Moir Street Intersection	Balclutha
Baxter Street Pump Station	Balclutha
Ryrie/Frances Street Intersection Area Catchment Improvements	Balclutha
Springfield Road Diversion Works	Milton
Ajax Street Pump Station Installation	Milton
Constitution Ave Pipeline Renewal	Milton
Dryden St Bypass Minor Pipeline Restriction Works	Milton
Helensbrook Catchment	Milton
Waikawa Road Drainage Improvement	Owaka
Irvine Street Sump Drainage Upgrade	Lawrence
Harrington Place Culvert Replacement/Upgrade	Lawrence
Pladda Street Pipework	Lawrence

WORK WE WILL ALSO BE FOCUSING ON IN THIS PLAN:

- Condition assessment and renewal programme
- Tapanui Paterson Creek upgrade
- Balclutha drainage and discharge upgrade

WHAT WE ARE PLANNING FOR STORMWATER*

PROJECT (\$000)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Renewals Programme				54	221	114	117	301	310	320
Stormwater District-wide Maintenance Consent Update				22						
Lawrence Beaumont Road Culvert Replacement		42								
Lawrence Ross Place - Major Drain Reinstatement Works	35									
Increased Level of Service										
Clinton North St Catchment Upgrade			89							
Lawrence Harrington Place Culvert Replacement / Upgrade		26								
Lawrence Irvine Street Sump Drainage Upgrade		82								
Pounawea Wratten Rd Stormwater Improvement			132							
Balclutha, Ryrie/Frances St Intersection Improvements				76						
Heriot Roxburgh Street – Main Street Improvements			26							
Milton Springfield Road – Paddock Contour	50									
Milton Dryden Street Bypass Works	10									
Waihola Pipeline installation – Chatham/Greenhithe Street				129						
Waihola, George Street Stormwater Upgrade			126							
Balclutha Baxter Street Pump Station							57	234		
Milton Ajax Street Pump Station								120	248	1,067
Milton Constitution Ave Pipeline	100									
Milton, Helensbrook	31									
Owaka, Waikawa Rd Drainage		67								
Tapanui Paterson's Creek	25	720								
Lawrence, Pladda Street Pipework		87								
Papatowai Alexandra Street			95							

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

STRATEGIC GOAL – COUNCIL OUTCOME: WATER SERVICES THAT SUSTAINABLY SUPPORT THE COMMUNITY AND ECONOMY

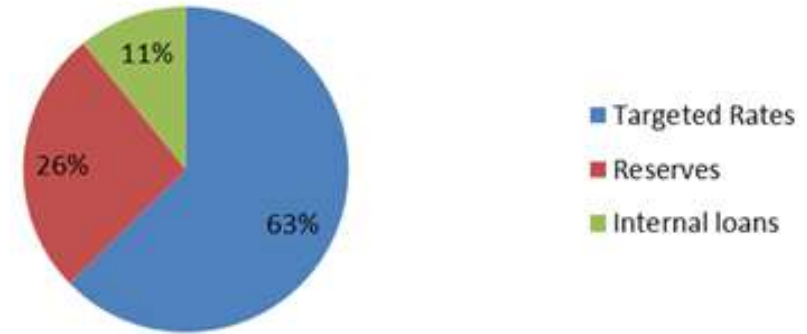
WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR				
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28	
Provide stormwater drainage that protects against the effects of flooding	Flooding events to habitable floors due to overflows from a Council stormwater system (per 1,000 properties)	0	0	0	0	0	
	Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	32 ¹	<23	<23	<23	<23	
	Number of complaints about the performance of Council's stormwater systems (per 1,000 connected properties)	1	≤10	≤10	≤10	≤10	
	Median response time (in hours) from when Council receives notification about a flooding event to the time service personal reach the site	4	<4	<4	<4	<4	
	Compliance with Council's resource consents for discharge from stormwater systems, measured by the number of:	Abatement Notices	0	0	0	0	0
		Infringement notices	0	0	0	0	0
		Enforcement orders	0	0	0	0	0
		Successful prosecutions received	0	0	0	0	0

¹ Tapanui had 15 this reporting period due to a very wet spring. The majority of these were related to Paterson Creek and should be reduced with the planned work in this area.

HOW STORMWATER IS FUNDED

Council sets stormwater rates which overall fund operating and maintenance costs for stormwater schemes. Capital expenditure is generally funded from depreciation reserves and for some particularly large projects, internal borrowing from other Council reserve funds.

How is Stormwater Funded 2018/28?



Rating for Stormwater from 1 July 2018

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE LAND VALUE (LV)
Urban Stormwater			100% ¹	

¹ Include all areas with Council stormwater drainage, i.e. Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Heriot, Pounawea, Stirling, Taieri Mouth, Tapanui and Waiholo.

WHAT IT WILL COST FOR STORMWATER

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	0	0	0	0	0	0	0	0	0	0	0
Targeted rates	587	737	758	776	795	816	838	862	887	913	942
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	587	737	758	776	795	816	838	862	887	913	942
Applications of operating funding											
Payments to staff and suppliers	(98)	(98)	(100)	(102)	(104)	(106)	(109)	(111)	(114)	(117)	(120)
Finance costs	(16)	(15)	(14)	(12)	(11)	(9)	(8)	(9)	(16)	(20)	(28)
Internal charges and overheads applied	(254)	(318)	(312)	(323)	(323)	(331)	(342)	(342)	(351)	(363)	(367)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(368)	(431)	(426)	(437)	(438)	(446)	(459)	(462)	(481)	(500)	(515)
SURPLUS (DEFICIT) OF OPERATING FUNDING	219	306	332	339	357	370	379	400	406	413	427
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(31)	(33)	(34)	(35)	(37)	(34)	14	161	60	159	787
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	(31)	(33)	(34)	(35)	(37)	(34)	14	161	60	159	787

Continues on next page

WHAT IT WILL COST FOR STORMWATER

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	(211)	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	(145)	(216)	(1,023)	(468)	(243)	0	(57)	(234)	(120)	(248)	(1,067)
Capital expenditure to replace existing assets	(183)	(35)	0	0	(54)	(221)	(114)	(117)	(301)	(310)	(320)
(Increase) decrease in reserves	396	(27)	712	156	(20)	(102)	(209)	(216)	(73)	(81)	(90)
(Increase) decrease of investments	(45)	5	13	8	(3)	(13)	(13)	6	28	66	263
TOTAL APPLICATIONS OF CAPITAL FUNDING	(188)	(273)	(298)	(304)	(320)	(336)	(393)	(561)	(466)	(572)	(1,214)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(219)	(306)	(332)	(339)	(357)	(370)	(379)	(400)	(406)	(413)	(427)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR STORMWATER*

WHAT WE HAVE ASSUMED

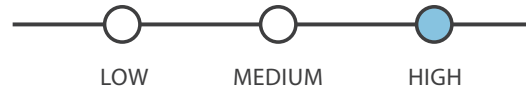
LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Increasing environmental standards - Plan

Change 6B Discharges

In accordance with proposed Otago Regional Plan changes, it is expected there will be stricter requirements around the quality of 3-Waters discharges. In addition, the community's capacity to fund any required upgrades to ensure compliance with ORC Plan Change 6B will need to be considered and included in the implementation timeframe.



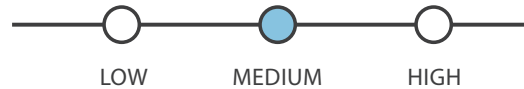
Increasing environmental standards may have significant bearing on stormwater costs. If they become mandatory prior to 2021, Council will need to reassess and reprioritise budgets in order to meet the increased standards.

Impacts of climate change on stormwater

The frequency and intensity of heavy rainfall events is predicted to increase as a result of a warmer climate. Any such increase is likely to impact on stormwater flows and put more pressure on Council's stormwater systems.

Ongoing sea-level rise may impact on stormwater infrastructure at Kaitangata, Kaka Point, Milton, Pounaweia, and Waihola.

Current budgets don't include provision for specific works resulting from climate change; however anticipated peak flows are adjusted during design work to take into account the latest available information.

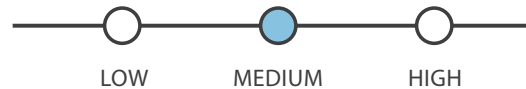


Further investigate work may determine that further capital works are needed to address the impacts of climate change on stormwater infrastructure, with flow on impacts for budgets.

Implications of natural disasters

for stormwater

In terms of costs of natural disasters, it is assumed that the current level of insurance, Council's Emergency Fund, combined with underground asset self-insurance would cover the repair/replacement of stormwater assets.



Depending upon the scale and cost of the emergency some assets either won't be replaced/ repaired or will take longer to replace/repair. If schemes are disrupted for a period of time this can have significant flow on effects for its users.

*Universal financial assumptions that also affect Stormwater are included in the financial strategy section of this document.

SOLID WASTE

Management of solid waste is a key contributor to one of Council's key outcomes for a 'sustainable environment that promotes a clean, green image'.

WHAT WE DO

Council oversees the management and minimisation of solid waste within the district. These activities include:

- Operating a sanitary landfill and recycling drop-off depot for the district at Mt Cooe on the outskirts of Balclutha.
- Providing a fortnightly collection of recyclables and residual household waste via kerbside wheelie bins in urban areas. The service is also available to individual rural households along service routes. Collection alternates weekly between collection of recyclables and collection of residual waste.
- Providing transfer stations/skip services which are collected on a weekly basis in Clinton, Clydevale, Lawrence, Milton, Owaka and Tapanui.
- Providing a coin-operated "Jack Trash" bin at Papatowai.
- Providing a skip service at Beaumont, Maclennan and Taieri Mouth that are collected on an as-needed basis.

- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing waste information and education services, including facilitating the Enviroschools programme at schools throughout the district.

WHY WE DO IT

Council provides waste management activities to ensure the safe and hygienic disposal of household waste and to ensure that wastes are sustainably managed. Council's Solid Waste Management activities primarily contribute towards the outcome; "A sustainable environment that promotes a clean, green image." a clean, green image."



SIGNIFICANT EFFECTS

Council recognises that there may be negative impacts associated with the collection and disposal of solid waste. It is important to minimise these effects, while still meeting the communities need to dispose of its waste in an efficient, effective and sustainable manner. The potential effects of future growth in certain sectors, or in particular areas means that a flexible approach to waste management is required (e.g. new industry, or a new supermarket).

POTENTIAL SIGNIFICANT NEGATIVE EFFECT	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	OUR RESPONSE
Effects of landfilling including the occupation of land, non-biodegradable matter, methane and leachate generation	●	●	●	●	Additional work to meet resource consent conditions for Mt Cooee and closed landfills, including capital works where required.
Ease of disposal and relatively low cost encourages increased quantities of material to be sent to landfill by customers	●	●	●	●	Ensuring there is provision of education and infrastructure to help reduce waste volumes and appropriate pricing signals e.g. green waste discount, full cost recovery charges.
Potential for littering and dumping elsewhere due to landfill charges.	●	●	●	●	Continued education, availability of services and enforcement as a last resort.

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Provide a facility in the district for the disposal of solid waste	Kilogrammes of waste per resident to Mt Cooee landfill (kg)	542	≤510	≤498	≤470	≤439*
Provide waste minimisation services and education	Kilogrammes of waste per resident diverted from Mt Cooee Landfill (kg)	36	≥39	≥37	≥35	≥34**

*We are aiming for less waste per resident to landfill due to waste minimisation education and initiatives, and more waste diverted due to the proposed Mt Cooee Resource Recovery Park (increase in level of service).

**Longer term projected drop due to waste minimisation emphasis on reducing and reusing.

MAINTAINING CURRENT LEVELS OF SERVICE

MAINTENANCE AND OPERATIONS

Council contracts out maintenance and operation of the kerbside collection and Mt Cooe Landfill. Waste minimisation is resourced in-house. Both these methods of delivery are expected to continue during the term of this plan.

Mount Cooe Landfill plays an important role in the management of solid waste for the Clutha District. However, the current resource consent for the landfill expires in 2023. Council plans to work towards renewing the resource consent for Mt Cooe. To this end we have budgeted for a number of improvements at the landfill. Refer to the improvements section for more information.

RENEWALS AND REPLACEMENTS

The major Council-owned assets for this activity are 12,000 wheelie bins and Mt Cooe Landfill. Replacement of wheelie bins is managed through the solid waste contract. Bins are replaced on an as-required basis due to wear and tear, damage and theft; while new bins are added as required for new customers. The rate of replacement is about 2% (260 bins / year), while new customers add less than 1% each year (about an extra 100 bins). The level of increase is forecast to continue for the life of this plan, and this is consistent with the increase in rating units forecast for the district.

Council has renewed its Waste Management and Minimisation Plan (WMMP). This involved completing a solid waste analysis protocol (SWAP) of the waste disposed at Mt Cooe in May 2017.

IMPROVEMENTS OR CHANGES WE'RE PLANNING

Council intends to extend waste minimisation and management services where appropriate and cost effective. A number of potential new services are outlined in Council's current Waste Management and Minimisation Plan.

However, the current resource consent for the landfill expires in 2023. Council plans to work towards renewing the resource consent for Mt Cooe. To this end we have budgeted for a number of improvements at the landfill. .

MT COOEE STORMWATER REALIGNMENT

The current stormwater pipeline under the Mount Cooe Landfill has caused issues for many years. This has been budgeted as a project previously and works to seal the manholes and other improvements have been attempted. These have seen some reduction improvement in test results but a long term solution is needed leading into the possible renewal of the Mount Cooe Landfill consent.

This project looks to undertake works to realign the stormwater around the landfill and initial discussions with KiwiRail have been positive. This will resolve this issue once and for all and will significantly improve the compliance for Mount Cooe Landfill.

MT COOEE LEACHATE CURTAIN - STAGE 2

An extension to the leachate system is required to cater for future volumes. This is required to be constructed after the stormwater diversion project has been completed and will assist to contain the leachate within the landfill for appropriate collection and treatment.

MT COOEE OPERATIONAL CONSENT EXTENSION

Council has determined that it will proceed with the renewal process of the resource consents for Mt Cooe to 2053. The first stage of this process is to determine what work will likely be required in order to obtain a new resource consent from the Otago Regional Council, for all activities at Mt Cooe.

This will involve engaging a consultant to manage the process for Council. Potential work may include obtaining a better understanding of leachate contamination to groundwater and, if necessary, some remediation works to mitigate that contamination.

GLASS RECYCLING

Council accepts separated glass free of charge at Mt Cooe Landfill and at Lawrence, Milton, Owaka, Clinton and Tapanui transfer stations. Any glass collected this way is stockpiled, crushed and used for roading and drainage at the Landfill. Other methods to divert more glass from the landfill, and glass recycling options will continue to be investigated by Council.

GREEN WASTE

Users who separate their green waste from general waste get a 50% discount at Mt Cooe. Although any green waste that is deposited in the designated area is kept out of the landfill, it still attracts both the Waste Minimisation Levy fee and Council also must purchase carbon credits under the Emissions Trading Scheme.

For greenwaste to be classified as a diverted material it needs to be removed from the site within six months. This can be done by either composting or shredding.

Council has agreed to continue investigating and implementing ways to reduce the level of greenwaste going to landfill, and options for its re-use (such as composting, shredding, or other community-based initiatives).

WHAT'S PLANNED FOR SOLID WASTE MANAGEMENT

Major items of capital expenditure planned during the lifetime of this plan include:

1. Development of the Mt Cooee resource recovery centre. This is scheduled to commence in 2018/19 and finish in 2021/22, with an estimated cost of approximately \$700,000. The work is to provide an increased level of service.
2. Renewal work at Mt Cooee planned for 2018/19, and also in 2027/28, with a total estimated cost of \$22,000.

The cost of this work includes the anticipated rated of inflation over the 10-year period.

Other work we will be focusing on throughout the period of this plan includes:

- Remediating Mt Cooee stormwater leachate contamination
- Development of a Resource Recovery Park and Transfer Station at Mt Cooee
- Mt Cooee Resource Consent renewal

WHAT WE ARE PLANNING FOR SOLID WASTE*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Resource Recovery Park	20	20	338	356						
Mount Cooee Landfill - Stormwater Realignment	700									
Mount Cooee Landfill - Leachate Curtain - Stage 2		61								
Mt Cooee Operational Consent Extension	100	71	31							

* Equal to or greater than \$20K

WHAT'S NOT INCLUDED IN THIS PLAN

ENVIROSCHOOLS/SCHOOL EDUCATION

Staffing resources available to facilitate Enviroschools is limited to 40% of all schools in the district. There is currently no budget and scope to increase the programme and the number of schools taking part however there will still be scope to provide waste minimisation resources for schools, such as waste audit kits and lesson plan examples.

ADDITIONAL RESOURCES TO CATER FOR WASTE ASSOCIATED WITH INCREASED VISITOR NUMBERS

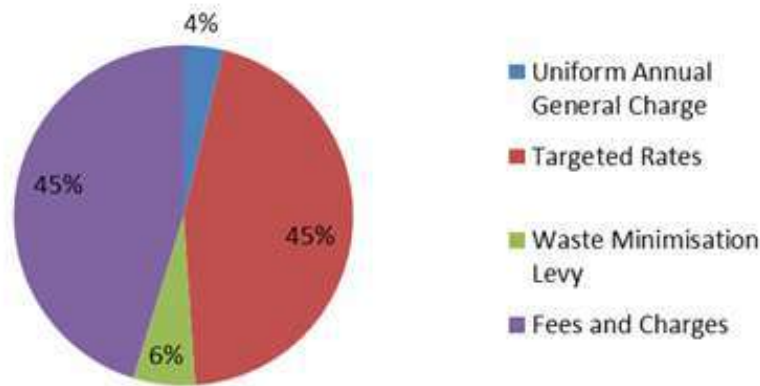
Based on current knowledge, no additional funding has been allocated for a significant increase in waste as a result of increased visitor numbers. Any increase in cost is expected to be minimal, compared to the overall budget for solid waste management.

HOW SOLID WASTE IS FUNDED

Council funds this activity group through a mixture of targeted rates on those who receive kerbside collection services and fees and charges for those who use the landfills. Reserves and internal loans are used for capital projects, if required.

Rating for Solid Waste from 1 July 2018

ACTIVITY	USER FEES & CHARGES	TARGETED RATE			
		GENERAL RATE	DISTRICT-WIDE RATES	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION	
		UNIFORM CHARGE (UAGC)	CAPITAL VALUE (CV)	UNIFORM CHARGE	LAND VALUE (LV)
Waste Collection and Disposal	70%				30%
Waste Minimisation	100%				



WHAT IT WILL COST FOR SOLID WASTE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	66	68	69	71	72	74	76	77	79	81	83
Targeted rates	697	697	711	725	766	809	827	846	867	888	910
Subsidies and grants for operating purposes	66	80	81	235	242	76	78	80	81	83	86
Fees and charges	656	657	670	683	795	827	846	866	887	909	931
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	1,485	1,502	1,531	1,714	1,875	1,786	1,827	1,869	1,914	1,961	2,010
Applications of operating funding											
Payments to staff and suppliers	(1,133)	(1,243)	(1,217)	(1,241)	(1,472)	(1,504)	(1,539)	(1,574)	(1,612)	(1,652)	(1,693)
Finance costs	0	0	0	0	0	0	0	0	0	0	0
Internal charges and overheads applied	(176)	(167)	(165)	(171)	(170)	(175)	(182)	(180)	(185)	(193)	(194)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,309)	(1,410)	(1,382)	(1,412)	(1,642)	(1,679)	(1,721)	(1,754)	(1,797)	(1,845)	(1,887)
SURPLUS (DEFICIT) OF OPERATING FUNDING	176	92	149	302	233	107	106	115	117	116	123
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	0	0	0	0	0	0	0	0	0	0
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	0	0	0	0	0	0	0	0	0	0	0

Continues on next page

WHAT IT WILL COST FOR SOLID WASTE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	0	(720)	(82)	(338)	(356)	0	0	0	0	0	0
Capital expenditure to replace existing assets	(24)	(110)	(71)	(31)	0	0	0	0	0	0	(12)
(Increase) decrease in reserves	(110)	740	61	111	71	(99)	(100)	(102)	(104)	(106)	(98)
(Increase) decrease of investments	(42)	(2)	(57)	(44)	52	(8)	(6)	(13)	(13)	(10)	(13)
TOTAL APPLICATIONS OF CAPITAL FUNDING	(176)	(92)	(149)	(302)	(233)	(107)	(106)	(115)	(117)	(116)	(123)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(176)	(92)	(149)	(302)	(233)	(107)	(106)	(115)	(117)	(116)	(123)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR SOLID WASTE

WHAT WE HAVE ASSUMED

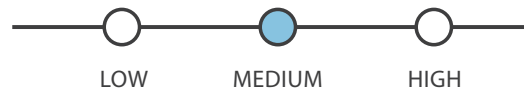
LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Meeting resource consents

Council is assuming that Mt Cooee will continue to meet resource consent conditions to continue operating as a landfill, and that there will be no changes to the regulatory environment or resource consent requirements prior to the expiry of the current consent in 2023.

Council is also assuming it will continue to meet resource consent conditions for closed landfills and post closure costs will continue as budgeted.



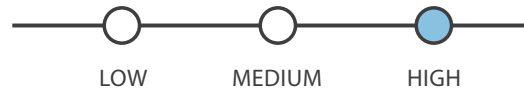
If resource consent conditions can't be met additional expenditure outside what is currently included in budgets might be required.

Alternatively a change to the regulatory environment/resource consent conditions may result in increased/unbudgeted costs and possible premature closure of Mt Cooee.

Renewing Mt Cooee's resource consent in 2023

consent in 2023

Council is also assuming we will successfully renew the resource consent to continue to operate Mt Cooee from 2023 onwards.



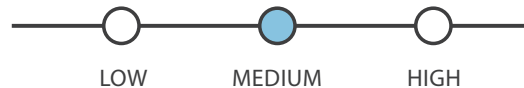
If renewal is unsuccessful there will be significant costs involved in closing Mt Cooee landfill, setting up a resource recovery park and transporting the waste to a landfill outside of the district.

If the anticipated volumes of waste to landfill are incorrect this would alter the amount Council pays for its Waste Levy and ETS liability.

Amount of waste to landfill

Currently this is 9,300 tonnes or 575 kg per person per annum. Council is forecasting a slight decrease due to increased user charges and recycling initiatives. It is assuming that there won't be fluctuations including any increases in waste.

There is a risk that operating the landfill at the current levels of service may become uneconomic. At this stage Council assumes it will continue with the current level of service and opening hours for Mt Cooee.



If the amount of waste going to landfill decreases significantly this will impact on revenue collected and the affect could be an increase to user charges.

If there is a significant decrease in waste this may affect the economic viability of Mt Cooee continuing to operate. It may be necessary to reduce opening hours/access to Mt Cooee in order to reduce operating costs. If waste volumes are drastically reduced then this may force the early closure of the site. Alternatively, if major changes arise (e.g. a new industry develops in the Clutha District), then waste volumes to Mt Cooee may increase, reducing the lifespan of the landfill.

*Universal financial assumptions that also affect waste are included in the financial strategy section of this document.

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

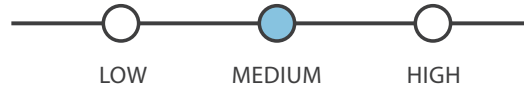
KEY PLANNING ASSUMPTIONS FOR SOLID WASTE

WHAT WE HAVE ASSUMED

Increased user charges and fly-tipping

Mt Cooee charges are still some of the lowest in the South Island. Council is assuming that there won't be an increase in fly-tipping as a result of increased landfill charges.

LEVEL OF UNCERTAINTY



WHAT WOULD HAPPEN IF THIS CHANGED

In the past there has been anecdotal evidence of a direct relationship between increases in Mt Cooee charges and incidence of 'fly-tipping'. No additional budgets have been included in this plan for dealing with increased fly-tipping.

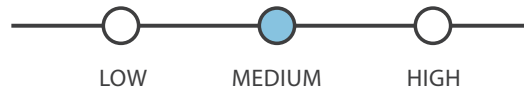
Levels of service

Council is assuming it will continue to provide waste management and collection service to residents.

A proposed Resource Recovery Centre and Transfer Station will see an improvement in the level of service provided, removing the need to take waste to the tip face and increasing the amount of waste diverted from MT Cooee.

There are currently no plans to implement a kerbside collection of green waste or glass. There are no additional budgets for glass or organic waste collections.

Council will continue to evaluate options for these collections, or alternatives, as they become available.

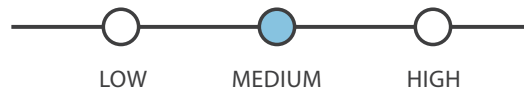


Additional budgets may be required to introduce these increased levels of service.

Should council not proceed with a Resource Recovery Centre and Transfer Station there will be no change to the current level of service.

Emissions Trading Scheme (ETS)

Carbon Credit prices will continue rise over time. Budgets have assumed forecast pricing and take into account that government policy has a \$25 cap on credits. Budgeted Carbon Credit pricing is based on Comm Trade Carbon predictions which indicate a steady rise in credits up to \$22.55 by April 2023. Options to reduce the emissions liability of Mt Cooee will be explored.



Additional costs for ETS liability will result in increased user charges.

Liabilities associated with the ETS may be less if greenwaste shredding/processing is viable for Mount Cooee.

ETS Costs may increase if the cost of buying carbon credits is greater than assumed.

*Universal financial assumptions that also affect Solid Waste are included in the financial strategy section of this document.

COMMUNITY SERVICES

Council provides community spaces and facilities throughout the district. These facilities provide for the health and well-being of our communities

WHAT WE DO

Council provides various community facilities and services throughout the district. Financial and non-financial assistance is also provided to external organisations that provide community services. Activities include:

LIBRARIES, INFORMATION AND SERVICE CENTRES

This involves:

- A district library network consisting of a central library in Balclutha; branch libraries in Lawrence, Milton, Owaka and Tapanui; and voluntary community libraries in Waihola and Waitahuna.
- Service centres, which provide a local link to Council services, are located in Balclutha, Lawrence, Milton, Owaka and Tapanui (Lawrence, Milton, Owaka and Tapanui also incorporate a branch of the Clutha District Library network).
- An "i-Site" service at the Balclutha Service

Centre, which handles nationwide bookings for tourists and locals.

- Provision of financial assistance to the Lawrence and Milton information centres, which are community owned and operated.

SWIMMING POOLS

This involves:

- Owning and operating year round, a pool in Balclutha and seasonal (summer) pools in Kaitangata, Milton and Lawrence.
- Making grants available to various school- and community-based pools located throughout the district.

PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS

This involves:

- Providing and maintaining 86 hectares of parks and reserves throughout the district, including 18 playgrounds and four sportsgrounds.
- Providing financial assistance for a further

19 hectares of reserves and sportsgrounds that are managed by local committees and sports groups.

HALLS & COMMUNITY CENTRES

This involves:

- Maintaining and operating halls in Balclutha and Kaitangata.
- Providing management oversight and financial assistance for 12 committees which operate community centres throughout the district on Council's behalf. These are at Clutha Valley, Hillend, Kaka Point, Lovells Flat, Moneymore, Owaka, Paretai, Waihola, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Beaumont, Clinton, Crookston, Dunrobin, Heriot, Hina Hina, Milton, Lawrence, Romahapa, Tahakopa, Taieri Mouth, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui.

PUBLIC CONVENIENCES

This involves:

- Providing and maintaining 24 public toilets throughout the district (located in the Balclutha, Clinton, Jacks Bay, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Pounaweia, Tapanui, Taieri Mouth and Waihola areas).
- Providing and maintaining 5 public motor caravan dump stations in Clinton, Lawrence, Milton, Owaka and Tapanui.

CEMETERIES

This involves:

- Directly operating and maintaining 6 urban cemeteries - Balclutha (2), Fairfax (Milton), Kaitangata, Lawrence and Tapanui, and 8 rural cemeteries - Port Molyneux, Romahapa, Taieri Beach, Waihola, Waikoikoi, Waipahi, Waipori, and Waitahuna.
- Providing financial assistance to a further four cemeteries that are managed by trustees (Clinton, Crookston, Owaka, Tuapeka).
- Providing financial assistance towards the maintenance of war memorials throughout the district.

COMMUNITY HOUSING & OTHER PROPERTY

This involves:

- Owning and maintaining 98 1-bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waihola.

- Other property is owned and maintained by Council for storage of materials and equipment.
- Property which is retained for renting and leasing at market rates with the income offsetting rates.
- Provision of 5 camping grounds at Kaka Point, Naish Park in Balclutha, Pounaweia, Taylor Park in Milton and Waihola.

CROSS RECREATION CENTRE

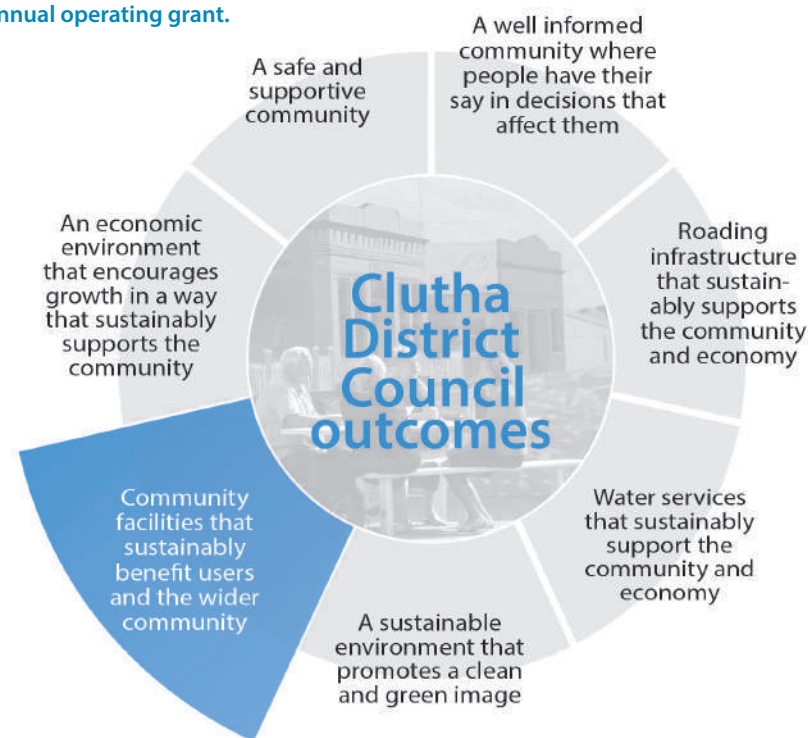
This involves:

- Funding of a \$2.5 million loan towards the cost of constructing the multi-use Cross Recreation Centre in Balclutha and providing an annual operating grant.

WHY WE DO IT

The activities in this group ensure that all members of the community have opportunities to access a range of public spaces and facilities that provide for social and cultural wellbeing particularly through physical activities, leisure opportunities and recreation. They also ensure that the district has the facilities and services required to attract and retain residents.

This activity group makes a primary contribution to the community outcome: "Community facilities that sustainably benefit users and the wider community."



MAINTAINING CURRENT LEVELS OF SERVICE

MAINTENANCE AND OPERATIONS

Maintenance for community services is carried out in a variety of ways. The maintenance of parks, reserves, sportsgrounds and playgrounds is contracted out. There is a variety of arrangements for halls and community centres, where in some instances they are Council-owned and community maintained through committees. Libraries, service and information centres are run directly by Council. Community housing is managed by Council.

RENEWALS AND REPLACEMENTS

Milton and Balclutha swimming pool renewals

Although considerable work has been undertaken in recent years to upgrade the Balclutha Pool, recent consultation has shown that further enhancements are seen as desirable by the community, in order to increase usage and improve customer satisfaction.

A number of improvements were identified through the 'Our Place

Balclutha' project, including:

- Improving the overall customer experience, through things like a water slide, café, playground, or an outdoor BBQ / picnic area.
- Enhanced service aspects, such as increased opening hours, school holiday programmes, and increasing the water temperature.
- Complimentary activities such as a bike park, fitness trail or dog park, and improved connections to the cycling and walking network.

Some of these items may be possible within a relatively short period of time and within existing budgets. Larger projects may occur over the longer term, and may require specific Project Plans.

For Milton, consultation for the 'Our Place' Community Plan identified 3 potential options:

- Lining the existing pool.
- Creating a new pool structure using existing roof and changing room.
- Developing a new pool complex.

A decision on which of these options to pursue has yet to be made, although the capital expenditure budget for the 2018/28 Long Term Plan includes more than \$0.5M, which could be used to commence renewal work. Once a decision is made, then the scope, budget and timing of major work such as this will need to be determined, and then implemented through a specific project plan.

Balclutha Cemetery Carpark

A budget has been included to improve car parking and seal the road that was installed previously.

This work will significantly improve parking and the appearance of the cemetery and includes sealing, kerb and channel line marking and new gardens.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

EARTHQUAKE STRENGTHENING FOR COUNCIL BUILDINGS INCLUDING HALLS AND COMMUNITY CENTRES

Changes to the Building Act 2004 as a consequence to the Canterbury earthquakes means there are now requirements to strengthen buildings to at least 33% of the Building Code, or to demolish them. To enable

Council to plan for the future, Earthquake Prone Assessments (IEPs) have been undertaken for key Council buildings and this has identified that many of these need earthquake strengthening work (see table).

The table shows that some earthquake strengthening work is currently committed to (and budgeted for) in the 2018/28 Long Term Plan. However, during the timeframe of this Plan, Council expects it will need to take a flexible approach in regards to future capital works and funding for a number of Council-owned or funded buildings. Decisions will be made in conjunction with local communities, and Council has identified community planning as the appropriate mechanism to address this.

ALTERNATIVE BURIALS





A recent update of the Balclutha Reserves Management Plan identified introducing spaces to cater for changing burial methods and requirements for our diversifying community. A budget has been included to give effect to this.

DESTINATION TOILETS

Upgrades to the Milton public toilets are planned during the 2019/20 year, to make them modern, safe and easily accessible. This work would involve demolition of the current toilet block and the installation of new modern public toilets, as well as removal of the existing surface surrounding the toilets and the installation of new paving in the surrounding area. The community services capital expenditure budget also includes provision for renewal or an improved level of service for public toilets in Balclutha (2018/19).

Table: Current Earthquake Status of Council buildings

Building	% National Building Standard (note 1)	IEP grade	Planned capital expenditure on earthquake strengthening	
			Amount	Period
Main office at Rosebank Terrace	>100%	A		
Hillend Community Centre	>100%	A		
Balclutha Swimming Pool	65%	C	\$15,000	2018/19
Owaka Memorial Community Centre	40%	C	\$324,500	2025/26
Kaka Point Community Centre	30%	D	\$130,000	2023/24 – 2024/25
Waihola Community Centre	24%	D	\$41,000	2024/25 – 2025/26
Lawrence Service Centre/Library	20%	D	\$80,000	2022/23
Balclutha Information Centre	20%	D	(see note 2)	2018/19 – 2020-21
Balclutha War Memorial Hall (fly tower)	<20%	E	(see note 2)	2018/19 – 2020-21
Milton Service Centre/Library	<20%	E	(see note 3)	To be determined
Clutha Valley Community Centre	14%	E	\$24,000	2022/23 – 2023/24
Tapanui Service Centre/Library	10%	E	\$183,000	2024/25
Balclutha Library (old area)	<10%	E	\$196,000	2026/27
Waitahuna War Memorial Hall	5%	E	\$265,000	2024/25 – 2025/26

	Earthquake 'safe' – Very low risk building
	Earthquake risk – accepted legally but improvement recommended
	Earthquake prone – unacceptable and improvements required
	

Note 1: The IEP grades for some buildings have changed since 2015, due to additional assessment work being undertaken by Beca in 2017. This detailed assessment found that the IEP grade for some buildings is higher than originally thought. However, the table shows that the majority of these Council-owned buildings fall well below the 33% minimum standard.

Note 2: Approximately \$2.1M is budgeted for capital works on the Balclutha War Memorial Hall, between 2018/19 and 2020/21. This work will include earthquake strengthening as part of its scope.

Note 3: Council will investigate ways to future-proof the Milton Service Centre and Library facility. Two main possibilities have been identified - seismic strengthening and refurbishment of the existing building, or creating a new service centre / library facility. Further investigation will be required before a final decision is made, and a process for funding this work would need to be determined through the Long-Term Plan process.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

BALCLUTHA MEMORIAL HALL

Council is currently supporting the work of the Balclutha War Memorial Hall Coordinating Group, which has the aim of rejuvenating this facility, and investigating the creation of a multi-purpose community and visitor hub. The first milestone for the group will be to complete a comprehensive business case, which will determine the level of involvement from Council, the community, and other stakeholders. It may include a new model of ownership and funding options, and will also need to consider what work is required to make the building earthquake safe.

Once the business case has been agreed and approved by Council and other stakeholders, work will commence on putting the plan into action.

WALKING & CYCLING NETWORKS

Walkways and cycle trails have been growing in popularity throughout New Zealand and Otago. Previous feedback to Council is that further development of walking and cycling links within, and between the various communities in the Clutha District is a priority. Options for improving these networks are being considered as part of the 'Our Place' Community Plan development program, and some direction has already been set for improvements in Balclutha and Milton.

This will initially focus on ways to make progress within existing budgets, through some 'easy wins' such as improved signage and maps. Longer term, Council will also investigate ways to make more

substantial improvements, in partnership with existing groups and organisations.

FUTURE PROOFING COUNCIL'S COMMUNITY HOUSING STOCK

Council currently has 98 community housing units throughout the district. They are typically smaller single units that are available to those over 25 years of age that meet Council's criteria. A key consideration in Council's 'Living and Working' strategy is looking at opportunities for keeping people in the district. Considering and planning for the infrastructure to support an aging population is important, and suitable housing is a crucial part of this.

Initial work has indicated that there are significant renewals forecast for these units in the medium term and that the current self-funding model is unlikely to be able to fund this work. As part of working towards the Living and Working Strategy, Council will initiate a review of its community housing activity during 2018/19 to determine a range of factors including current issues, future levels of demand, types of community housing, the long-term sustainability of the housing portfolio, and the options available to Council.

No major renewal work, other than urgent work, will be undertaken on community housing units until this review and future direction has been confirmed by Council.

CHANGING THE WAY WE RATE FOR COMMUNITY FACILITIES

Council will change the way it collects rates to pay for community facilities such as halls, parks, reserves, pools, sports grounds, and playgrounds. The change will mean there is a fixed charge for all ratepayers who live in the same defined "community of interest" area. Previously, the amount paid in rates for these

facilities was dependent on each properties land value, and whether it was inside or outside the town boundary. The defined communities of interest are Bruce, Catlins, Clinton, Lawrence-Tuapeka, Lower Clutha and West Otago. This change is intended to make the rating system as fair as possible and is based on the idea that the same services and facilities are available to everyone in that area whether they live urban or rurally.

Council will also undertake a comprehensive review of the way it funds, or helps to fund particular community-owned assets such as halls and pools, as the present system does not necessarily provide for a consistent approach. This may lead to further modifications in the way Council collects rates to help fund these types of asset. Any further changes are likely to be minor, and Council would consult with affected communities before implementing any changes.

WHAT'S NOT INCLUDED IN THE PLAN

ADDITIONAL UPGRADES AS PART OF EARTHQUAKE STRENGTHENING OF COUNCIL BUILDINGS

As described above, there is a budget allocated to earthquake strengthen Council buildings during the 2018/28 Long Term Plan. However, there is no additional budget included for other upgrades which the community may wish to undertake at the same time as the strengthening work is completed. More detailed building assessments and community engagement during the next 3 years will help inform future work programs, and be incorporated into the 2021/31 Long Term Plan.

WHAT WE ARE PLANNING FOR COMMUNITY SERVICES*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
SERVICE CENTRES & LIBRARIES										
Milton Service Centre Redevelopment				987						
Lawrence Service Centre/Library Renewals & Earthquake Strengthening					183					
Tapanui Service Centre/Library Renewals & Earthquake Strengthening							245			
Balclutha Service Centre/Library Renewals & Earthquake Strengthening								310		
Library Book Renewals						1,244				
SWIMMING POOLS										
Milton Swimming Pool Renewals					93					
Balclutha Pool Renewals					400					
Balclutha Pool Capital Costs & Earthquake Strengthening	769									
PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS										
Balclutha Main Street Watering System	16									
Balclutha Parks & Reserves					998					
Waihola Parks & Reserves		30								
Kaitangata Parks & Reserves Renewals		20								
Kaitangata Skate Park Stage 2			42							
Lawrence Whitehaven Street Playground Refurbishment		26								
Lawrence Zig Zag Track			52							
Milton Parks & Reserves Reserve Management Plan Additional Work					196					
Owaka Playground Carpark Sealing	15									
Pounaweia Jetty	50									
Balclutha Sportsground Renewals						72				
Cross Recreation Centre improvements	150									

* Equal to or greater than \$20K

WHAT WE ARE PLANNING FOR COMMUNITY SERVICES* CONTINUED

PROJECT (\$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
HALLS & COMMUNITY CENTRES										
Balclutha War Memorial Hall Capital Works		2,108								
Clutha Valley Community Centre Renewals		24								
Clutha Valley Community Centre Earthquake Strengthening					223					
Kaka Point Community Centre Renewals & Earthquake Strengthening						149				
Waitahuna Hall Earthquake Strengthening							265			
Waihola Community Centre Renewals & Earthquake Strengthening							23	41		
Owaka Community Centre Renewals & Earthquake Strengthening								444		
PUBLIC TOILETS										
Public Toilet Renewals	35	84				33	23			24
Balclutha and Milton Toilet Upgrades	550	561								
Cannibal Bay Toilet	25									
Taieri Mouth Knarston Park Toilets - Consent Renewal	20									
CEMETERIES										
Balclutha Cemetery Carpark	55									
Balclutha Cemetery Alternative Burial Project										
Balclutha Cemetery Tree Maintenance	15									
COMMUNITY HOUSING										
Community Housing – Level of Service Improvements	20									
Community Housing Renewals					3,057					
CAMPING GROUNDS										
Naish Park and Kaka Point Camping Ground Renewals					446					

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
Operate a network of community facilities throughout the district including library/service/information centres, pools, halls, playgrounds, sportsgrounds, parks and reserves.	Resident satisfaction with community facilities	99%	≥75%	≥76%	≥77%	≥80%
Provide and maintain community housing throughout the district	Occupancy of community housing units	84%	≥95%	≥95%	≥95%	≥100%

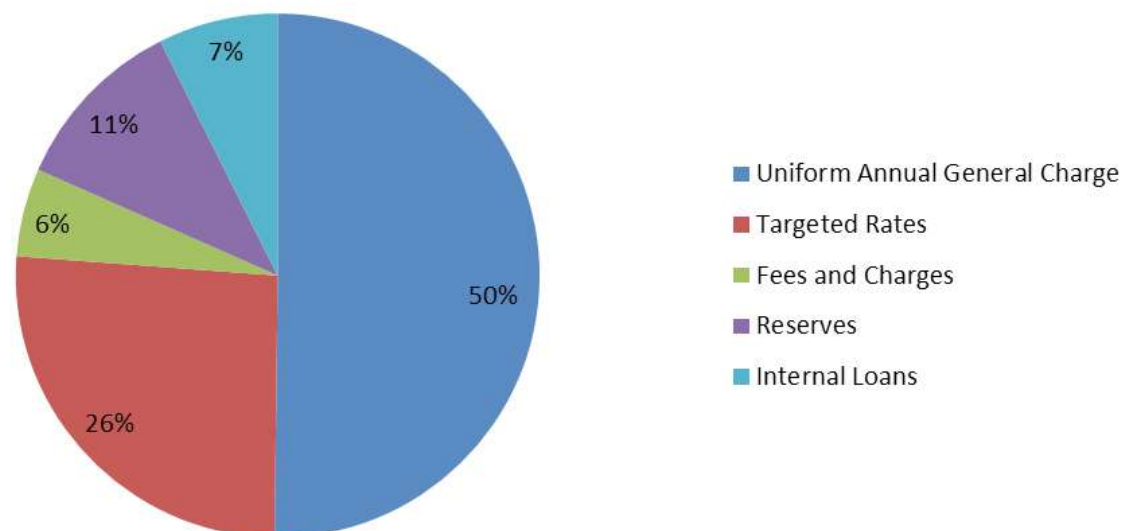
WORK WE WILL BE FOCUSING ON IN THIS PLAN:

- Earthquake strengthening Council-owned and funded buildings
- Rejuvenating the Balclutha War Memorial Hall, in conjunction with the coordinating committee
- Investigating and implementing community services activities identified within the 'Our Place' Community Plans
- Community housing review

HOW COMMUNITY SERVICES IS FUNDED

Rating for Community Services

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE
Libraries	5-10%	90-95%		
Service & Information Centres	5-10%	90-95%		
Cemeteries	55%	45%		
Public Toilets		50%	50%	
Community Housing and Other Property	100%			
Swimming Pools	10-15%	40-45%		40-45%
Parks, Playgrounds & Reserves		50%		50%
Sportsgrounds	3-7%			
Halls & Community Centres	12-18%	41-44%		41-44%
Cross Recreation Centre		50%		50%



WHAT IT WILL COST FOR COMMUNITY SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	2,593	3,121	3,189	3,290	3,366	3,524	3,611	3,681	3,828	3,836	3,897
Targeted rates	1,642	1,590	1,636	1,695	1,758	1,818	1,858	1,916	2,024	1,986	2,017
Subsidies and grants for operating purposes	0	123	123	123	98	53	53	53	39	0	0
Fees and charges	1,235	287	292	298	305	311	318	326	334	342	350
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	911	930	948	968	989	1,012	1,036	1,060	1,087	1,114
TOTAL OPERATING FUNDING	5,470	6,032	6,170	6,354	6,494	6,696	6,852	7,012	7,285	7,251	7,379
Applications of operating funding											
Payments to staff and suppliers	(3,594)	(3,726)	(3,787)	(3,859)	(3,941)	(4,027)	(4,114)	(4,202)	(4,297)	(4,397)	(4,501)
Finance costs	(278)	(284)	(343)	(373)	(392)	(471)	(459)	(472)	(468)	(458)	(449)
Internal charges and overheads applied	(1,191)	(1,377)	(1,369)	(1,426)	(1,413)	(1,454)	(1,514)	(1,500)	(1,541)	(1,604)	(1,611)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,063)	(5,387)	(5,499)	(5,658)	(5,746)	(5,952)	(6,087)	(6,174)	(6,306)	(6,459)	(6,561)
SURPLUS (DEFICIT) OF OPERATING FUNDING	407	645	671	696	748	744	765	838	979	792	818
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	225	1,481	522	1,378	663	(357)	(333)	(357)	(416)	(286)	(434)
Gross proceeds from sale of assets	0	2,324	500	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	225	3,805	1,022	1,378	663	(357)	(333)	(357)	(416)	(286)	(434)

Continues on next page

WHAT IT WILL COST FOR COMMUNITY SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	(631)	(2)	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	(58)	(1,818)	(825)	(1,116)	(507)	(207)	(339)	(477)	(765)	(179)	(11)
Capital expenditure to replace existing assets	(71)	(490)	(495)	(1,795)	(1,467)	(385)	(1,676)	(722)	(454)	(406)	(619)
(Increase) decrease in reserves	196	58	(53)	558	278	(22)	1,195	428	449	(199)	(54)
(Increase) decrease of investments	(68)	(2,198)	(320)	279	285	227	388	290	207	278	300
TOTAL APPLICATIONS OF CAPITAL FUNDING	(632)	(4,450)	(1,693)	(2,074)	(1,411)	(387)	(432)	(481)	(563)	(506)	(384)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(407)	(645)	(671)	(696)	(748)	(744)	(765)	(838)	(979)	(792)	(818)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR COMMUNITY SERVICES

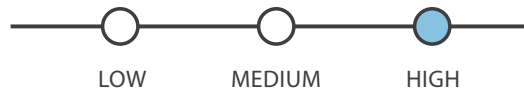
WHAT WE HAVE ASSUMED

Meeting increasing standards – earthquake strengthening

Council assumes that budgets will not be significantly affected by the work required following structural assessments of Council's halls and community centres.

There will be no significant variation in the level of service or the level of funding for Halls and Community Centres.

LEVEL OF UNCERTAINTY



WHAT WOULD HAPPEN IF THIS CHANGED

The extent of work required remains unknown until after completion of the full structural analyses. Until then it is hard to know the impact on budgets. Costs that are significantly greater than expected could bring into question the sustainability of all or some of this activity.

Consultants have identified maintenance requirements for the district's halls and community centres. A recurrent theme is funding shortfalls that will need to be made up via loans and/or grants. If Council and/or affected communities decide that estimated budgets are too high the alternative will be a lower level of service or more community operation of these facilities.

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR COMMUNITY SERVICES

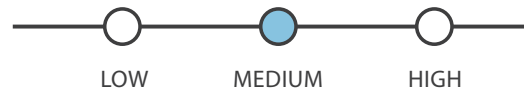
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Balclutha and Milton Pool usage

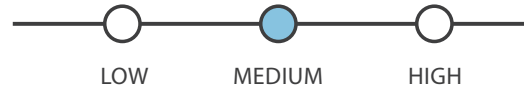
Council assumes the general decline in usage, which has occurred over the last 10 years or so at Balclutha and Milton Pools, has stabilised. Usage will remain relatively constant over the life of this plan



If usage falls more than expected, income from user charges will be less than budgeted and alternative funding may be required. Conversely, if usage is higher than expected, additional resourcing may be required.

Balclutha boiler

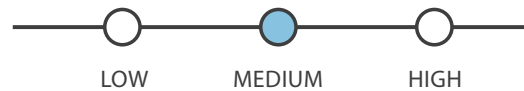
It is assumed that Balclutha pool's coal-powered boiler will continue to operate until the end of its useful life. The current boiler is relatively new and can be converted to burn wood chips if required. It is also assumed that no other significant problems will be experienced, for example, any major water leaks or water loss.



If heating has to change to wood chips or electricity this would increase the pools operating costs. Any other unknown major problems relating to the pool would also affect budgets.

Community-operated facilities – information centres and museums

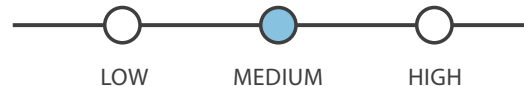
Future options for information/service centres and museums will be explored during this plan. Based on current information Council assumes any changes to these services will be budget-neutral.



If changes are not budget-neutral this could have impacts and would need to be carefully considered

Additional public toilets on tourist routes

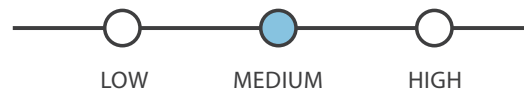
Council acknowledges the Catlins as a tourist growth area. This plan assumes that no additional toilets will be necessary along the Southern Scenic Route or other population tourist areas.



If additional toilets are required, Council may need to increase budgets.

Community housing review

Expenditure apart from necessary basic maintenance has been put on hold while a review of housing takes place. Long term financial sustainability is an important consideration in the review.



Depending upon the outcome of the review, alternative funding arrangements may be required for community housing.

*Universal financial assumptions that also affect Community Services are included in the financial strategy section of this document.

REGULATORY AND EMERGENCY SERVICES

WHAT WE DO

PROPERTY FILE RECORDS MANAGEMENT

This involves:

- Providing Land Information Memoranda.
- Keeping property files up to date and available for public inquiries.

RESOURCE MANAGEMENT

This involves:

- Providing advice on planning matters.
- Promoting the sustainable management of natural and physical resources.
- Processing resource consent applications for land use and subdivision.
- Carrying out monitoring, enforcement and prosecution when necessary.

BUILDING CONTROL

This involves:

- Providing advice and administering the Building Act 2004.
- Processing applications for Project Information Memoranda (PIMS) and Building Consents.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work.

ENVIRONMENTAL HEALTH

This involves:

- Registering and inspecting/auditing premises that prepare or sell food.
- Registering and inspecting other controlled premises e.g. camping grounds.

- Promoting safe health practices through seminars and newsletters.

- Responding to noise complaints. Approximately 80 noise complaints are responded to annually.

ANIMAL CONTROL

This involves:

- Maintaining a register of the dogs in the district.
- Responding to complaints of wandering stock and dogs as well as barking and nuisance complaints.
- Providing impounding facilities, which are located in Balclutha.
- Providing education and advice to dog owners.
- Undertaking enforcement for non-compliance with dog control legislation and bylaws.

ALCOHOL LICENSING

This involves:

- **Controlling the sale and supply of liquor.**
- **Processing applications for on, off, club and special licenses, processing manager's certificates and renewals, and monitoring licensed premises for compliance.**
- **Promoting the principle of alcohol harm reduction.**
- **Reviewing Council's liquor ban bylaw to allow appropriate enforcement.**

CIVIL DEFENCE EMERGENCY MANAGEMENT

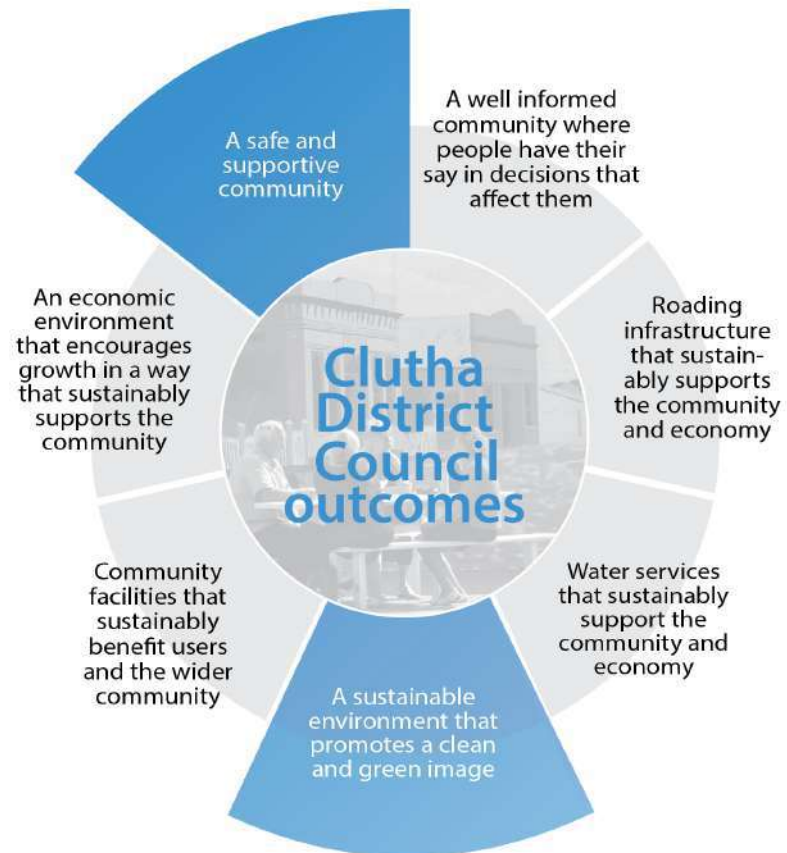
This involves:

- **Work with other authorities to plan for hazards and maintain Emergency Management and Operational plans.**
- **Maintaining systems, communications and resources that can be used during an emergency.**
- **Providing training for a network of volunteers throughout the district.**
- **Promoting awareness and personal preparedness.**
- **Monitoring known hazards, for example, the Clutha and Pomahaka rivers.**
- **Responding when actual or potential emergencies arise.**
- **Assisting with recovery after an event.**

WHY WE DO IT

The activities in this group are provided to ensure public health and safety, and to ensure that economic activity and development occurs in a way that does not place people or the environment at risk.

This activity group makes a primary contribution to the community outcomes "a safe and supportive community" and "a sustainable environment that promotes a clean, green image."



SIGNIFICANT EFFECTS

The significant effects Council's Regulatory and Emergency Services have on our district's wellbeing are outlined below.

POTENTIAL SIGNIFICANT NEGATIVE EFFECT	CULTURAL	SOCIAL	ECONOMIC	ENVIRONMENTAL	OUR RESPONSE
If legislative responsibilities are not well managed, there is the risk that social, economic, environmental and cultural benefits will not be realised.	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	Council has a responsibility to ensure that all processes and legislative requirements are properly followed.
When Council undertakes its regulatory activities it takes time to process applications and there is a cost to applicants. This is an unavoidable negative effect in order to make sure that legal requirements are met and that, more importantly, public safety and the environment are protected.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Council has a responsibility to ensure that costs and processing times are kept to a minimum.
There is a risk of injury to animal control officers from dog owners, dogs and livestock	<input checked="" type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	Ongoing training provided to ensure that necessary precautions are taken to protect against attack.
The dog control activity is predominantly funded by dog registrations. In many cases, those dogs that cause problems are not registered. To a certain extent 'problem' dogs and their owners are funded by responsible dog owners.	<input type="radio"/>	<input checked="" type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Cost recovery options can be implemented where possible.
Legislation is requiring more stringent Council input in the building consent process, which is increasing costs.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Apart from advocating on behalf of the community (via submissions to Central Government, for example), legislation is beyond the control of local authorities. There are limited options for councils to keep costs down when these costs come from sources outside their control.
Processing times for the various stages associated with building projects is considered a delay in construction.	<input type="radio"/>	<input type="radio"/>	<input checked="" type="radio"/>	<input type="radio"/>	Council has to ensure that it balances its responsibilities in relation to public safety with the needs of builders in relation to responsiveness.

MAINTAINING CURRENT LEVELS OF SERVICE

MAINTENANCE AND OPERATIONS

Regulatory and Emergency Services will continue to be carried out in-house, with the exception of after-hours noise and animal control and rural fire responsibilities. After-hours noise and animal control is contracted out and reviewed annually. Rural Fire is now the responsibility of the Otago Rural Fire Authority.

The other main tasks involved with the ongoing maintenance and operation in this activity group include retaining building consent authority accreditation, maintaining the Civil Defence and District Plans, and retaining civil defence volunteers and maintaining their training levels.

RENEWALS AND REPLACEMENTS

Regulatory and Emergency Services do not involve any significant assets. The only assets that are funded as capital items are the dog pound and rural fire depots. These are funded for depreciation in accordance with Council's standard practice for buildings. These facilities are in good condition, and no new capital requirements beyond ongoing maintenance are anticipated. The exception to this is the Papatowai Fire Station, which is planning a small extension to provide for an undercover staging area for events.

The only other significant capital items are vehicles and communications equipment. Vehicles are purchased through Council's Treasury function, and funded through an internal lease. Communications

equipment (radios) are older models and may need to be replaced during the life of this plan. Any replacements will need to be made in line with any digital radio strategy that may be implemented.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

BUILDING CONSENT

AUTHORITY (BCA) ACCREDITATION

Council will continue to ensure that it meets necessary requirements to retain its BCA accreditation. Council will also continue its involvement in the various regional shared services groups. Of particular relevance here is the continued collaboration between Clutha District Council and the three building control authorities within the Southland region.

Changes to the Dangerous and Insanitary Building provisions at the national level have been finalised. Council will gradually implement a programme to assess potentially earthquake prone buildings. It is anticipated that our involvement will be as a conduit between building owners and structural assessors, with no Council funding allocated to assist private building owners meet their obligations.

FOOD CONTROL PLANS

The new Food Act 2014 requires food control premises to develop a Food Control Plan (FCP), in which food safety risks are identified together with the necessary steps to mitigate them. Council is responsible for auditing the FCPs on an annual basis. Part of the audit will involve inspections to ensure that what is written in the plan is actually happening.

URBAN GROWTH/ROLLING

DISTRICT PLAN REVIEW

In conjunction with the key issue of growth, Council has moved its focus from district wide issues to more specific matters relating to zoning for growth and constraints to development (e.g. hazards and outstanding landscapes). This will be carried out over different towns and areas of the district and will be informed by previous consultations as well as further consultation with potentially affected parties.

WORK WE WILL BE FOCUSING ON IN THIS PLAN:

- Facilitating Council's focus on growing the rating base by:
 - o Enabling the consenting process
 - o Reviewing provisions within the already enabling District Plan
 - o Facilitating the development of district hubs via the District Plan, e.g. s Milton as an industrial hub and Balclutha as a service hub.
 - o Supporting and enabling the utilization of land for development
 - o Assess current land availability and potential for use
 - o Research where our gaps are in housing, commercial property, industrial land and town aesthetics
- Maintaining BCA accreditation
- Working with our food premises to develop Food Control Plans
- Reviewing and improving our emergency services capability

WHAT WE ARE PLANNING FOR REGULATORY AND EMERGENCY SERVICES*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Rolling update of the District Plan	40	41	42	42	43	44	45	47	48	49
Building Control Authority (BCA) Accreditation	20	20	21	21	22	22	23	23	24	24

* Equal to or greater than \$20K

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)	HOW WE WILL MEASURE PROGRESS (performance measure)	HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
To provide an application processing service where consents are processed within statutory time frames in an efficient manner	Applications lodged are processed within statutory time frames*	95%	100%	100%	100%	100%
Complaints are prioritised and responded to in an efficient manner	Customer service requests are responded to within target time frames	New	≥95%	≥95%	≥95%	≥95%

* Includes resource consent, building consent, land information memorandum and alcohol licencing applications.

** FTE = full time equivalent position and 40 available personnel are required to resource 2.5 shifts.

HOW REGULATORY AND EMERGENCY SERVICES ARE FUNDED

Council funds Regulatory and Emergency Management through a combination of fees and charges, Uniform Annual General Charge and rates based on land value. The following table shows funding arrangements:

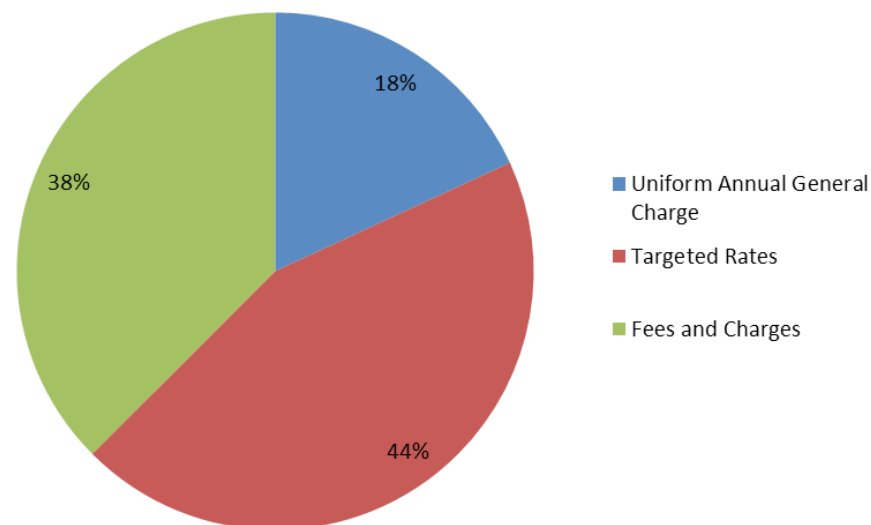
In developing this plan Council has reviewed overhead allocations and has increased the allocation to this activity group.

These changes will mean that fees and charges will increase, particularly for animal control, to meet the recovery targets set in Council's Revenue and Financing Policy.

In addition, a new compliance activity has been created, which is to cover some of the work carried out by our Animal Control staff as well as the new activity areas for building control, planning and freedom camping compliance.

Rating for Regulatory and Emergency Services

ACTIVITY	USER FEES & CHARGES	GENERAL RATE	TARGETED RATE	
		UNIFORM CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON AVAILABILITY OF SERVICES AND/OR LOCATION UNIFORM CHARGE LAND VALUE (LV)
Resource Management	80-90%		10-20%	
Animal Control	95%	5%		
Environmental Health	10-15%	85-90%		
Building Control	80-90%		10-20%	
Alcohola Licensing	100%			
Compliance		100%		
Emergency Services		100%		



WHAT IT WILL COST FOR REGULATORY & EMERGENCY SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	123	256	260	268	267	273	281	281	286	295	297
Targeted rates	528	640	629	673	646	683	686	689	684	730	711
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	421	518	529	539	551	563	576	589	603	618	633
Internal charges and overheads recovered	0	0	0	0	0	0	0	0	0	0	0
Fuel tax, fines, infringement fees and other receipts	485	598	610	621	634	647	661	676	692	708	726
TOTAL OPERATING FUNDING	1,557	2,012	2,027	2,101	2,097	2,166	2,204	2,235	2,265	2,351	2,367
Applications of operating funding											
Payments to staff and suppliers	(981)	(1,069)	(1,065)	(1,103)	(1,100)	(1,143)	(1,142)	(1,185)	(1,188)	(1,231)	(1,238)
Finance costs	(7)	(10)	(9)	(8)	(7)	(6)	(6)	(5)	(4)	(4)	(3)
Internal charges and overheads applied	(658)	(862)	(880)	(918)	(909)	(936)	(975)	(966)	(993)	(1,035)	(1,039)
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,646)	(1,941)	(1,954)	(2,029)	(2,016)	(2,085)	(2,123)	(2,156)	(2,185)	(2,270)	(2,280)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(89)	71	73	72	81	81	81	79	80	81	87
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	(15)	(18)	(19)	(20)	(21)	(21)	(22)	(12)	(12)	(13)	(13)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	(15)	(18)	(19)	(20)	(21)	(21)	(22)	(12)	(12)	(13)	(13)

WHAT IT WILL COST FOR REGULATORY & EMERGENCY SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to replace existing assets	114	0	0	0	0	0	0	0	0	0	0
(Increase) decrease in reserves	(10)	(16)	(16)	(16)	(17)	(17)	(18)	(18)	(18)	(19)	(19)
(Increase) decrease of investments	0	(37)	(38)	(36)	(43)	(43)	(41)	(49)	(50)	(49)	(55)
TOTAL APPLICATIONS OF CAPITAL FUNDING	104	(53)	(54)	(52)	(60)	(60)	(59)	(67)	(68)	(68)	(74)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	89	(71)	(73)	(72)	(81)	(81)	(81)	(79)	(80)	(81)	(87)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

CALLS WE HAVE MADE IN PUTTING BUDGETS FOR THIS PLAN TOGETHER

KEY PLANNING ASSUMPTIONS FOR REGULATORY AND EMERGENCY SERVICES

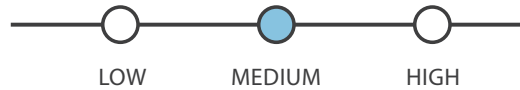
WHAT WE HAVE ASSUMED

LEVEL OF UNCERTAINTY

WHAT WOULD HAPPEN IF THIS CHANGED

Building consent authority changes

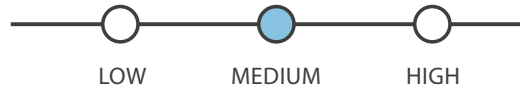
Council assumes that, in light of the government-initiated review of Building Consent Authorities (BCAs), Council will retain its role as a BCA and that its role will not significantly change.



That Council's responsibilities regarding building consents could significantly change which could have flow on budgetary implications.

Dangerous and insanitary and earthquake prone building changes

Following Initial Earthquake Prone assessments (IEPs) there are a number of Council buildings that require in-depth structural analyses. The results of these analyses may add significantly to workloads. However, Council assumes this can be accommodated within existing budgets and resources.



New workloads cannot be accommodated within existing resources, which will have financial implications.

*Universal financial assumptions that also affect Regulatory & Emergency Services are included in the financial strategy section of this document.

INTERNAL SERVICES

Internal services play an important role in enabling Council to function.

WHAT WE DO

Several internal services support our significant activities in delivering services to our communities. These include corporate management, human resources, health and safety, policy and communications, district assets operations, regulatory operations, forestry, treasury, information services, geographic information systems (GIS) and the running and maintenance of our main the Rosebank office in Balclutha.

WHY WE DO IT

Internal services play an integral role in enabling Council to function.

MAINTAINING CURRENT LEVELS OF SERVICE

Ongoing renewal work is planned for Council's Rosebank Terrace head office, including for the interior of the building, and for regular information technology renewals including GIS software and aerial photography updates.

Council's internal services will continue to support Council's activities using in-house staff and when required specialist consultant expertise.

Significant investment has occurred in Council's technology across all aspects, including our Enterprise Resource Planning (ERP) system, our Document Management System, our web, mobile and online solutions, and our network and telecommunications. Getting the most out of the new technology is the aim in the first few years of the term of this Long Term Plan.

Council has a continuous review of Council property with a view to holding property for specific purposes only. Council will continue to divest forestry, actioning previous decisions of Council, always testing to ensure the best return to the ratepayer.

Council will continue to ensure Health & Safety is a priority and that our staff and contractors remain safe.

IMPROVEMENTS OR CHANGES WE'RE PROPOSING

Council has developed policy for the distribution of investment returns for the period of the Long Term Plan, maximizing the return to the ratepayer with budgeted dividends.

Council's E-business platform should be fully implemented in 2018/19 and thereafter Council will begin the process of back-scanning our paper records and working in a fully digital environment internally, and externally, offering that as a preferred choice for our customers and contractors.

Council has added resources to improve the customer contact element of our service request system, and to complete our quality management system, ensuring all of our critical processes are documented for better consistency of delivery and to reduce risk.

WHAT WE ARE PLANNING FOR INTERNAL SERVICES*

PROJECT (All in \$000s)	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Renewals										
Vehicle renewals	240	245	250	255	261	267	273	279	286	293
Online services implementation & improvements	22	20								
Ozone implementation	75									
Ozone upgrades	20	20								
Hardware purchases	25	26	26	27	27	28	28	29	30	31
M Files	209									
Aerial photography	73					81				
Administration office renewal	70	235	52	63	28	21		69		173
Level of service improvements										
Administration office improvements	25	357								
Digitisation - archiving	50	51								
Back scanning	461	98								
Consent management system	30									

* Equal to or greater than \$20K

WHAT IT WILL COST FOR INTERNAL SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGCs, rates penalties	473	0	0	0	0	0	0	0	0	0	0
Targeted rates	0	0	0	0	0	0	0	0	0	0	0
Subsidies and grants for operating purposes	0	0	0	0	0	0	0	0	0	0	0
Fees and charges	196	133	136	139	142	145	148	152	155	159	163
Internal charges and overheads recovered	6,469	7,231	7,175	7,447	7,392	7,592	7,879	7,820	8,017	8,324	8,362
Fuel tax, fines, infringement fees and other receipts	0	0	0	0	0	0	0	0	0	0	0
TOTAL OPERATING FUNDING	7,138	7,364	7,311	7,586	7,534	7,737	8,027	7,972	8,172	8,483	8,525
Applications of operating funding											
Payments to staff and suppliers	(6,463)	(6,948)	(6,799)	(7,047)	(7,037)	(7,218)	(7,482)	(7,474)	(7,653)	(7,936)	(8,020)
Finance costs	(5)	(7)	(6)	(6)	(6)	(5)	(5)	(4)	(4)	(3)	(3)
Internal charges and overheads applied	0	0	0	0	0	0	0	0	0	0	0
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	(6,468)	(6,955)	(6,805)	(7,053)	(7,043)	(7,223)	(7,487)	(7,478)	(7,657)	(7,939)	(8,023)
SURPLUS (DEFICIT) OF OPERATING FUNDING	670	409	506	533	491	514	540	494	515	544	502
Sources of capital funding											
Subsidies and grants for capital expenditure	0	0	0	0	0	0	0	0	0	0	0
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	250	20	(16)	(16)	(17)	(18)	(19)	(13)	(13)	(14)	(14)
Gross proceeds from sale of assets	0	0	0	0	0	0	0	0	0	0	0
Lump sum contributions	0	0	0	0	0	0	0	0	0	0	0
Other dedicated sources of funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	250	20	(16)	(16)	(17)	(18)	(19)	(13)	(13)	(14)	(14)

Continues on next page

WHAT IT WILL COST FOR INTERNAL SERVICES

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Applications of capital funding											
Capital expenditure to meet additional demand	0	0	0	0	0	0	0	0	0	0	0
Capital expenditure to improve the level of service	(200)	(1,005)	(582)	(36)	(37)	(38)	(120)	(40)	(41)	(42)	(43)
Capital expenditure to replace existing assets	(807)	(310)	(479)	(302)	(318)	(288)	(287)	(279)	(318)	(305)	(467)
(Increase) decrease in reserves	(189)	897	579	(146)	(146)	(191)	(174)	(272)	(258)	(290)	(178)
(Increase) decrease of investments	276	(11)	(7)	(33)	27	21	60	110	115	106	200
TOTAL APPLICATIONS OF CAPITAL FUNDING	(920)	(429)	(490)	(517)	(474)	(496)	(521)	(481)	(502)	(530)	(488)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(670)	(409)	(506)	(533)	(491)	(514)	(540)	(494)	(515)	(544)	(502)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

WHAT WE'RE AIMING FOR

WHAT WE'RE WORKING TOWARDS (level of service)		HOW WE'RE PERFORMING NOW	WHAT WE'RE AIMING FOR			
		2016/17	2018/19	2019/20	2020/21	2022/23 - 2027/28
We handle customer requests for service efficiently and effectively	Percentage of service requests resolved within time frames	New	95%	95%	95%	95%
We deliver on our work programmes	Percentage of capital projects completed*	New	75%	80%	82%	90%

* Based on an average that takes into account: 1) number of projects completed and 2) approved budget spent.

RATES

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

Continues on
next page

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Operating Funding											
General rates, UAGC's, rates penalties	5,344	4,506	4,943	5,095	5,190	5,404	5,548	5,653	5,866	5,906	6,010
Targeted rates	20,541	21,529	21,901	22,635	23,485	24,325	25,288	26,000	26,589	27,484	28,168
Subsidies and grants for operating purposes	3,144	3,647	3,783	4,020	4,112	4,074	4,122	4,232	4,320	4,361	4,506
Fees and charges	2,812	2,970	3,058	3,180	3,802	3,924	3,504	3,587	3,675	3,773	3,867
Interest and dividends from investments	850	1,257	1,264	1,286	1,308	1,331	1,354	1,377	1,401	1,426	1,450
Fuel tax, fines, infringement fees and other receipts	1,835	1,708	1,742	1,776	1,813	1,852	1,894	1,937	1,983	2,032	2,083
TOTAL SOURCES OF OPERATING FUNDING	34,526	35,616	36,692	37,993	39,711	40,910	41,710	42,787	43,835	44,982	46,084
Applications of Operating Funding											
Payments to staff and suppliers	25,561	26,650	27,687	27,480	28,440	29,286	29,950	30,530	31,256	32,078	32,825
Finance costs	0	0	474	697	839	807	775	710	584	446	328
Other operating funding applications	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF OPERATING FUNDING	25,561	26,650	28,161	28,177	29,279	30,093	30,725	31,240	31,840	32,523	33,153
SURPLUS (DEFICIT) OF OPERATING FUNDING	8,965	8,966	8,530	9,815	10,432	10,817	10,986	11,547	11,995	12,459	12,931

FUNDING IMPACT STATEMENT (WHOLE OF COUNCIL)

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Sources of Capital Funding											
Subsidies and grants for capital expenditure	5,730	5,084	6,639	5,452	5,709	5,827	6,113	6,157	6,208	6,864	7,023
Development and financial contributions	0	0	0	0	0	0	0	0	0	0	0
Increase (decrease) in debt	0	6,000	9,300	7,500	5,300	0	0	(1,000)	(3,000)	(3,500)	(3,000)
(Debt repayments)	0	0	(310)	(720)	(1,026)	(1,057)	(1,090)	(1,070)	(944)	(786)	(650)
Gross proceeds from sale of development property	0	2,324	500	0	0	0	0	0	0	0	0
Other dedicated capital funding	0	0	0	0	0	0	0	0	0	0	0
TOTAL SOURCES OF CAPITAL FUNDING	5,730	13,408	16,129	12,231	9,983	4,770	5,023	4,087	2,264	2,578	3,373
Applications of Capital Funding											
	0	37	0	75	1,147	1,477	0	234	0	248	0
Capital expenditure to meet additional demand	12,320	9,807	7,813	6,716	3,750	486	928	1,017	1,190	837	1,472
Capital expenditure to improve the level of service	15,456	13,517	16,241	15,074	15,093	12,687	14,211	12,968	12,507	13,290	14,587
Capital expenditure to replace existing assets	74	(1,125)	168	(264)	(29)	476	401	938	76	169	(259)
(Increase) decrease in reserves	(13,155)	138	438	446	453	461	469	477	486	494	503
(Increase) decrease of investments	0	0	0	0	0	0	0	0	0	0	0
TOTAL APPLICATIONS OF CAPITAL FUNDING	14,695	22,374	24,659	22,047	20,415	15,587	16,009	15,633	14,259	15,037	16,304
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(8,965)	(8,966)	(8,530)	(9,815)	(10,432)	(10,817)	(10,986)	(11,547)	(11,995)	(12,459)	(12,931)
FUNDING BALANCE	0	0	0	0	0	0	0	0	0	0	0

Continues from previous page

DETAILED DESCRIPTION OF RATE FUNDING MECHANISMS

Council sets the following rates for the year commencing 1 July 2018 and ending 30 June 2019 in accordance with the Local Government Act 2002 and the Local Government (Rating) Act 2002.

All monetary values disclosed are inclusive of GST.

DEFINITIONS

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

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

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

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

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

COMMUNITY LEADERSHIP

Community Board Targeted Rate

	FIXED CHARGE (\$ PER SUIP)	TOTAL AMOUNT TO BE COLLECTED (\$)
West Otago Community Board	65.20	80,600
Lawrence/Tuapeka Community Board	150.20	130,800
TOTAL		211,400

COMMUNITY BOARDS

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

of a rating unit (SUIP) within each community board area as per the table above:

WEST OTAGO HEALTH TRUST

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

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

UNIFORM ANNUAL GENERAL CHARGE (UAGC)

Continues from previous page

Activity	AMOUNT (\$) PER UAGC	TOTAL AMOUNT TO BE COLLECTED (\$)
Council	109.60	1,152,200
Economic development	85.20	895,400
Community support	31.40	330,600
Culture and heritage	26.50	278,400
District wide main street	7.10	74,000
Parks, reserves, sportsgrounds and playgrounds	52.60	553,200
Halls & community centres	23.00	241,900
Swimming pools	62.70	658,600
Service Centres & Libraries	144.30	1,517,000
Information Centres	23.60	247,900
Cross Recreation Centre	10.60	111,800
Animal Control	1.50	16,000
Emergency Services	13.10	137,700
Cemeteries	20.30	213,700
Public conveniences	24.60	258,100
Environmental health	12.80	134,700
Rural fire	0.60	6,200
Waste Minimisation	7.40	78,200
SUB TOTAL	656.90	6,905,600
Income		
Property	20.80	218,900
General - Petrol Tax and Investment Income	55.60	584,900
In-house Professional Services	110.50	1,161,500
SUB TOTAL	186.90	1,965,300
TOTAL	470.00	4,904,300

Council has set a 'UAGC' of \$470.00 on each rateable separately used or inhabited part of a rating unit (SUIP) in the district.

The amount to be collected is \$4,904,300.

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 Roading' rate on every rateable rating unit in the district. The rate is 0.043108 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 \$3,373,300.

LOCAL ROADING

Council has set 'Local Roading' 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 areas (as per attached maps). The rates include a uniform fixed charge component and a component based on land value. The uniform fixed charge component will be charged per SUIP, and the land value component will be differentiated based on location.

The amount to be collected is \$5,743,900.

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 \$217,400.

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

	FIXED CHARGE (\$) PER RATING UNIT	CENTS PER \$ OF LAND VALUE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	57.50	0.19219	424,500
Clinton	57.50	1.10488	40,800
Heriot	57.50	0.34220	7,100
Kaitangata	57.50	0.81727	116,300
Kaka Point	57.50	0.09309	47,400
Lawrence	57.50	0.27180	73,100
Milton	57.50	0.17575	165,500
Owaka	57.50	0.47882	42,700
Papatowai	57.50	0.07532	13,700
Pounawea	57.50	0.10983	14,100
Stirling	57.50	0.26638	31,100
Taieri Mouth	57.50	0.10957	42,600
Tapanui	57.50	0.52218	63,500
Waihola	57.50	0.07313	31,400
Rural	57.50	0.08665	4,630,100
TOTAL			5,743,900

New Footpaths Targeted Rate

	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	46.30	101,400
Clinton	14.60	2,600
Kaitangata	17.80	7,600
Kaka Point	27.70	7,800
Lawrence	13.60	4,800
Milton	69.90	76,200
Owaka	40.80	8,300
Stirling	23.50	3,600
Tapanui	11.20	5,100
Waihola	0.00	0
TOTAL		217,400

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 \$3,359,400.

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

Urban Water Supply Targeted Rate

	FIXED CHARGE (\$) PER CONNECTION	FIXED CHARGE (\$) PER SERVICEABLE SUIP	SCHEME TYPE	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	602.60	301.30	On-demand	1,328,200
Benhar	602.60	0.00	On-demand	26,400
Clinton	512.20	256.10	Restricted	92,200
Kaitangata	602.60	301.30	On-demand	257,000
Kaka Point	512.20	256.10	Restricted	130,100
Lawrence	602.60	301.30	On-demand	228,100
Milton	602.60	301.30	On-demand	632,700
Owaka	512.20	256.10	Restricted	125,200
Stirling	602.60	301.30	On-demand	112,400
Tapanui	602.60	301.30	On-demand	304,900
Waihola	512.20	256.10	Restricted	122,200
TOTAL				3,359,400

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 (as per attached maps). The total amount to be collected is \$4,774,600. 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 0.002024 cents per \$1 of capital value. The amount to be collected is \$158,400.

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 \$2,525,400.

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	305.10	230,800
Balmoral 2	303.30	479,900
Clydevale/Pomahaka	374.60	872,400
Glenkenich	273.40	293,100
Moa Flat	196.00	459,800
North Bruce	269.40	519,700
Richardson	285.20	710,700
South Bruce	166.90	256,500
Tuapeka	358.00	576,700
Waipahi	231.20	191,700
Wangaloa	441.70	183,300
TOTAL		4,774,600

Sewerage Targeted Rate

	FIXED CHARGE (\$) PER CONNECTION	FIXED CHARGE (\$) PER SERVICABLE SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha (including Benhar)	448.00	224.00	1,007,300
Clinton	448.00	224.00	81,500
Heriot	448.00	N/A	34,000
Kaitangata	448.00	224.00	177,900
Kaka Point	448.00	224.00	115,100
Lawrence	448.00	224.00	153,400
Milton (including Tokoiti)	448.00	224.00	480,900
Owaka (including Pounaweia)	448.00	224.00	103,700
Stirling	448.00	224.00	65,600
Tapanui	448.00	224.00	207,200
Waihola	448.00	224.00	98,800
TOTAL			2,525,400

SEWERAGE LOAN RATES

Council has set 'Sewerage Loan' rates to repay loans taken out to fund the capital cost of certain sewerage schemes. The rates are set as an amount for each separately used or inhabited part of a rating unit (SUIP) that is "serviceable", i.e. either connected to one of the following schemes, or for which a connection is available, that did not elect to make a lump sum contribution. The rates for Benhar and Tokoiti are differentiated based on rating area (as per attached maps) and whether either no or a reduced contribution would be required to be fully connected.

The total amount to be collected is \$53,800. 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 \$847,800. The rate for each scheme is shown in the table to the right:

Sewerage Capital Targeted Loan Rate

	FIXED CHARGE (\$) PER CONNECTION	FIXED CHARGE (\$) PER SERVICABLE SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Benhar	972.00	885.00	36,000
Tokoiti	755.00	596.00	17,800
TOTAL			53,800

Stormwater Targeted Rate

	FIXED CHARGE (\$) PER CONNECTION	FIXED CHARGE (\$) PER SUIP	TOTAL AMOUNT TO BE COLLECTED (\$)
Balclutha	154.70	77.35	314,500
Clinton	154.70	77.35	26,800
Kaitangata	154.70	77.35	10,900
Kaka Point	154.70	77.35	62,300
Lawrence	154.70	77.35	38,800
Milton	154.70	77.35	49,000
Owaka	154.70	77.35	144,400
Tapanui	154.70	77.35	30,700
Heriot	154.70	77.35	14,500
Pounawea	154.70	77.35	22,400
Stirling	154.70	77.35	35,900
Taieri Mouth	154.70	77.35	64,100
Waihola	154.70	77.35	33,500
TOTAL			847,800

COMMUNITY SERVICES

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 \$1,629,200.

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

Community Services Targeted Rate

	CENTS PER \$ OF LAND VALUE	TOTAL AMOUNT TO BE COLLECTED (\$)
Bruce	119.80	306,000
Catlins	41.60	37,900
Clinton	64.80	37,200
Lawrence Tuapeka	99.70	86,300
Lower Clutha	251.40	1,115,000
West Otago	40.00	46,800
TOTAL		1,629,200

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 \$158.40 per pair of wheelie bins provided to each SUIP.

The amount to be collected is \$801,900.

DISTRICTWIDE ASSETS

Council has set a 'Districtwide Facilities' rate on every rateable rating unit in the district. This will fund approximately 50% of the costs of public toilets. The rate is 0.003151 cents per \$1 of capital value.

The amount to be collected is \$258,100.

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 0.009398 cents per \$1 of capital value.

The amount to be collected is \$735,400.

VOLUNTARY TARGETED RATE

Council sets targeted rates for rating units in the Clutha District who are part of a Voluntary Targeted Rating Scheme. These scheme provide a way for ratepayers in the Clutha District to pay for the cost of additional services provided specifically to them. These voluntary targeted rates are subject to an agreement between the ratepayer and Council, and

the application of a specified interest rate (currently 3.98%), over a specified timeframe (currently between 3 & 5 years).

The rate is set as a targeted rate for each rating unit in the Clutha District Voluntary Targeted Rate Scheme.

As at 1 July 2018 specific schemes and amounts to be collected are:

VOLUNTARY TARGETED RATE	TOTAL AMOUNT TO BE COLLECTED (\$)
Dust Suppression	24,300
Warm Air Clean Homes	47,800
Cosy Homes	8,300
Sewerage Connection	2,200
Total	82,600

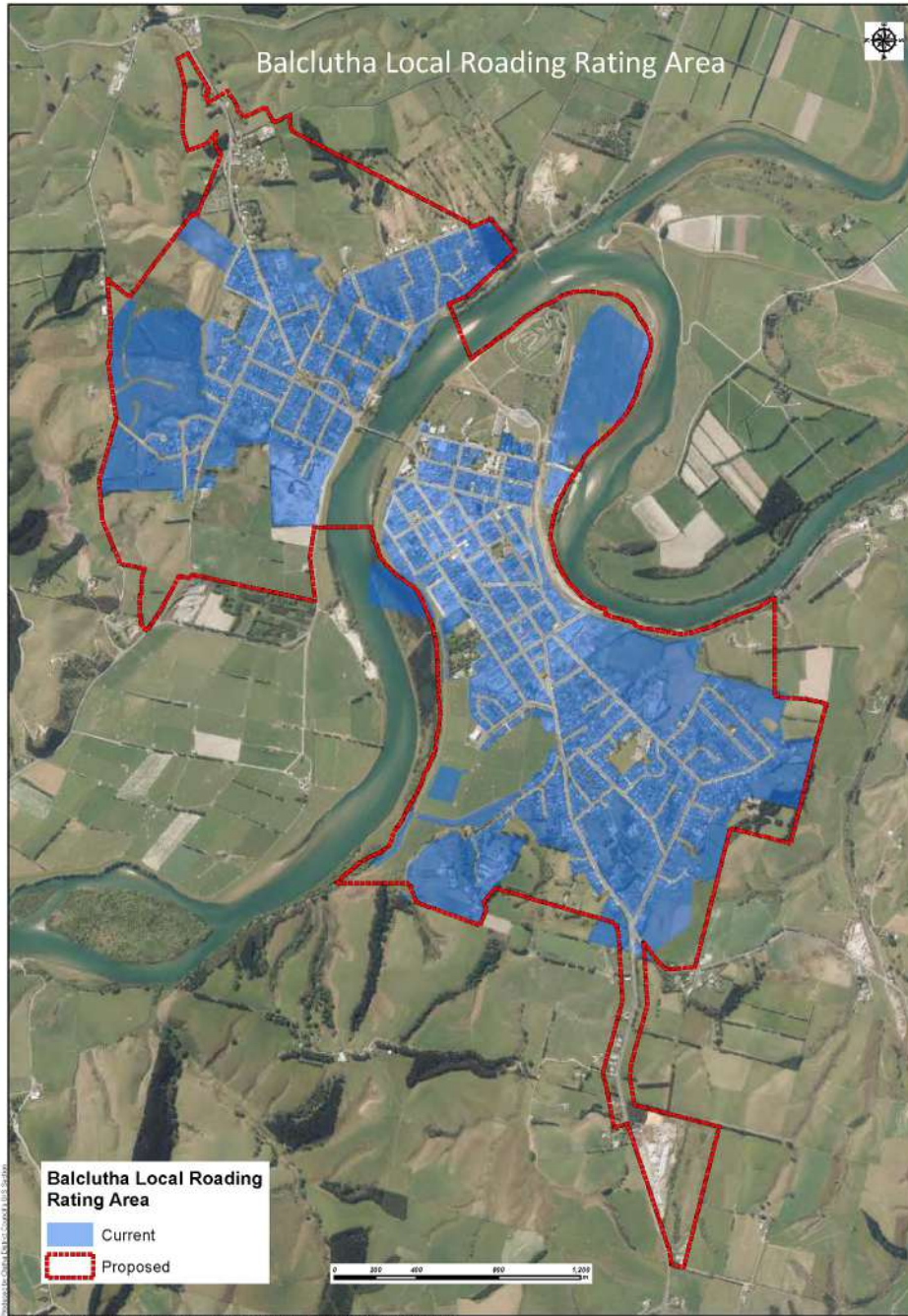
The following maps of rating areas are attached:

1. Lawrence/Tuapeka Community Board Rating Area
2. West Otago Community Board Rating Area (West Otago Health Trust)
3. Local Roding Rating Area – Balclutha
4. Local Roding Rating Area – Clinton
5. Local Roding Rating Area – Heriot
6. Local Roding Rating Area – Kaitangata
7. Local Roding Rating Area – Kaka Point
8. Local Roding Rating Area – Lawrence
9. Local Roding Rating Area – Milton
10. Local Roding Rating Area – Owaka
11. Local Roding Rating Area – Papatowai
12. Local Roding Rating Area – Pounaweia
13. Local Roding Rating Area – Stirling
14. Local Roding Rating Area – Taieri Mouth
15. Local Roding Rating Area – Tapanui
16. Local Roding Rating Area – Waihola
17. Local Roding Rating Area – Rural
18. New Footpaths Rating Area – Balclutha
19. New Footpaths Rating Area – Clinton
20. New Footpaths Rating Area – Kaitangata
21. New Footpaths Rating Area – Kaka Point
22. New Footpaths Rating Area – Lawrence
23. New Footpaths Rating Area – Milton
24. New Footpaths Rating Area – Owaka
25. New Footpaths Rating Area – Stirling
26. New Footpaths Rating Area – Tapanui
27. New Footpaths Rating Area – Waihola
28. Sewerage Loan Rate Area – Benhar Area A
29. Sewerage Loan Rate Area – Benhar Area B
30. Sewerage Loan Rate Area – Tokoitia Area A
31. Sewerage Loan Rate Area – Tokoitia Area B
32. Community Rating Area – Bruce
33. Community Rating Area – Catlins
34. Community Rating Area – Clinton
35. Community Rating Area – Lawrence Tuapeka
36. Community Rating Area – Lower Clutha
37. Community Rating Area – West Otago
38. Rural Water Schemes Rating Areas

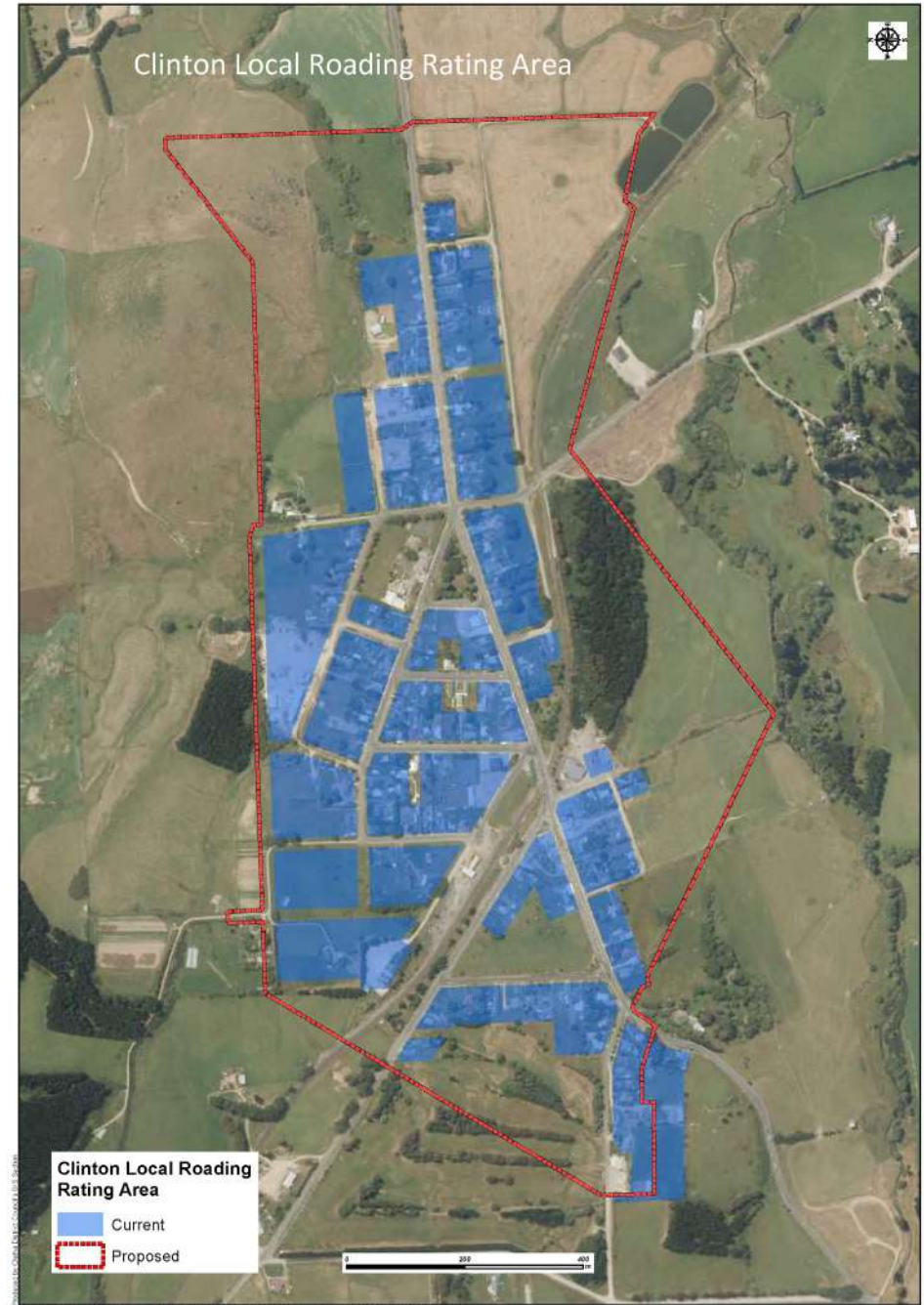
Map: Lawrence Tuapeka Community Board Rating Area



Map: Balclutha Local Road Rating Area



Map: Clinton Local Road Rating Area



Map: Heriot Local Roding Rating Area



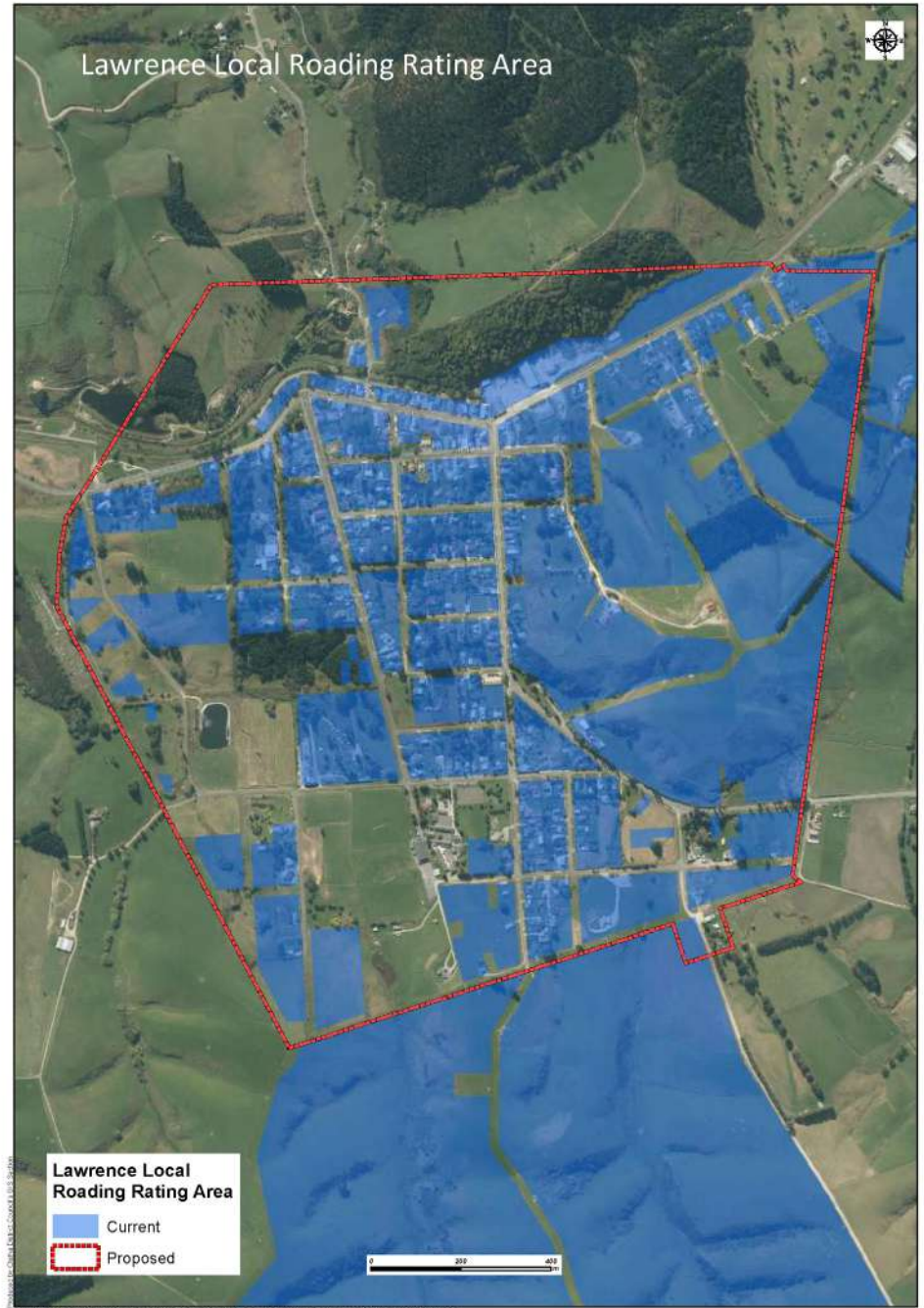
Map: Kaitangata Local Roding Rating Area



Map: Kaka Point Local Roding Rating Area



Map: Lawrence Local Roding Rating Area



Map: Milton Local Roding Rating Area



Map: Owaka Local Roding Rating Area



Map: Papatowai Local Roding Rating Area



Map: Pounaweā Local Roding Rating Area



Map: Stirling Local Roding Rating Area



Map: Taieri Mouth Local Roding Rating Area



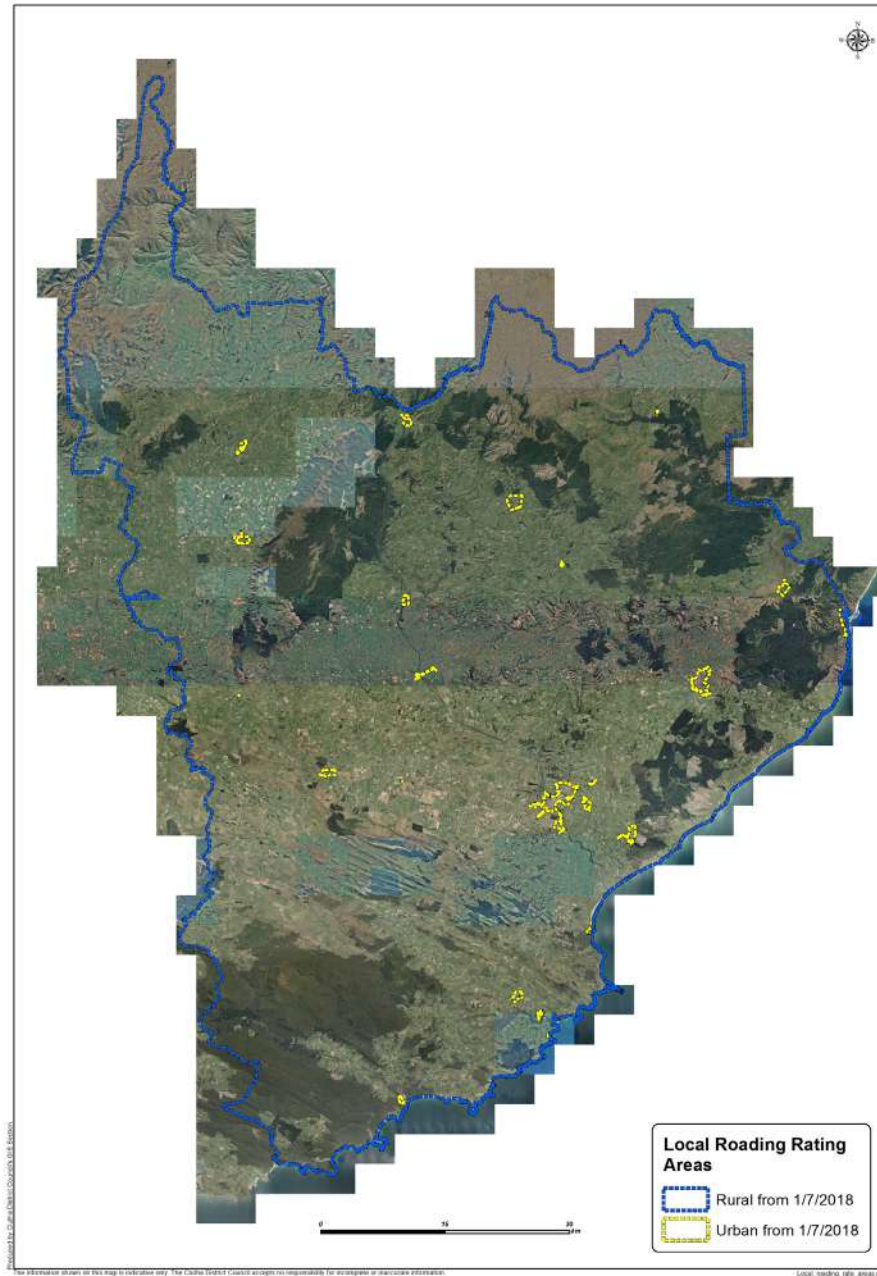
Map: Tapanui Local Roding Rating Area



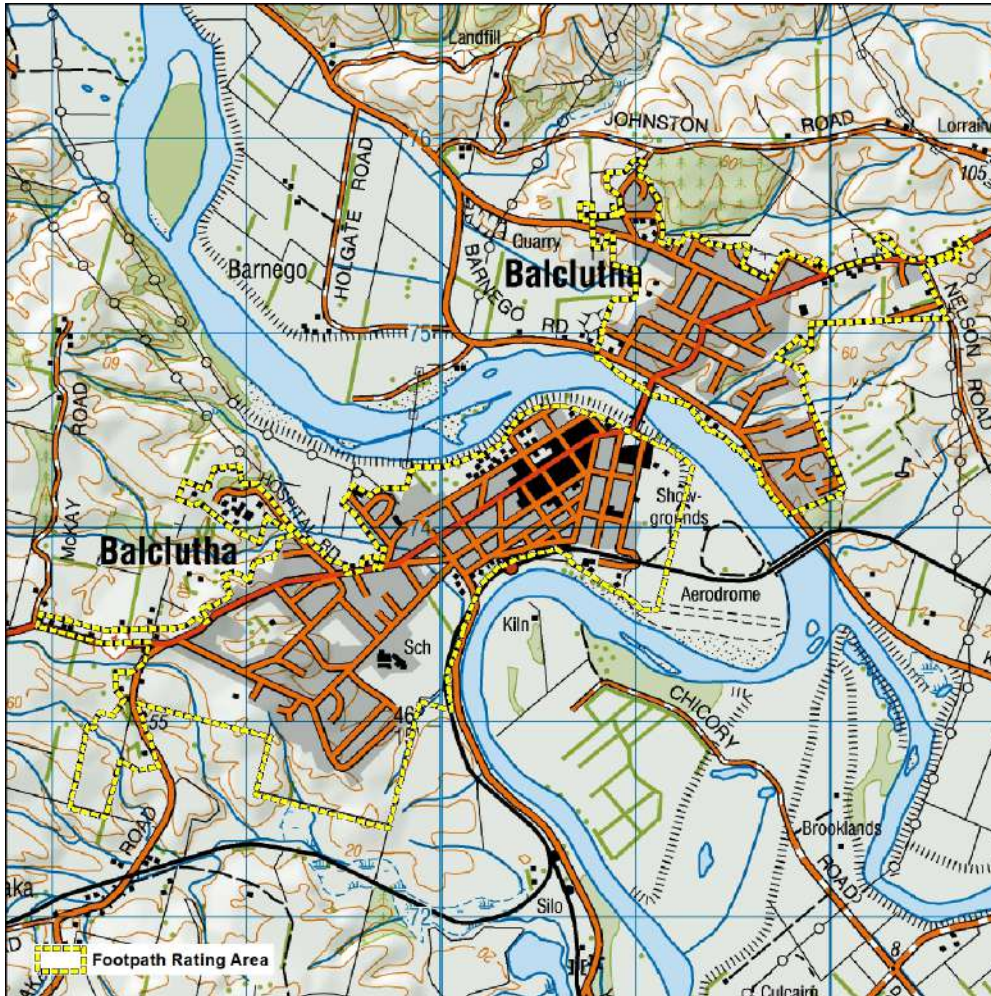
Map: Waihola Local Roding Rating Area



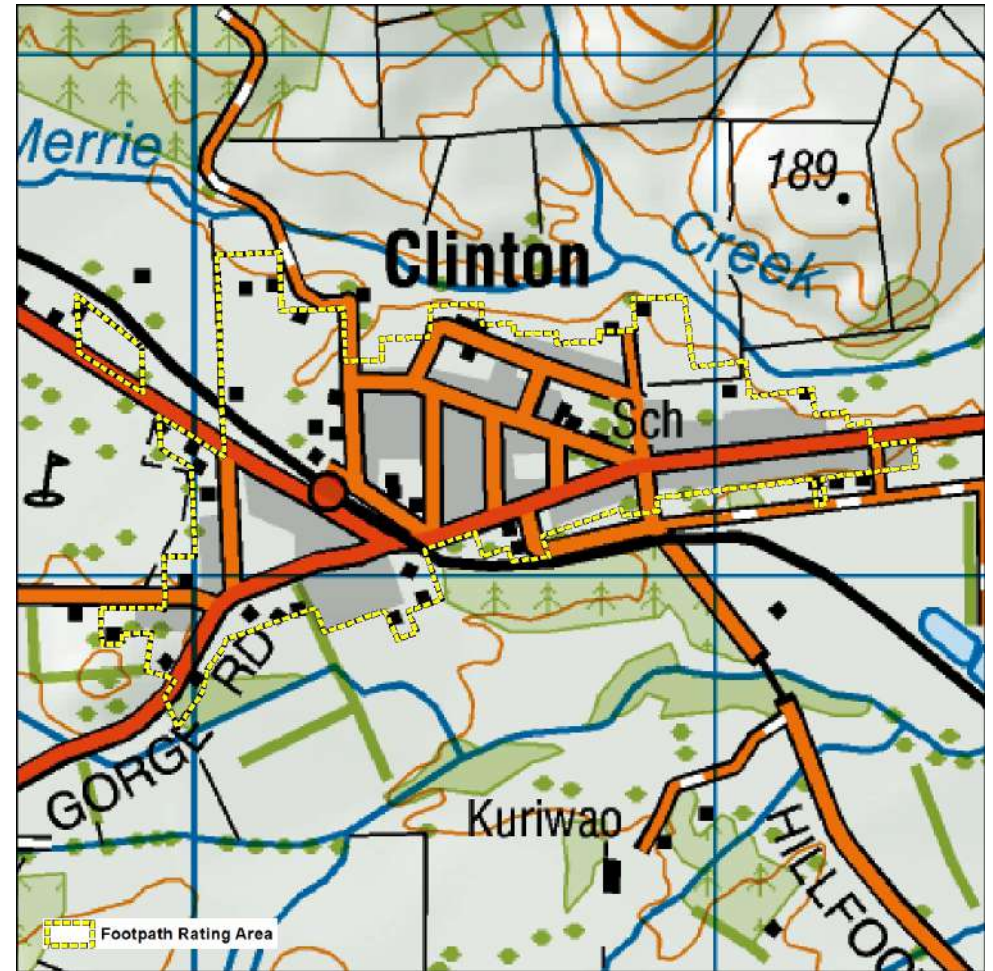
Map: Rural Local Roding Rating Area



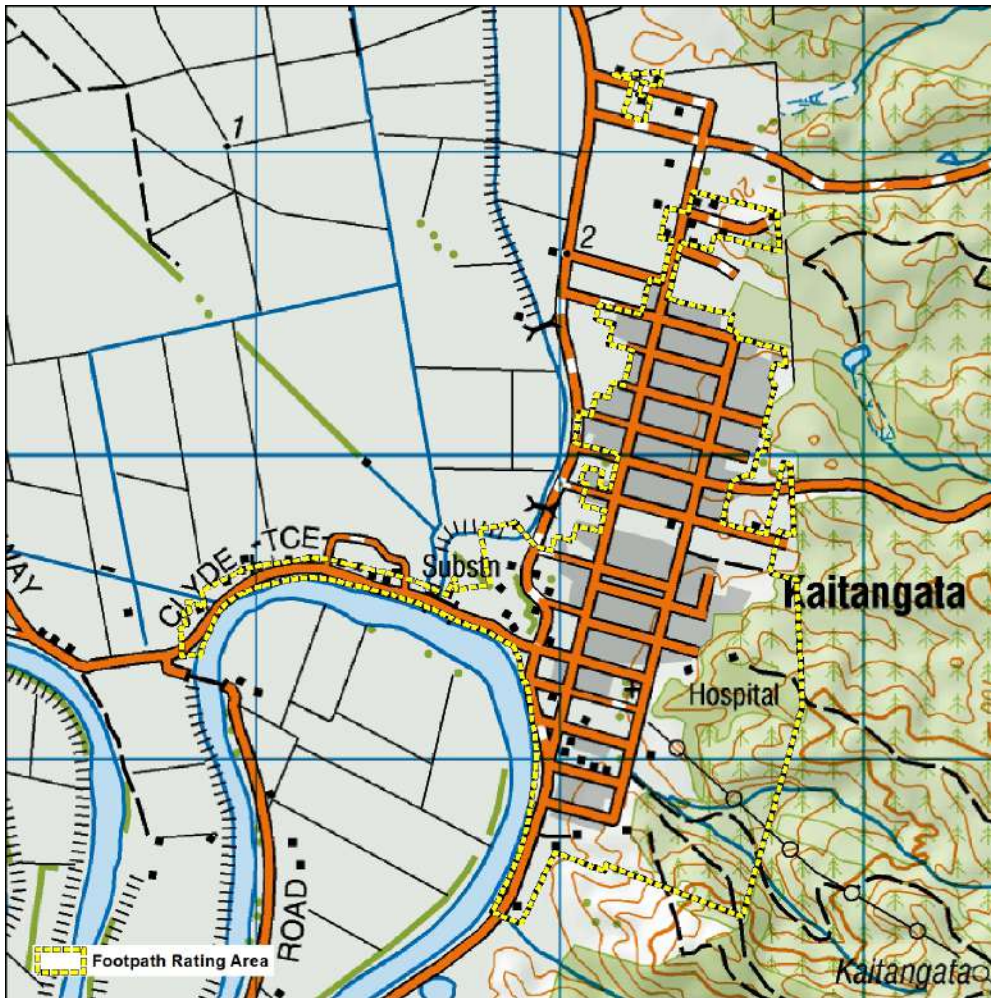
Map: Balclutha Footpath Rating Area



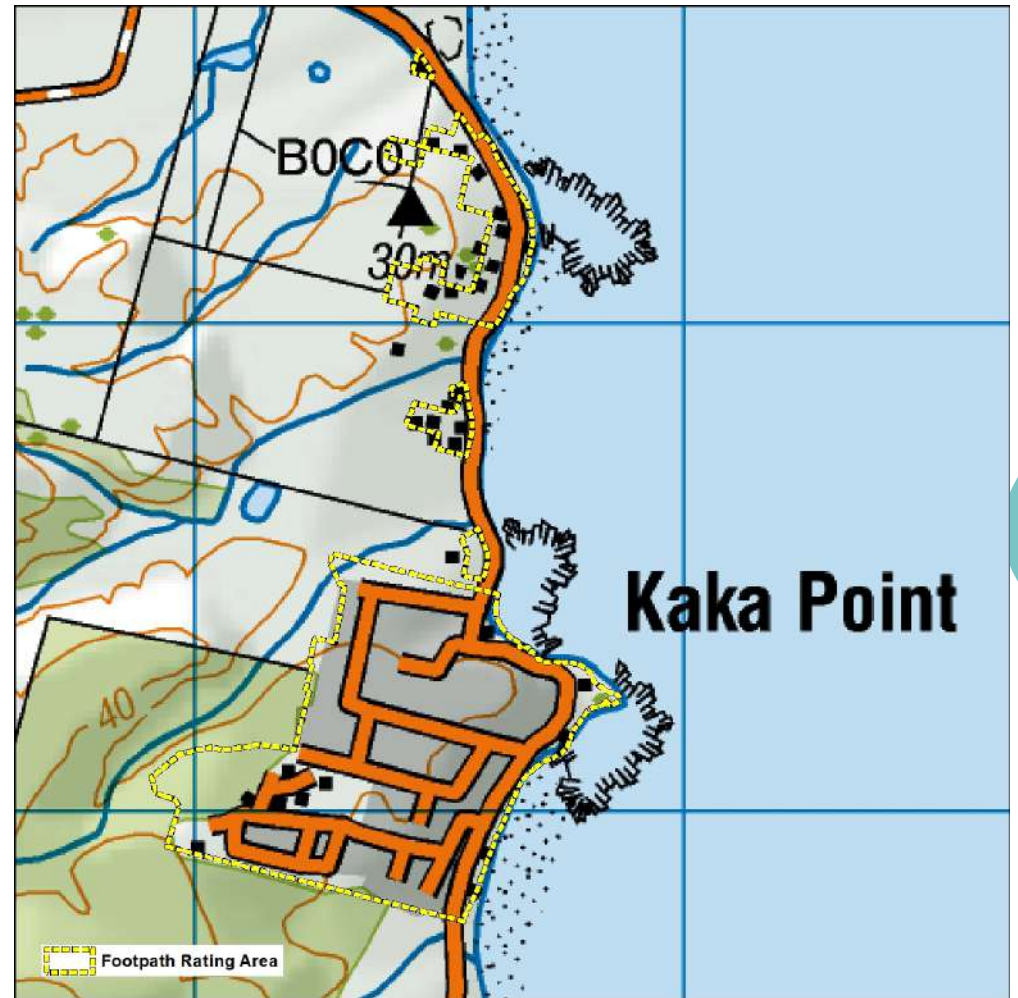
Map: Clinton Footpath Rating Area



Map: Kaitangata Footpath Rating Area



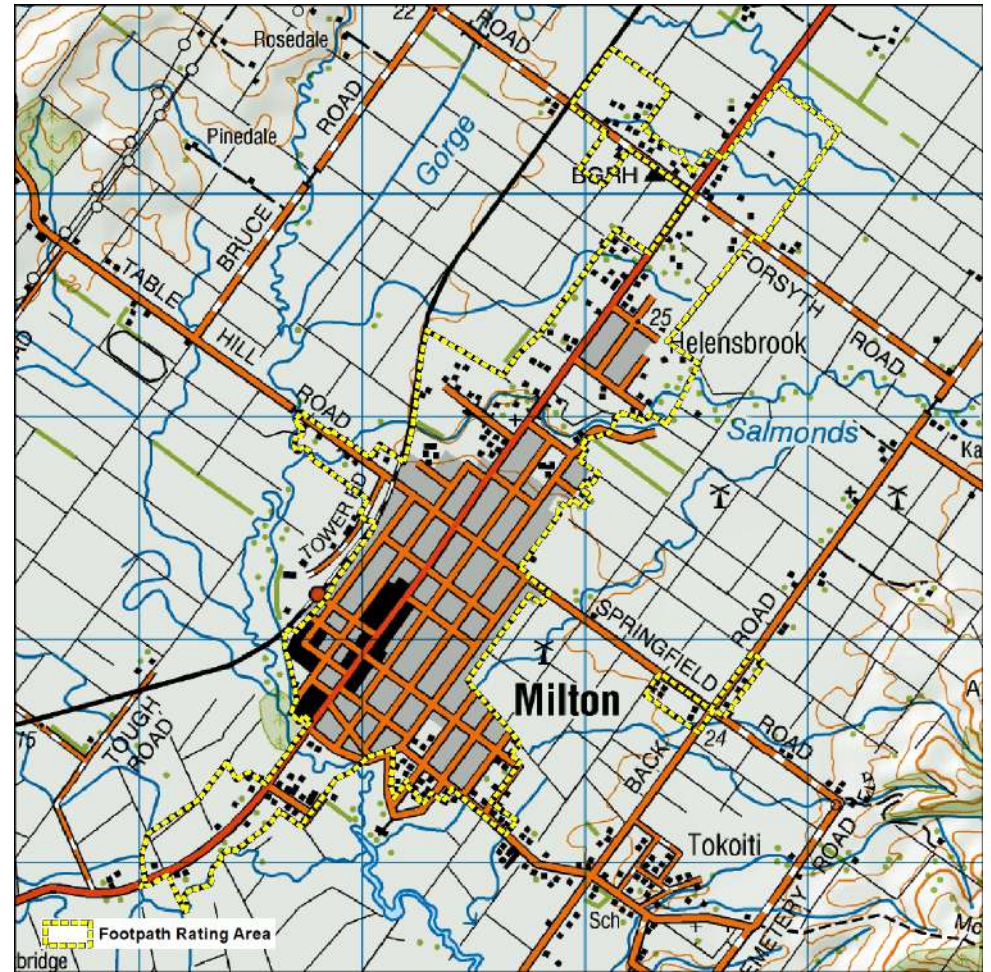
Map: Kaka Point Footpath Rating Area



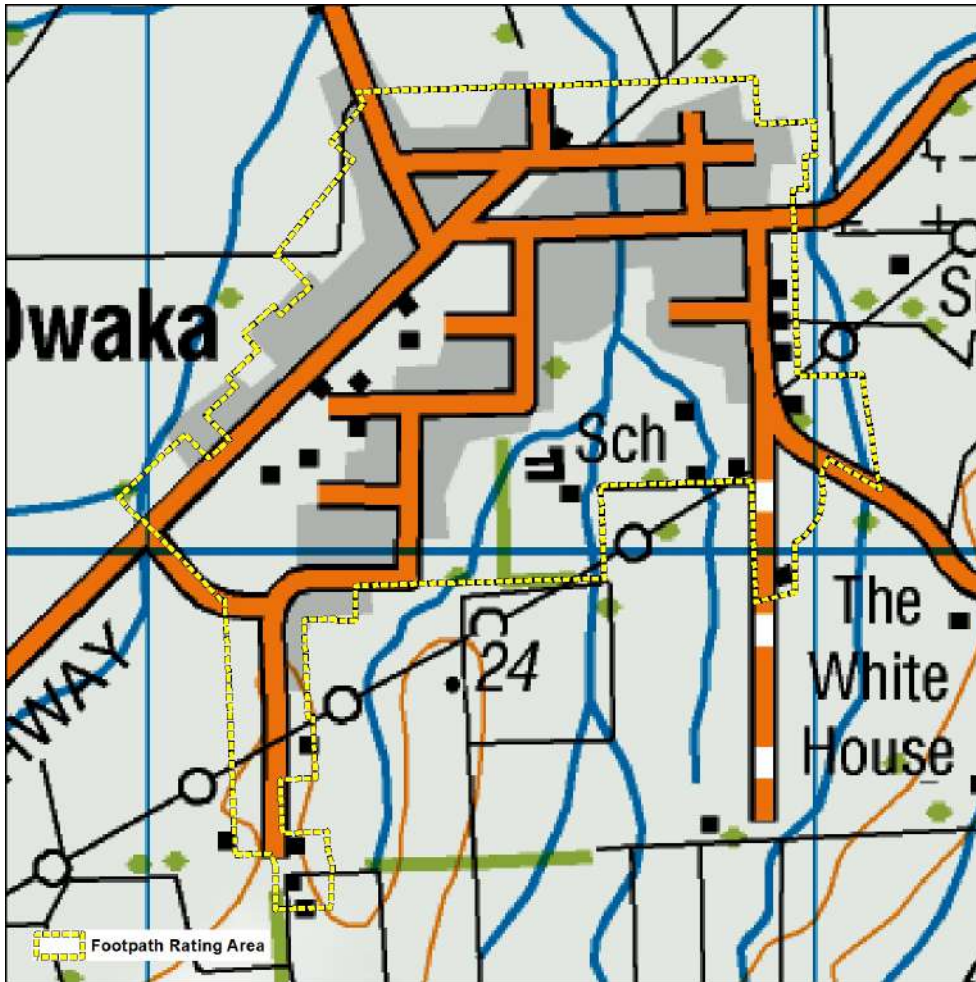
Map: Lawrence Footpath Rating Area



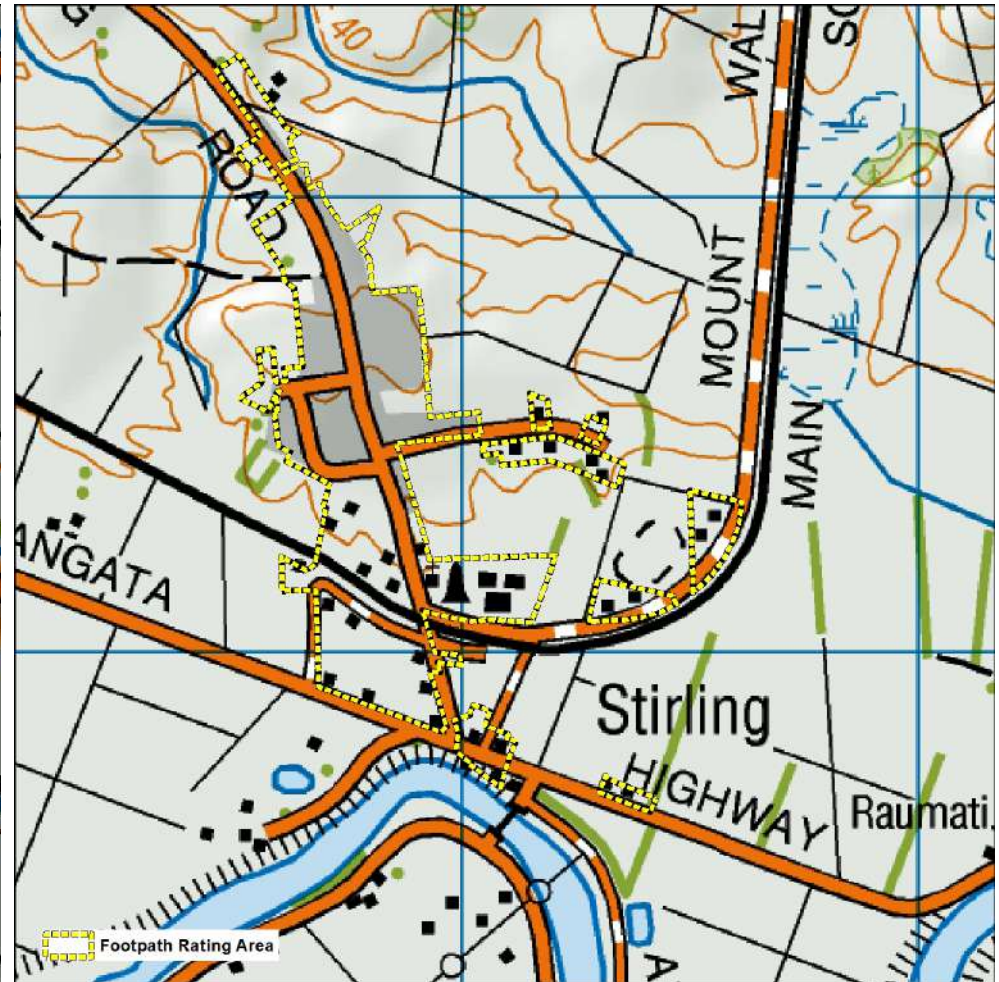
Map: Milton Footpath Rating Area



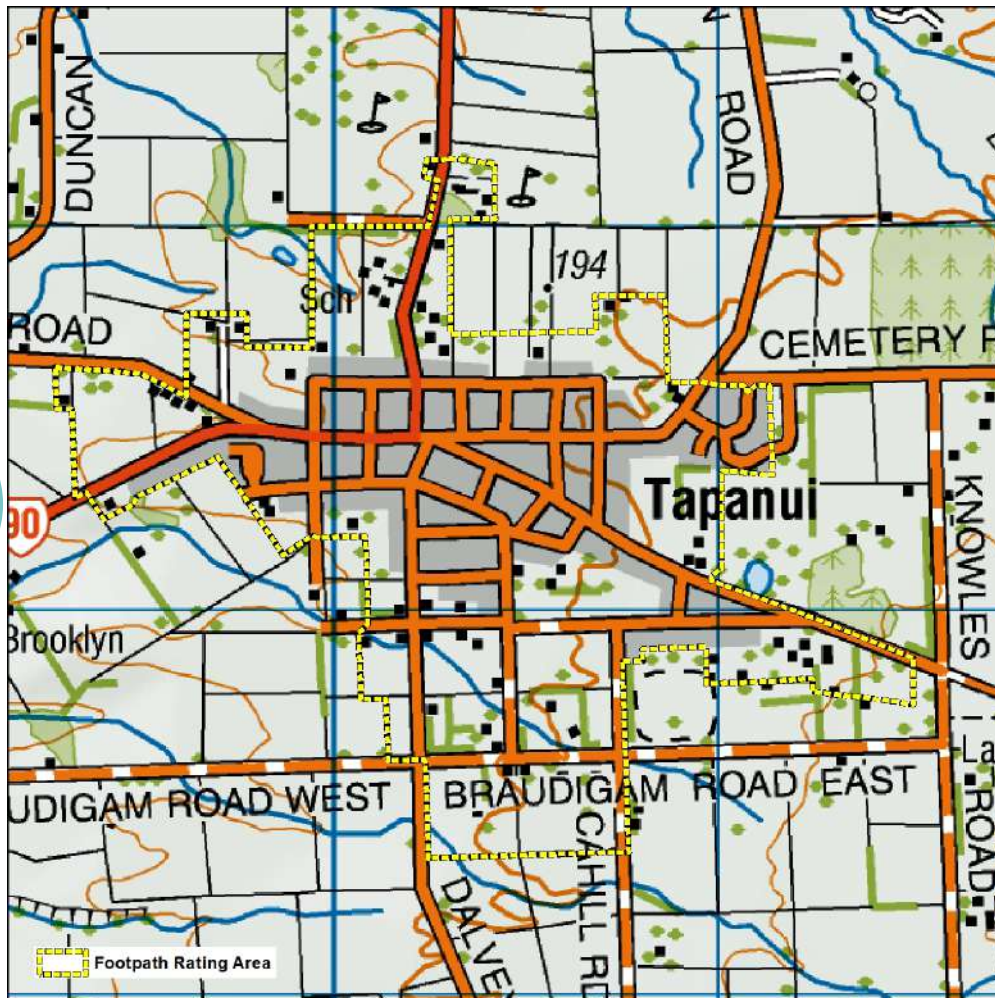
Map: Owaka Footpath Rating Area



Map: Stirling Footpath Rating Area



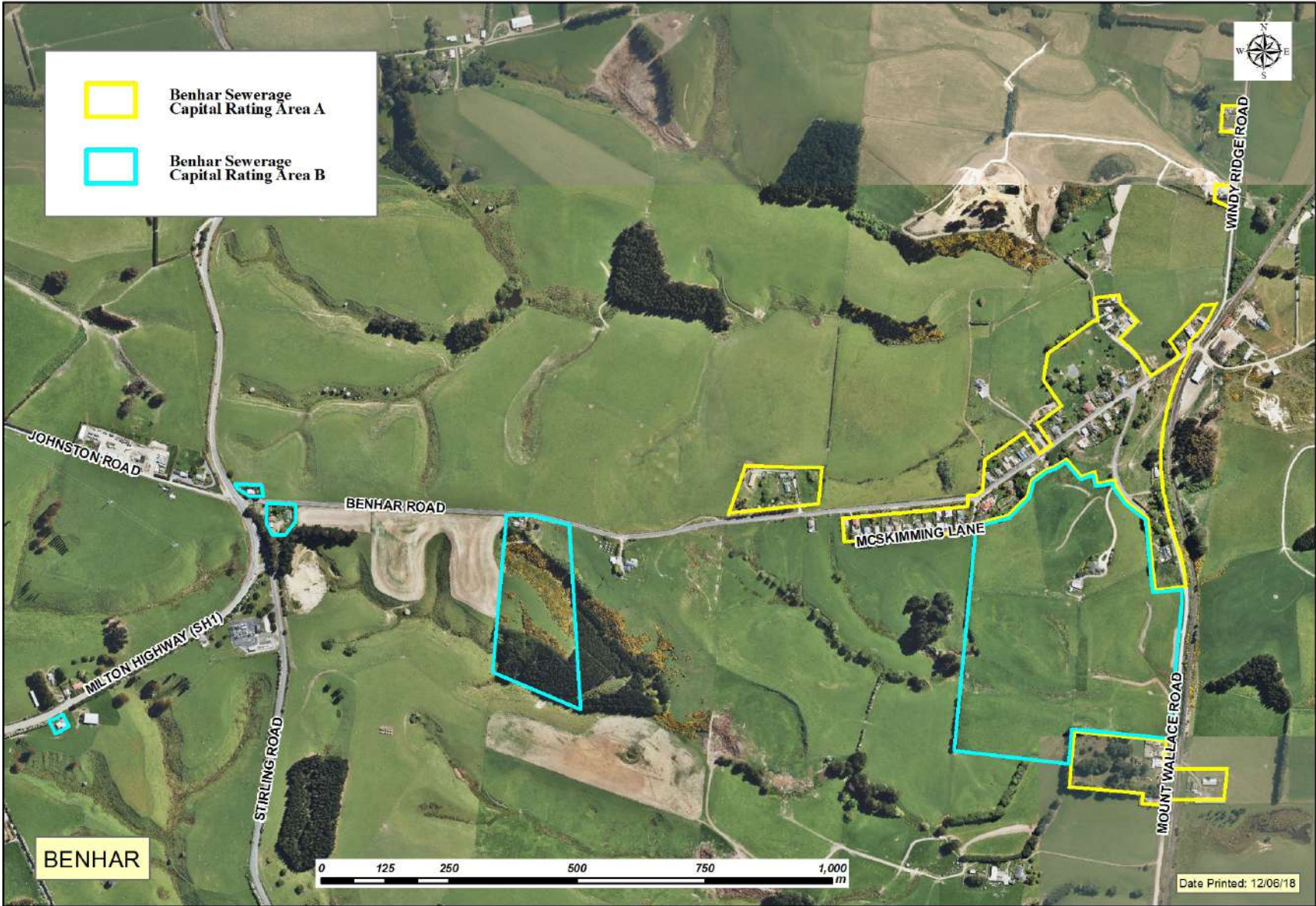
Map: Tapanui Footpath Rating Area



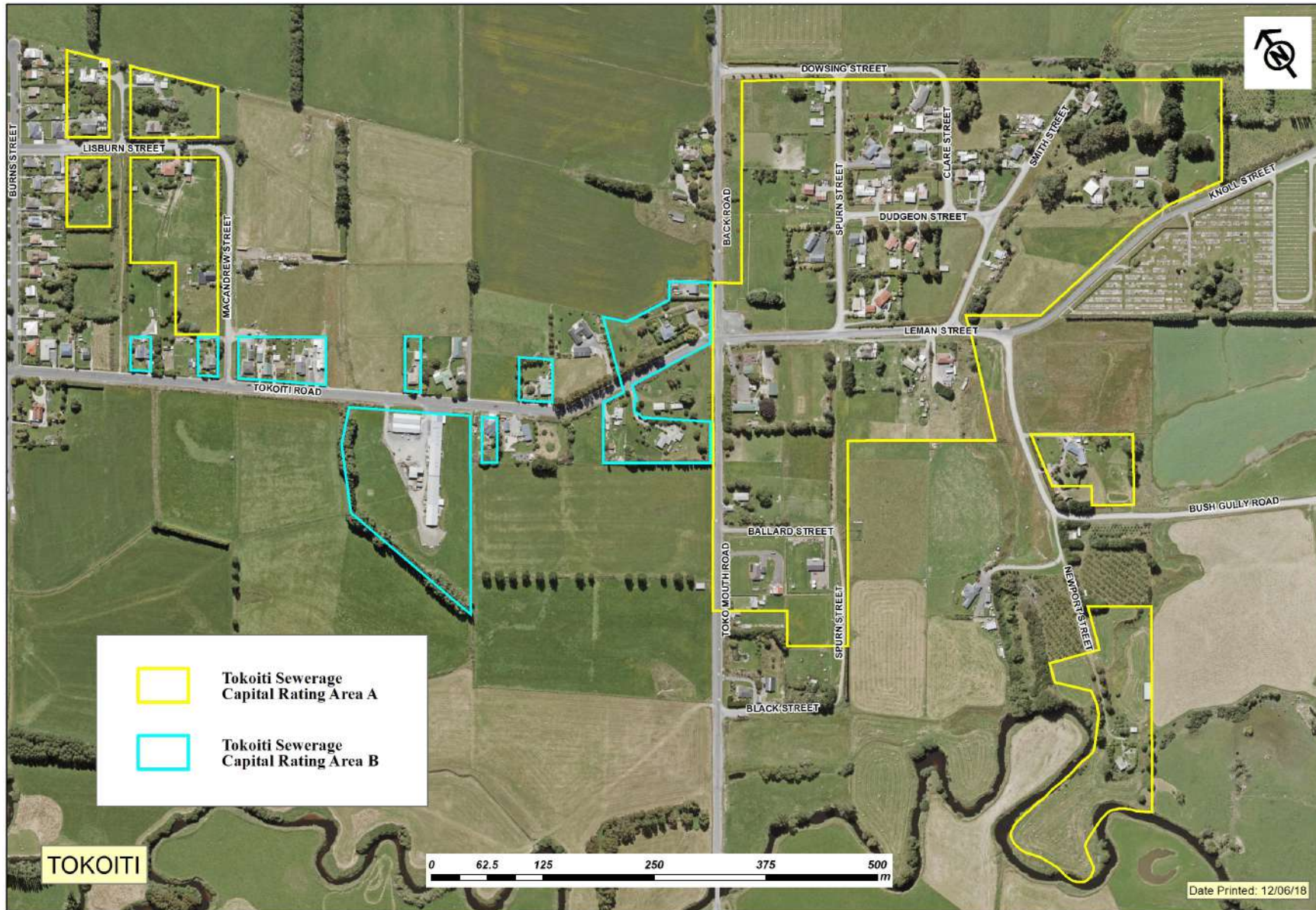
Map: Waihola Footpath Rating Area



Map: Benhar Sewerage Capital Rating Areas A & B

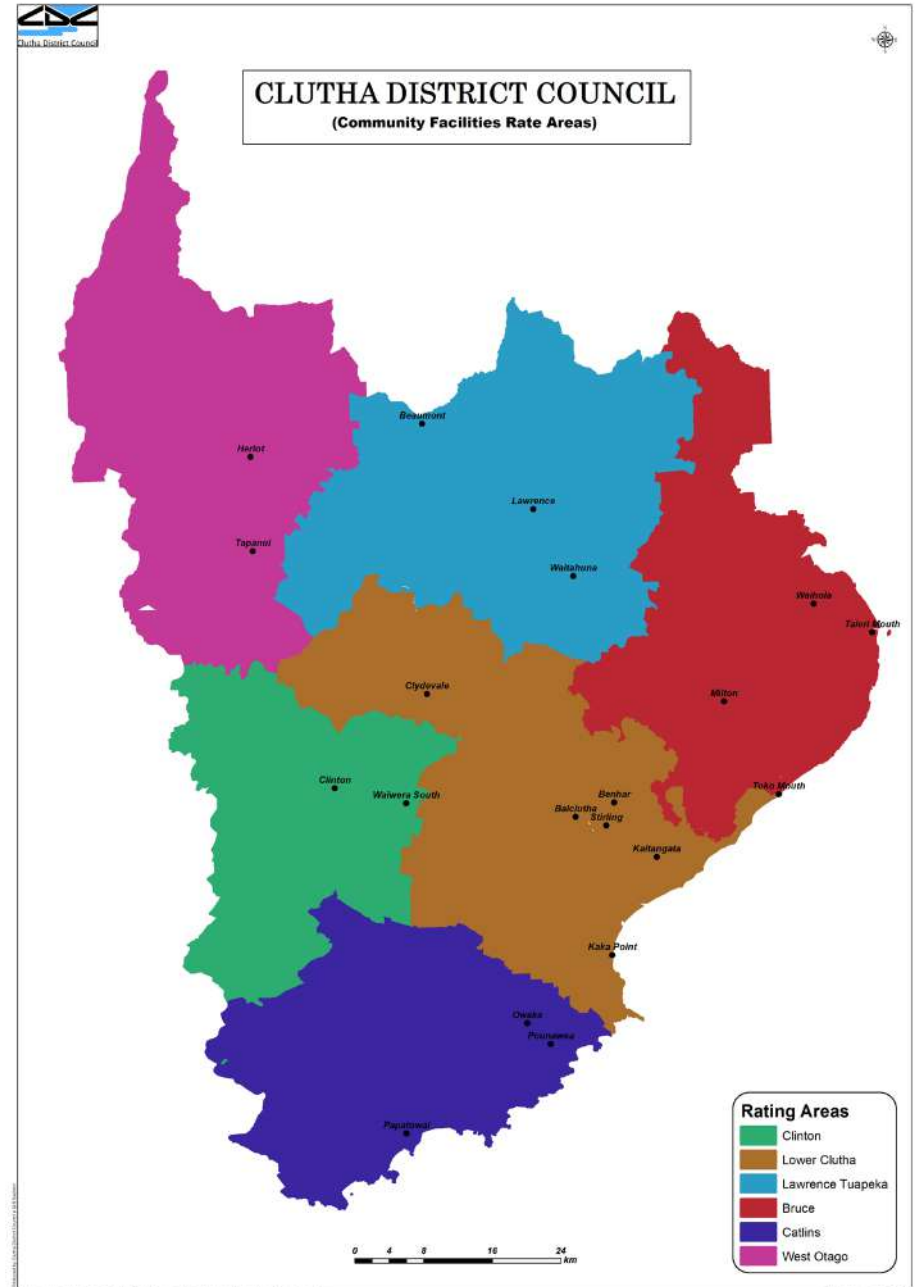


Map: Tokoiti Sewerage Capital Rating Areas A & B

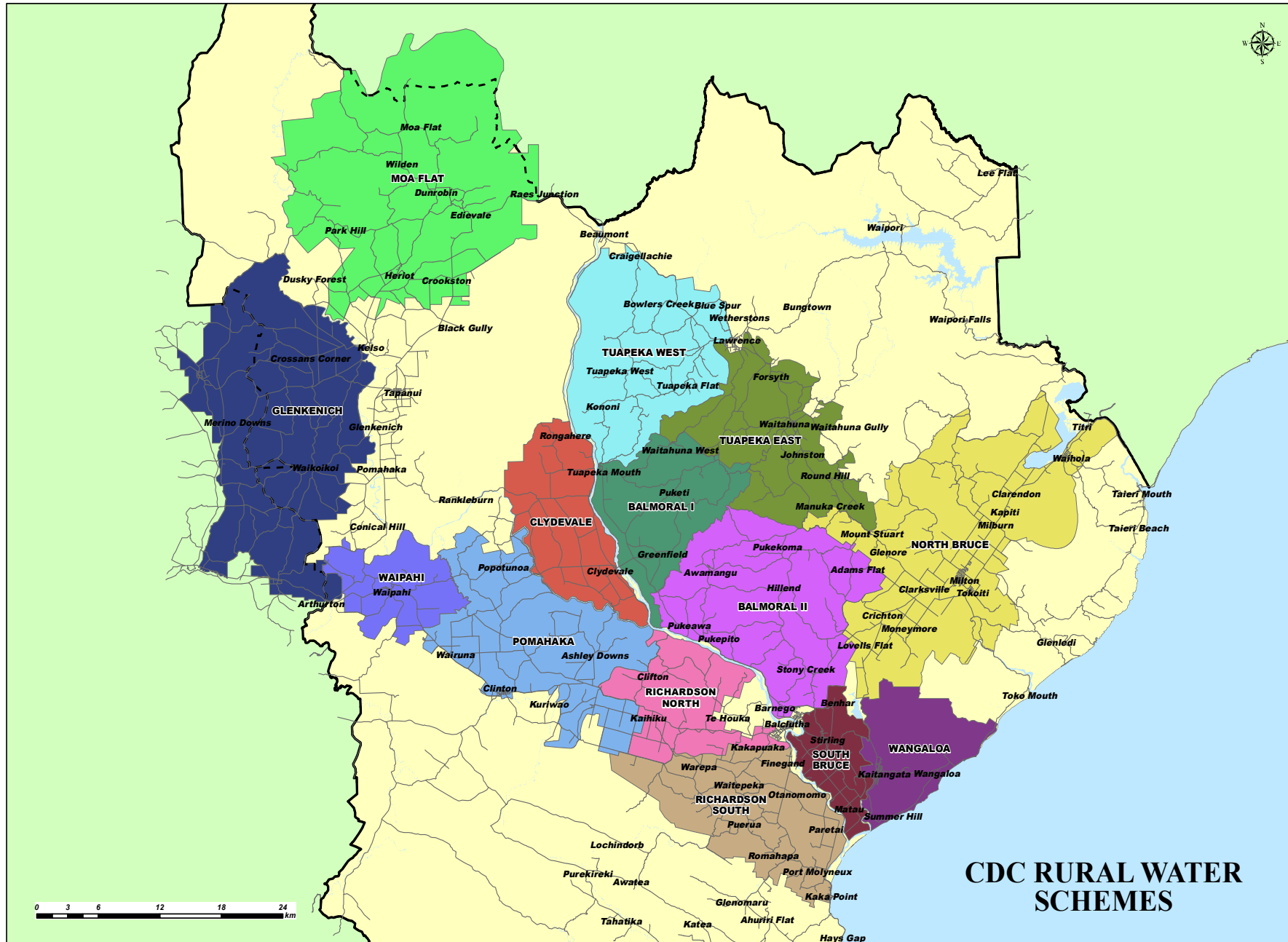


212

Map: Community Rating Areas



Map: Rural Water Scheme Rating Areas



CDC RURAL WATER SCHEMES

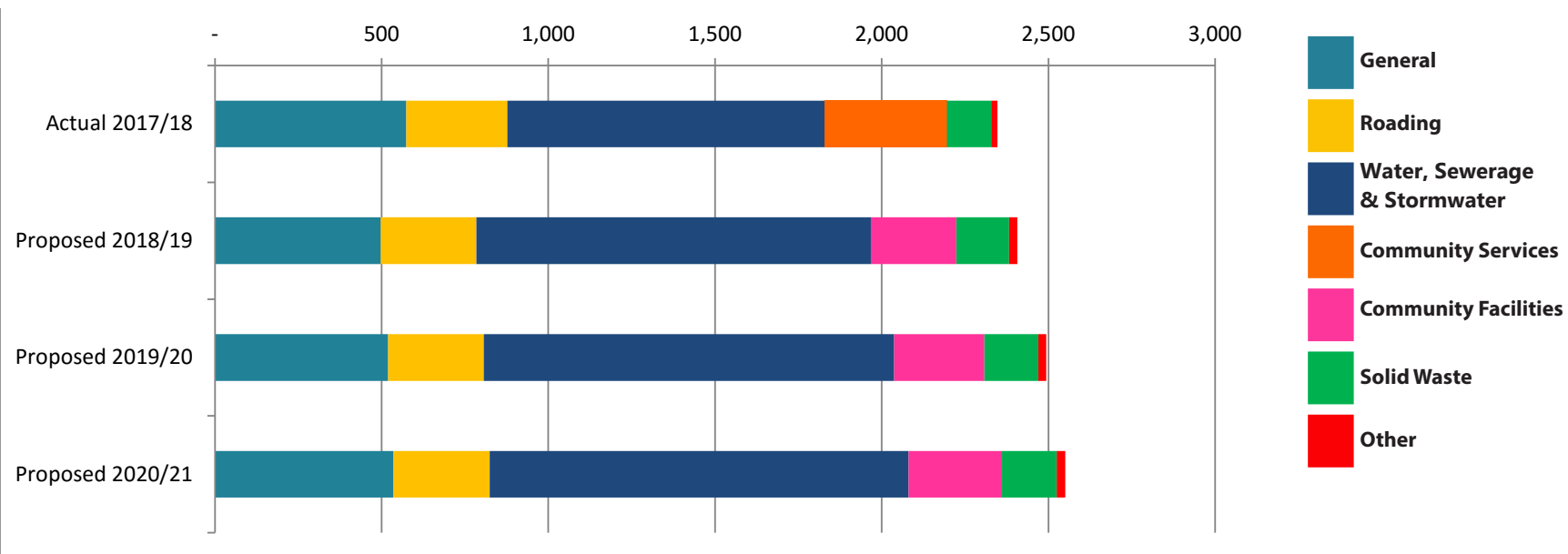
RATES EXAMPLE - BALCLUTHA

Residential - Balclutha

Land Value 62,000

Capital Value 240,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	303	326	323	324
WATER, SEWERAGE & STORMWATER	953	1,205	1,253	1,279
COMMUNITY FACILITIES		259	272	282
SOLID WASTE	132	158	161	165
OTHER	19	27	27	29
COMMUNITY SERVICES	366			
TOTAL	\$2,347	\$2,446	\$2,551	\$2,611

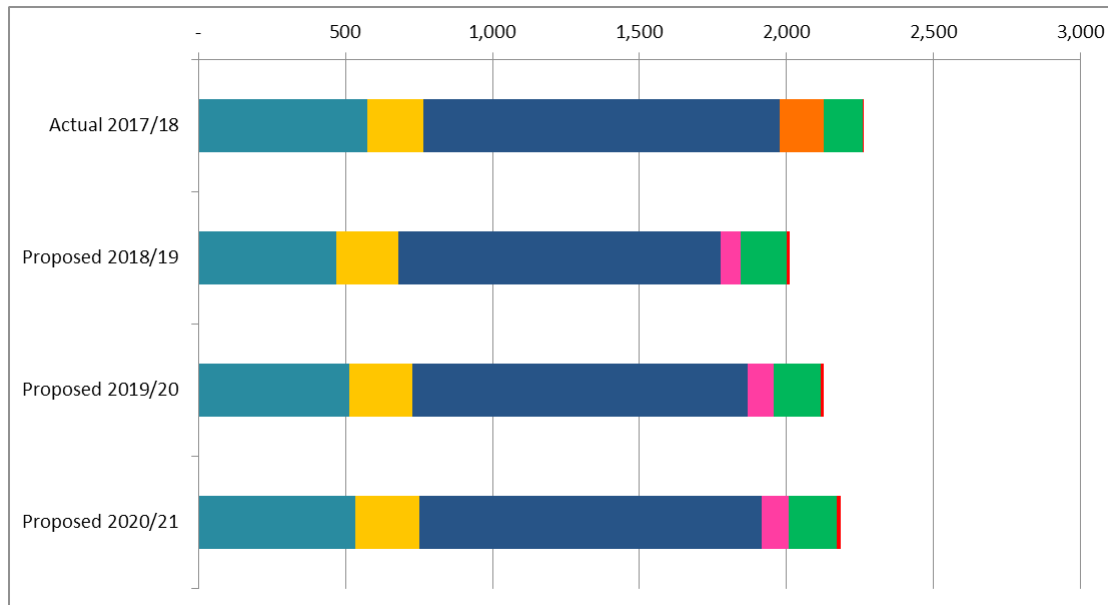


RATES EXAMPLE - CLINTON

Residential - Clinton

Land Value 9,000
Capital Value 90,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	192	210	210	214
WATER, SEWERAGE & STORMWATER	1,210	1,115	1,160	1,185
COMMUNITY FACILITIES		68	89	91
SOLID WASTE	132	158	161	165
OTHER	6	10	10	11
COMMUNITY SERVICES	150			
TOTAL	\$2,264	\$2,032	\$2,144	\$2,199



RATES EXAMPLE - KAITANGATA

Residential - Kaitangata

Land Value 20,000

Capital Value 101,000

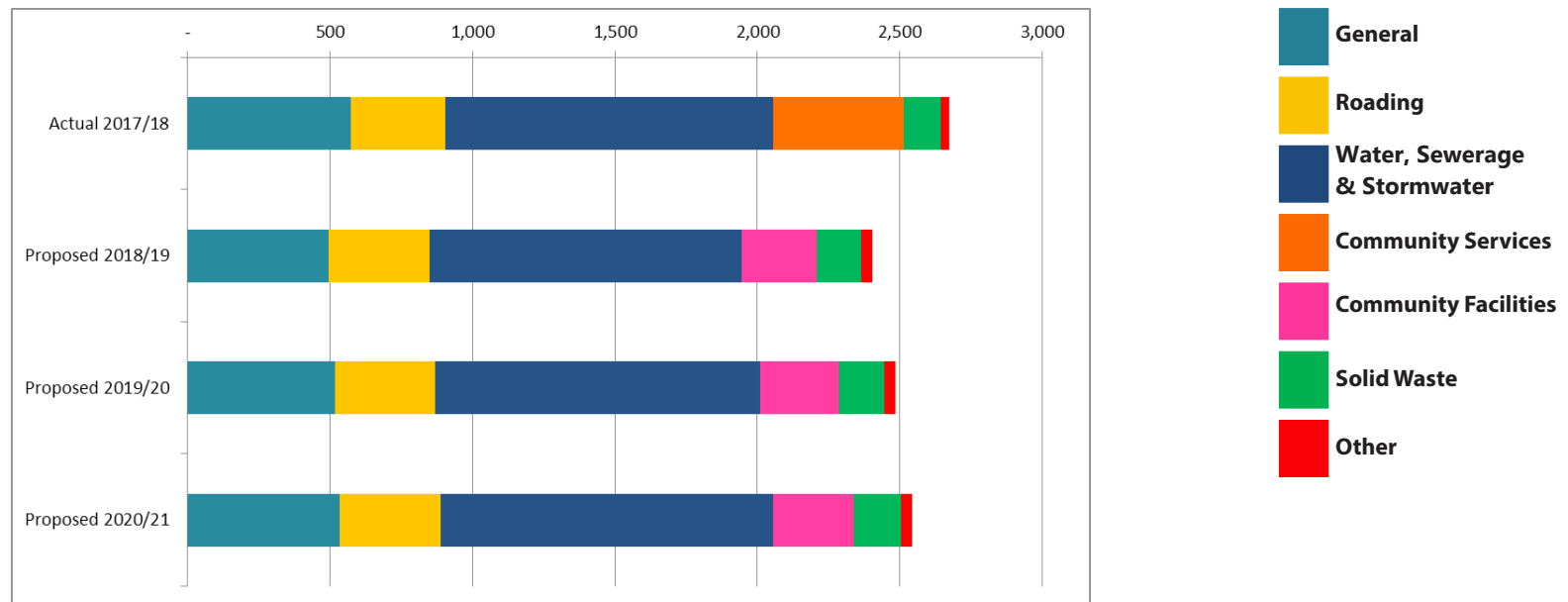
	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	254	282	279	282
WATER, SEWERAGE & STORMWATER	1,096	1,205	1,253	1,279
COMMUNITY FACILITIES		255	268	277
SOLID WASTE	132	158	161	165
OTHER	8	12	11	12
COMMUNITY SERVICES	160			
TOTAL	\$2,224	\$2,382	\$2,487	\$2,547



RATES EXAMPLE - KAKA POINT

Residential - Kaka Point

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
Land Value 140,000				
Capital Value 320,000				
GENERAL (UAGC)	574	470	514	533
ROADING	330	354	346	345
WATER, SEWERAGE & STORMWATER	1,151	1,115	1,160	1,185
COMMUNITY FACILITIES		261	275	285
SOLID WASTE	132	158	161	165
OTHER	27	37	36	38
COMMUNITY SERVICES	458			
TOTAL	\$2,673	\$2,395	\$2,492	\$2,551



RATES EXAMPLE - LAWRENCE

Residential - Lawrence

Land Value 46,000

Capital Value 170,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	271	269	266	267
WATER, SEWERAGE & STORMWATER	1,266	1,205	1,253	1,279
COMMUNITY FACILITIES		105	125	142
SOLID WASTE	132	158	161	165
OTHER	159	151	152	156
COMMUNITY SERVICES	186			
TOTAL	\$2,589	\$2,386	\$2,478	\$2,544



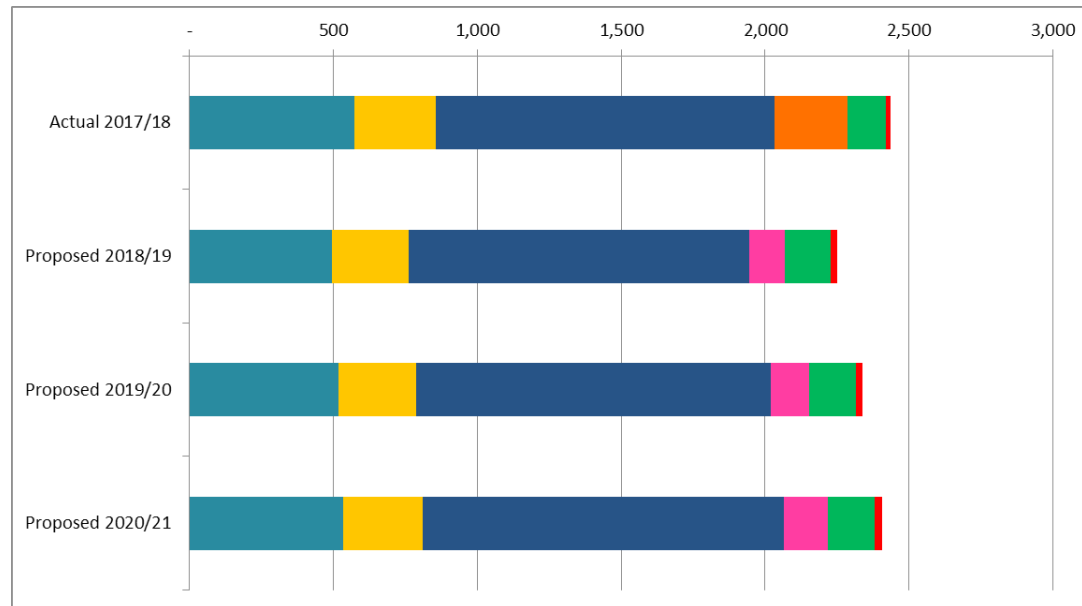
RATES EXAMPLE - MILTON

Residential - Milton

Land Value 30,000

Capital Value 195,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	283	264	266	271
WATER, SEWERAGE & STORMWATER	1,177	1,205	1,253	1,279
COMMUNITY FACILITIES		126	135	150
SOLID WASTE	132	158	161	165
OTHER	16	22	22	23
COMMUNITY SERVICES	253			
TOTAL	\$2,435	\$2,273	\$2,357	\$2,424



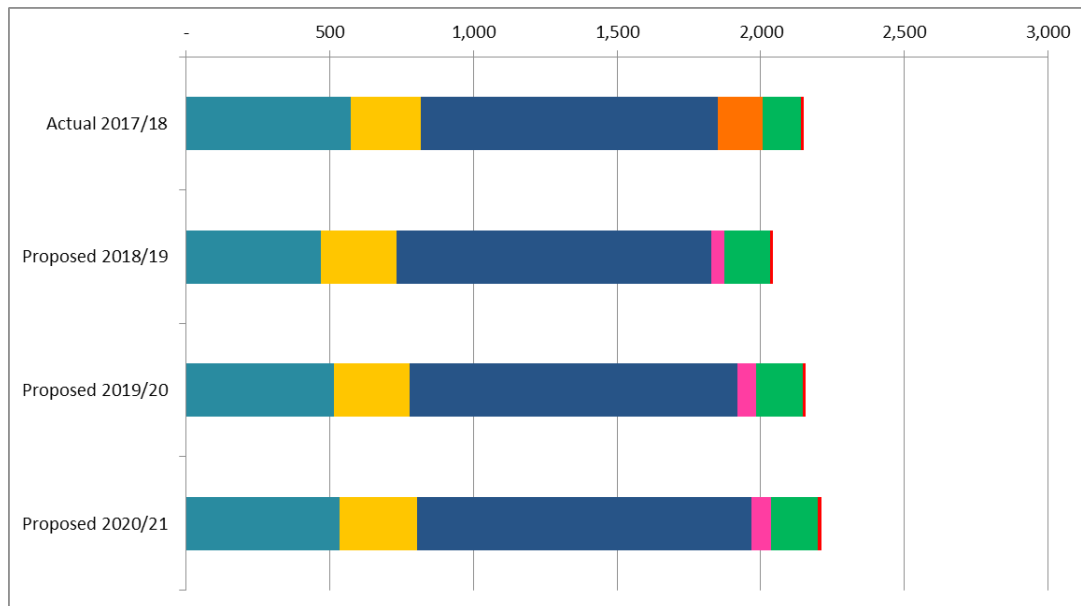
RATES EXAMPLE - OWAKA

Residential - Owaka

Land Value 25,000

Capital Value 105,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	244	263	262	265
WATER, SEWERAGE & STORMWATER	1,034	1,115	1,160	1,185
COMMUNITY FACILITIES		45	66	67
SOLID WASTE	132	158	161	165
OTHER	10	12	12	13
COMMUNITY SERVICES	155			
TOTAL	\$2,150	\$2,063	\$2,174	\$2,228



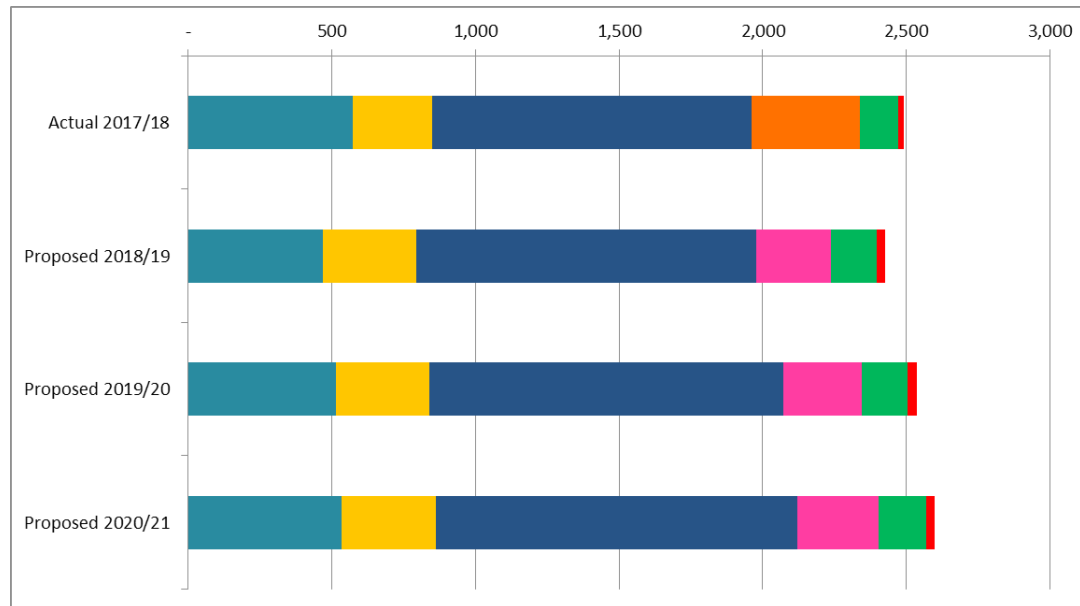
RATES EXAMPLE - STIRLING

Residential - Stirling

Land Value 50,000

Capital Value 260,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	276	326	322	323
WATER, SEWERAGE & STORMWATER	1,112	1,205	1,253	1,279
COMMUNITY FACILITIES		260	273	282
SOLID WASTE	132	158	161	165
OTHER	19	30	29	31
COMMUNITY SERVICES	378			
TOTAL	\$2,491	\$2,449	\$2,553	\$2,614



RATES EXAMPLE - TAIERI MOUTH

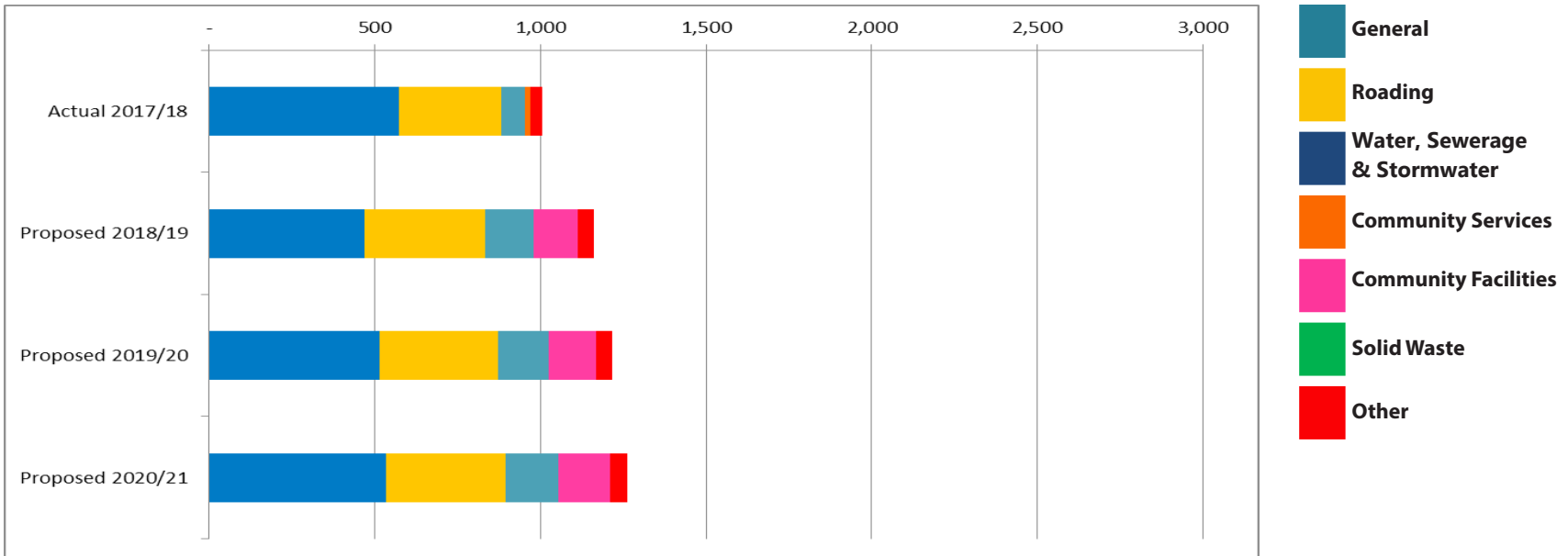
Residential -

Taieri Mouth

Land Value 113,000

Capital Value 420,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	310	362	355	354
WATER, SEWERAGE & STORMWATER	71	155	159	163
COMMUNITY FACILITIES		133	142	159
SOLID WASTE				
OTHER	34	48	48	50
COMMUNITY SERVICES	16			
TOTAL	\$1,004	\$1,168	\$1,217	\$1,259

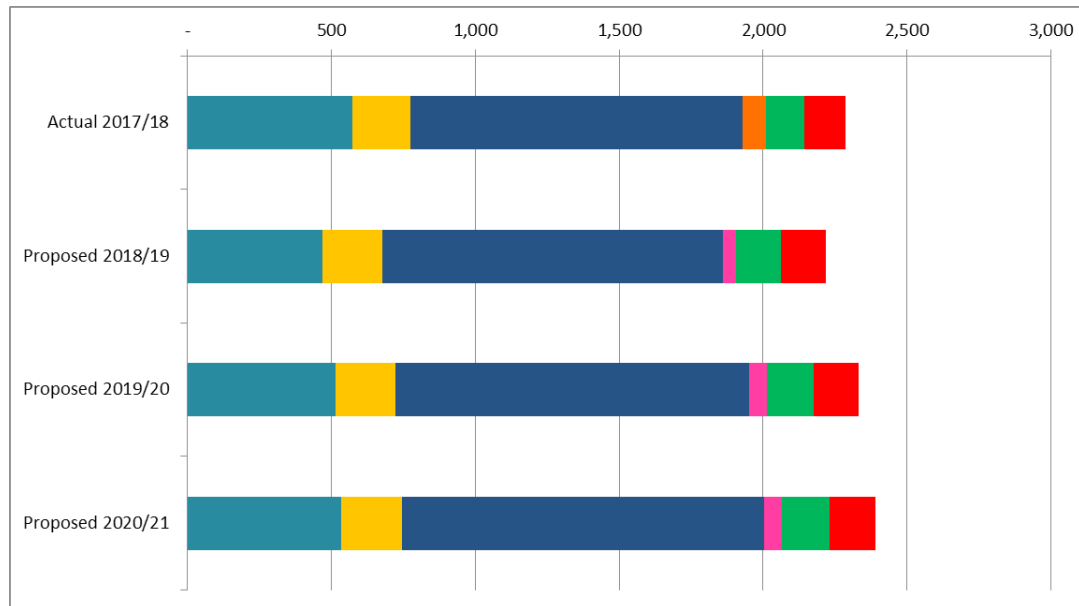


RATES EXAMPLE - TAPANUI

Residential - Tapanui

Land Value 12,000
Capital Value 175,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	202	207	205	208
WATER, SEWERAGE & STORMWATER	1,154	1,205	1,253	1,279
COMMUNITY FACILITIES		46	61	63
SOLID WASTE	132	158	161	165
OTHER	143	155	156	160
COMMUNITY SERVICES	79			
TOTAL	\$2,285	\$2,241	\$2,351	\$2,407



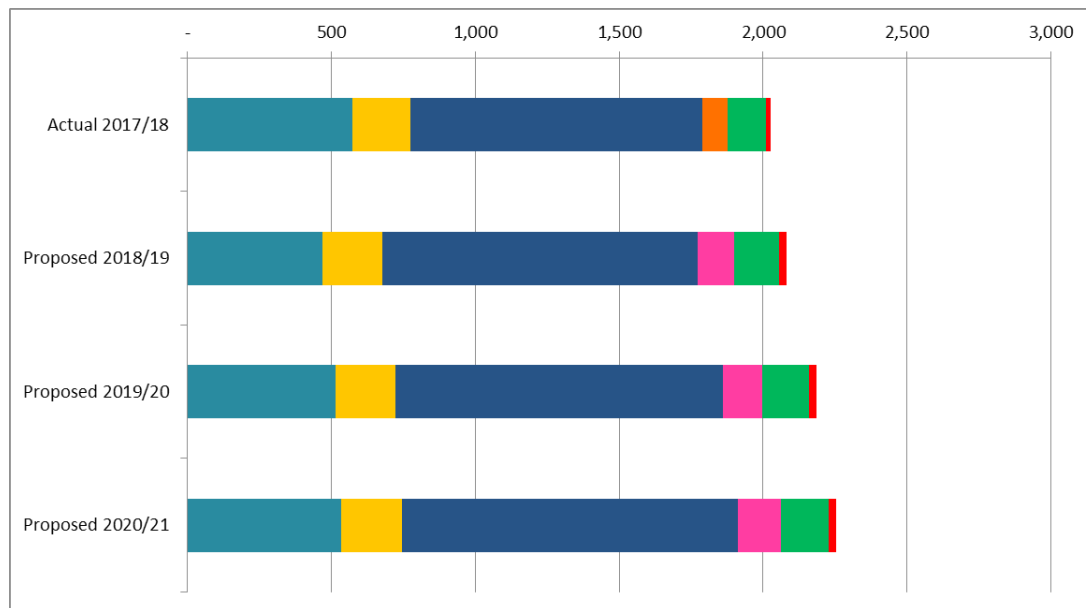
RATES EXAMPLE - WAIHOLA

Residential - Waihola

Land Value 76,000

Capital Value 225,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	175	210	208	209
WATER, SEWERAGE & STORMWATER	1,013	1,115	1,160	1,185
COMMUNITY FACILITIES		127	136	151
SOLID WASTE	132	158	161	165
OTHER	17	26	26	27
COMMUNITY SERVICES	88			
TOTAL	\$2,000	\$2,106	\$2,204	\$2,271



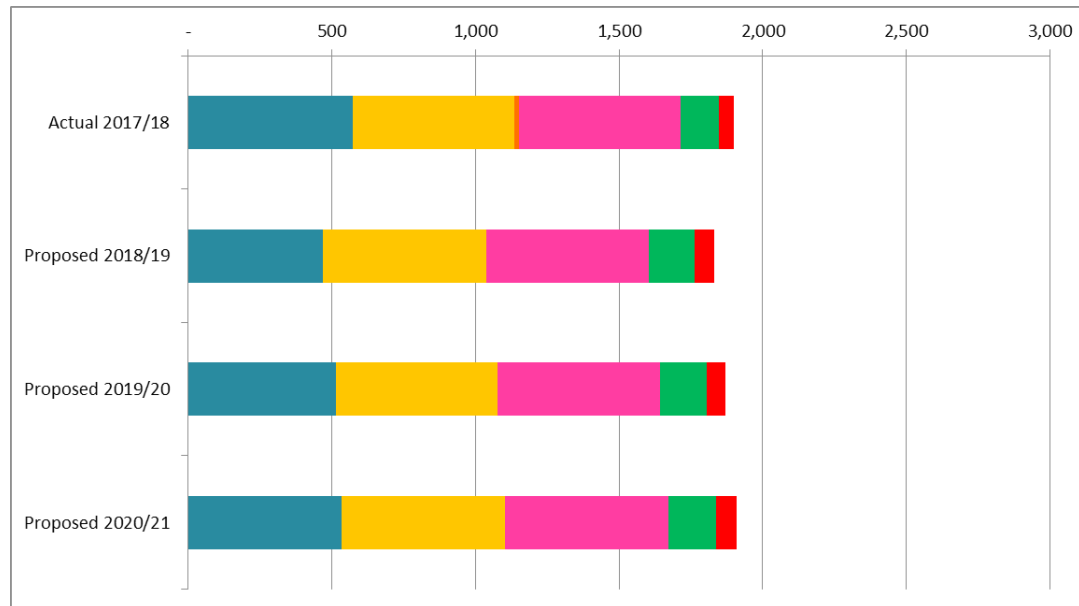
RATES EXAMPLE - LIFESTYLE

Lifestyle

Land Value 300,000

Capital Value 580,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	563	568	557	557
WATER, SEWERAGE & STORMWATER				
COMMUNITY FACILITIES		270	284	294
SOLID WASTE	132	158	161	165
OTHER	53	66	66	70
COMMUNITY SERVICES	14			
TOTAL	\$1,336	\$1,532	\$1,582	\$1,619

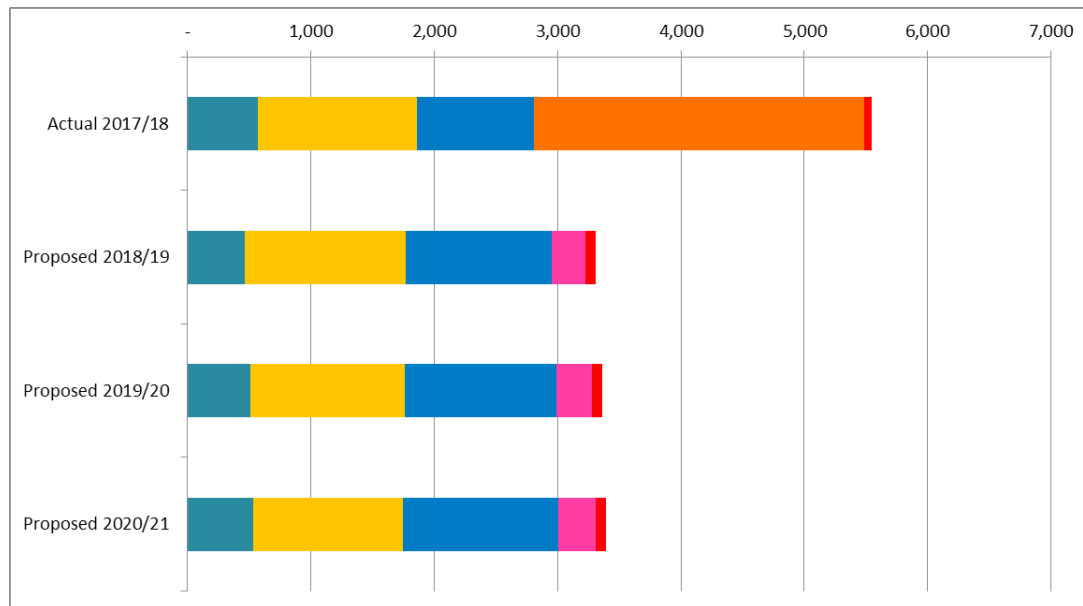


RATES EXAMPLE - COMMERCIAL

Commercial

Land Value 485,000
Capital Value 720,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	1,285	1,300	1,221	1,177
WATER, SEWERAGE & STORMWATER	953	1,205	1,253	1,279
COMMUNITY FACILITIES		274	288	299
SOLID WASTE				
OTHER	66	82	82	86
COMMUNITY SERVICES	2,672			
TOTAL	\$5,549	\$3,332	\$3,359	\$3,375



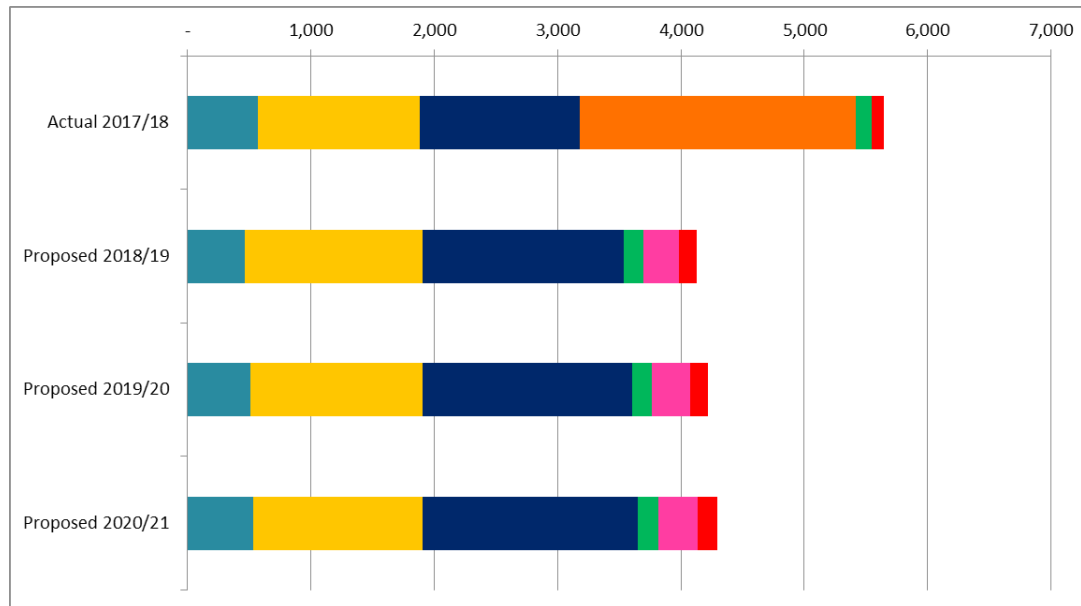
RATES EXAMPLE - INDUSTRIAL URBAN

Industrial - Urban

Land Value 405,000

Capital Value 1,280,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	1,311	1,434	1,364	1,330
WATER, SEWERAGE & STORMWATER	1,297	1,653	1,724	1,771
COMMUNITY FACILITIES		292	307	320
SOLID WASTE	132	158	161	165
OTHER	96	146	145	154
COMMUNITY SERVICES	2,233			
TOTAL	\$5,644	\$4,153	\$4,215	\$4,273

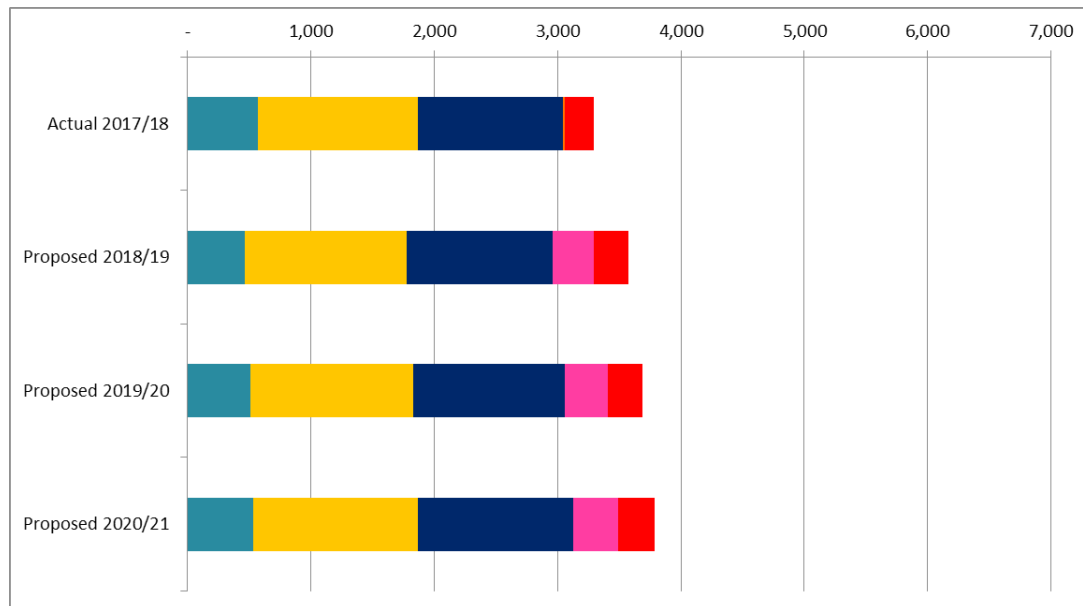


RATES EXAMPLE - INDUSTRIAL RURAL

Industrial - Rural

Land Value 139,000
Capital Value 2,469,000

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	574	470	514	533
ROADING	1,292	1,312	1,296	1,306
WATER, SEWERAGE & STORMWATER	1,177	1,205	1,253	1,279
COMMUNITY FACILITIES		329	347	364
SOLID WASTE				
OTHER	239	282	280	297
COMMUNITY SERVICES	16	251	264	273
TOTAL	\$3,298	\$3,849	\$3,954	\$4,052

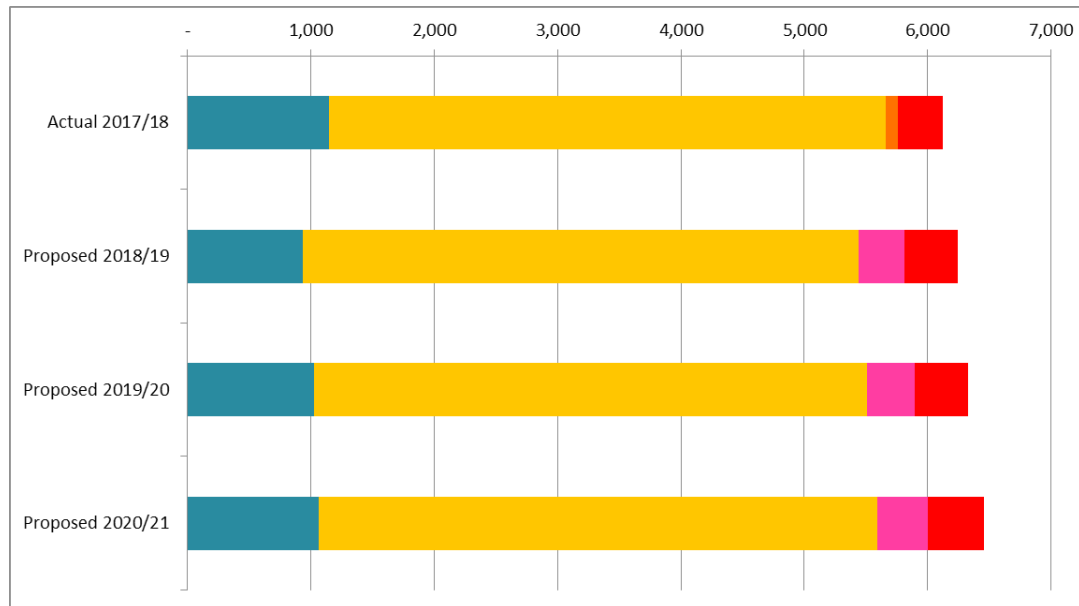


RATES EXAMPLE - RURAL DAIRY 1

Rural - Dairy 1

Land Value 3,170,000
Capital Value 3,800,000

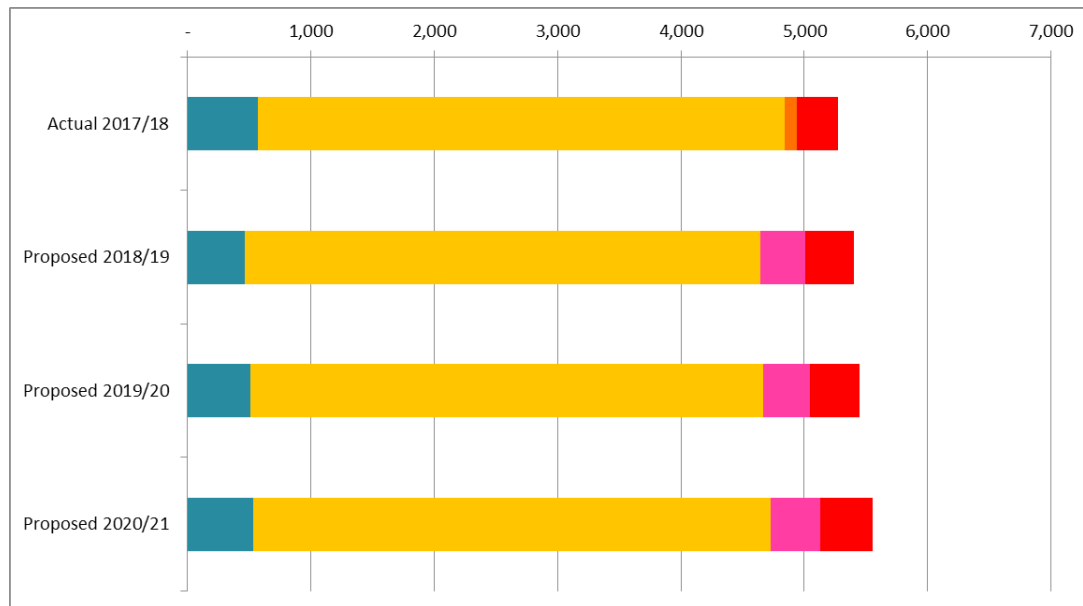
	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	1,147	940	1,028	1,067
ROADING	4,513	4,500	4,405	4,407
WATER, SEWERAGE & STORMWATER				
COMMUNITY FACILITIES		371	392	413
SOLID WASTE				
OTHER	361	434	430	457
COMMUNITY SERVICES	102			
TOTAL	\$6,123	\$6,245	\$6,255	\$6,344



RATES EXAMPLE - RURAL SHEEP & BEEF 1

Rural - Sheep & Beef 1

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
Land Value 3,010,000				
Capital Value 3,500,000				
GENERAL (UAGC)	574	470	514	533
ROADING	4,266	4,175	4,085	4,087
WATER, SEWERAGE & STORMWATER				
COMMUNITY FACILITIES		362	382	402
SOLID WASTE				
OTHER	336	400	397	421
COMMUNITY SERVICES	97			
TOTAL	\$5,273	\$5,407	\$5,378	\$5,443

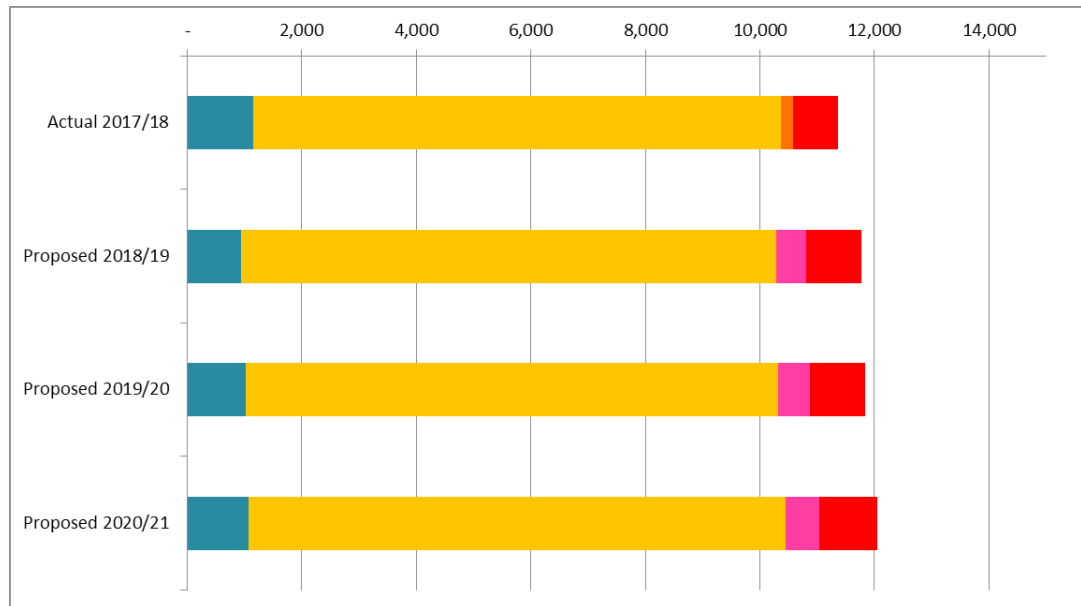


RATES EXAMPLE - RURAL DAIRY 2

Rural - Dairy 2

Land Value 6,450,000
Capital Value 8,450,000

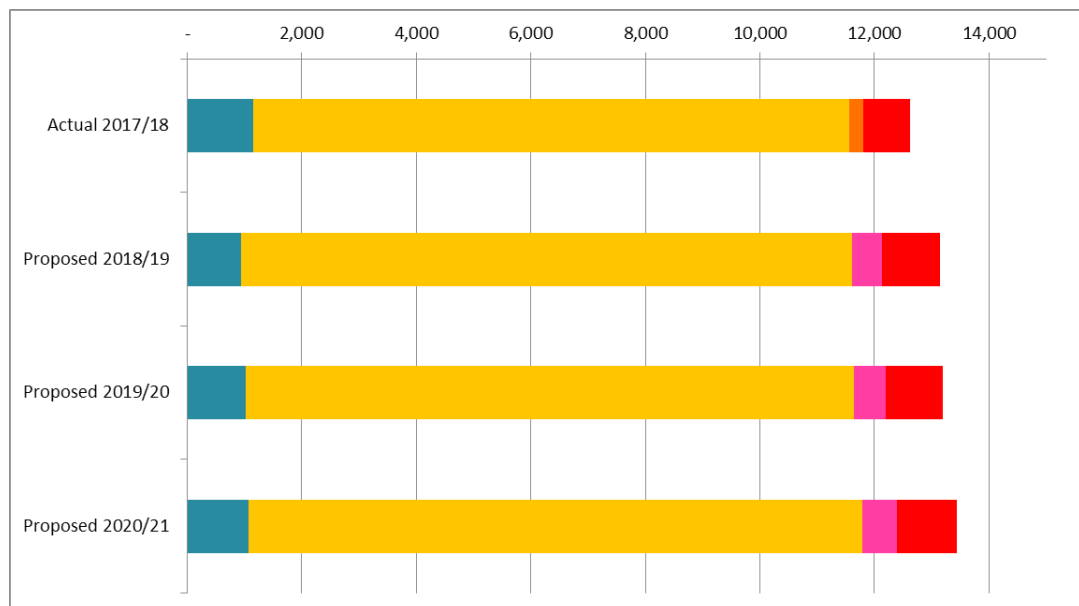
	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
GENERAL (UAGC)	1,147	940	1,028	1,067
ROADING	9,229	9,347	9,148	9,151
WATER, SEWERAGE & STORMWATER				
COMMUNITY FACILITIES		518	548	586
SOLID WASTE				
OTHER	789	965	957	1,016
COMMUNITY SERVICES	202			
TOTAL	\$11,367	\$11,770	\$11,681	\$11,820



RATES EXAMPLE - RURAL SHEEP & BEEF 2

Rural - Sheep & Beef 2

	2017/18 (ACTUAL)	2018/19 (FORECAST)	2019/20 (FORECAST)	2020/21 (FORECAST)
Land Value 7,700,000				
Capital Value 8,750,000				
GENERAL (UAGC)	2,294	1,880	2,056	2,134
ROADING	10,416	10,674	10,448	10,452
WATER, SEWERAGE & STORMWATER				
COMMUNITY FACILITIES		527	558	597
SOLID WASTE				
OTHER	819	999	991	1,052
COMMUNITY SERVICES	240			
TOTAL	\$13,769	\$14,080	\$14,053	\$14,235



REVENUE AND FINANCING POLICY

PURPOSE

The Revenue and Financing Policy outlines the funding mechanisms that Council has available to fund its operating and capital expenditure and how it intends to utilise each of them. The policy is a requirement of Section 102 of the Local Government Act 2002 (LGA).

The policy also identifies how Council intends to fund each of its activities, and outlines the considerations and rationale for the funding sources chosen.

Council has developed this policy in two steps. The first was to consider how Council funds each individual activity. The second was to look at the overall impact of the liability of these allocations on our community.

FUNDING OF OPERATING EXPENDITURE

Council is required to ensure that each year's projected operating revenues are sufficient to meet

the year's projected operating expenses. It may only vary this when it is financially prudent to do so, having regard to the requirements in section 100(2) of the LGA.

Operating expenditure is primarily funded through general and targeted rates, fees and charges.

External funding assistance is provided for roading and waste minimisation. Council will generate cash from operating revenue that can be used for capital renewal expenditure or debt repayment.

FUNDING OF CAPITAL EXPENDITURE

In terms of capital expenditure, assets generally provide benefit for a longer period of time than when the actual expenditure on the asset is spent. In this case they are funded over a period of time as opposed to in the year they are acquired. The exception to this is in the roading activity area where, apart from bridges, the annual capital expenditure generally matches the annual depreciation.

Most capital expenditure is funded via depreciation reserves or special funds, or a combination of depreciation reserves, special funds and borrowing (depending upon the scale of the project). In some instances, e.g. a new water or sewerage scheme, a lump sum contribution is made by the consumers receiving the new service.

Depending on the activity Financial Contributions are also used to fund capital expenditure.

DEPRECIATION RESERVES

Depreciation is a measure of the decline in service level of an asset or group of assets. Any depreciation funded for Council assets is placed in an interest-earning depreciation reserve. The reserves are then used to fund the future costs of renewing the infrastructural assets as per Council's activity management plans.

SPECIAL FUNDS

Special funds are also used for funding new capital or renewals. These funds have been contributed to from a number of sources, for example, historical funds, proceeds from the sale of endowment land, sale of assets and power shares.

BORROWING

Where depreciation reserves or special funds are not sufficient to meet all the costs of a project, capital expenditure is generally funded by borrowing. This provides the immediate funding required for an asset, with the debt then being repaid over time through rates. The time period of the loan repayment is generally set over a period where the benefit of the asset will be realised, although this may be shorter for long-life assets, i.e. the loan is repaid before the end of the asset's useful life. Unless specifically stated in the 'details of funding for Council activities' section, debt repayment becomes part of the operating costs and thus is funded from the same sources, in the same ratio, as for operating expenditure, over the life of the loan.

OVERVIEW OF FUNDING MECHANISMS USED BY COUNCIL

The mechanisms that Council can use to fund its capital and operating costs are set out by section 103(2) of the LGA. Council intends to use these mechanisms in the following ways:

UNIFORM ANNUAL GENERAL CHARGE

A uniform annual general charge (UAGC) is used to fund all or part of activities that provide a relatively equal benefit to the whole district. The UAGC is a fixed amount which is set on each separately used or inhabited part (SUIP) of a rating unit in the district.

TARGETED RATES

Some targeted rates are set on all rateable properties in the district to part fund some activities that have an element of district-wide benefit, including roading, public toilets, sewerage treatment upgrades, resource management and building control activities. These rates are set as a rate per dollar of capital value, which best reflects the contribution towards the need for the activities, and the benefit received from the activities.

Other targeted rates are used to fund all or part of activities that provide benefit to an identifiable community or group of ratepayers. These rates are targeted at those who benefit from the activity or who demand the level of service (identified by location or availability of service). They are either based on land value, capital value or are a uniform charge.

VOLUNTARY TARGETED RATES

From time to time Council may offer to fund a specific activity on behalf of individual ratepayers because the activity meets Council objectives as well as being beneficial to the ratepayer. If such funds are made available they will be recovered over a specified time frame, at a specified interest rate, by way of a targeted rate. The scheme itself is self-funding, ratepayers who take up the offer repay the financial assistance (plus interest) through a targeted rate.

LAND HOLDING GREATER THAN 1.2 HECTARES WITHIN TOWNSHIP BOUNDARIES

Council has defined areas of rateable land for the local roading rate. For rural land that falls within township boundaries, Council has applied a mechanism whereby areas equal to or greater than 1.2

hectares are split for rating purposes into an "a" and "b" assessment. The "a" assessment is calculated using the township rate (house and/or section) whilst the "b" assessment (remainder of the land) is calculated using the rural local roading rate.

FEES AND CHARGES

Fees and charges are utilised where practical if there is an identifiable private benefit from an activity, or where the actions of an individual create the need for the activity. Examples of fees include swimming pool charges, landfill fees, building consent fees and dog registration fees. When setting fees and charges, Council takes into account the effect the fees and charges would have on the use of the facilities and services.

LUMP SUM CONTRIBUTIONS

Lump sum contributions are utilised for some larger projects where new capital projects are loan funded. Ratepayers are given a choice of paying their share of the capital cost upfront in a voluntary lump sum, or paying through rates over the life of the loan. The decision whether to offer a voluntary lump sum option is determined on a project-by-project basis.

INTEREST AND DIVIDENDS FROM INVESTMENTS

Council receives interest on its reserve funds. Interest income from Council's reserves is used to:

- Offset the uniform annual general charge and thus reduce the rates that would otherwise be levied to fund Council's activities.
- Increase the value of depreciation reserves and special funds.
- Increase the value of investment reserves noting that the investment reserve (a treasury function) carries the risk attached with interest rate volatility.

BORROWING

Council borrows internally from its available reserves to fund various infrastructural asset renewals and upgrades. Borrowing is also undertaken from time to time in other circumstances, e.g. the West Otago Health grant.

The primary objective in borrowing internally is to use reserves effectively, by establishing a portfolio that provides funding to internal activity centres. We borrow internally because in most cases it creates operational efficiencies as savings are created by eliminating the margin that Council would pay on external borrowing, but we are exploring potential external options e.g. Local Government Funding Authority (LGFA).

External borrowing is also a funding mechanism available to Council.

PROCEEDS FROM ASSET SALES

Proceeds from asset sales are allocated to special funds, and are generally used for the acquisition of new assets.

DEVELOPMENT CONTRIBUTIONS

Under the LGA, Council is entitled to apply development contributions to new development. At this time Council has chosen not have a development contribution policy, in favour of financial contributions under the Resource Management Act 1991.

FINANCIAL CONTRIBUTIONS UNDER THE RESOURCE MANAGEMENT ACT 1991

Under the Resource Management Act 1991 Council is entitled to various financial contributions where an activity or development would impact

on the physical environment (including Council infrastructure). Contributions, for example include a capital contribution and connection cost for a new consumer connecting to Council infrastructure.

However Council will look to introduce Development Contributions by 18 April 2022 due to the impending repeal of financial contributions bought about by the Resource Legislation Amendment Act 2017.

GRANTS AND SUBSIDIES (EXTERNAL FUNDING ASSISTANCE)

Council receives external funding assistance for a number of activities or projects, largely from Central Government. The main source of government funding comes from the New Zealand Transport Agency (NZTA) for roading. A baseline level of funding is received for the maintenance of the existing roading system, while funding for new projects may be received depending upon the costs and benefits of each project.

Council also receives a proportion of waste minimisation levies to assist with waste minimisation activities throughout the district.

External funding is sought in other areas where possible. For example, funding from the Ministry of Health has been provided in the past for fluoridation and water treatment upgrades. Council will continue seeking external funding for tourism-related infrastructure.

RESERVE FUNDS (SPECIAL AND DEPRECIATION)

Council has a number of reserve funds. These funds generally assist future capital expenditure. As outlined previously depreciation funds are used towards funding capital renewal works. Special funds

are also generally used for funding capital renewals and new capital.

DETAILS OF FUNDING FOR COUNCIL ACTIVITIES

This section outlines Council's policies for funding each of its activities.

Council considered the matters listed in section 101(3) of the LGA when determining the most appropriate funding mechanisms for each of its activities. These matters are listed and explained under the following headings:

ACTIVITY DESCRIPTION

A brief description of the activity. For further information about each of Council's activities see the 'Council Activities' section of the Long Term Plan.

COMMUNITY OUTCOMES

The community outcome the activity primarily contributes to. For a further explanation of these outcomes, and how Council's activities contribute to these, see the 'Community Outcomes' and 'Council Activities' sections of the Long Term Plan.

WHO BENEFITS?

Who receives the benefit from the activity, either the community as a whole, an identifiable part of the community or individuals.

TIMEFRAME OF BENEFITS

The time period over which the benefits of expenditure on the activity will be recognised.

CONTRIBUTION TO THE NEED FOR THE ACTIVITY

The extent to which an action or inaction of particular individuals or group contribute to the need for Council to carry out the activity.

COSTS AND BENEFITS OF DISTINCT FUNDING

The costs and benefits, including consequences for transparency and accountability, of funding the activity distinctly from other activities.

The funding mechanisms shown below are for Council's share of the cost of the activities only (i.e. after any external funding is taken into account).

DEFINITIONS

UAGC – A 'Uniform Annual General Charge' is a rate set at a fixed amount and which every SUIP pays.

SUIP – A 'separately used or inhabited part of a rating unit' includes any part or parts of a property that can be separately used or occupied 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.

COMMUNITY LEADERSHIP

CIVIC

Activity Description

Governance of Council and Community Boards, including elected members, operation of formal meeting processes, elections and newsletters.

Community Outcome

A well informed community where people have their say in decisions that affect them.

Who benefits?

All residents and ratepayers in the communities represented.

Timeframe of benefits

Governance is an ongoing cost with benefits apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding for Council.

Funding methods

Council: 100% UAGC.

Liability Funding: 100% UAGC. A 2017 legal determination concluded Council had to pay a

liability in relation to significant contractual works undertaken some years ago. The non-asset related portion has been funded from a combination of reserves with the remainder allocated as a Governance cost.

Community Boards: 100% targeted uniform rate per SUIP.

Rationale

Governance is provided for the benefit of the community as a whole, and therefore is funded by the whole district. Community boards provide benefit to the communities within their areas, and so are funded by those communities.

WEST OTAGO HEALTH

Activity Description

Provision of a one-off grant to help fund construction of a health centre in Tapanui.

Community Outcome

A safe and supportive community.

Who benefits?

Everyone in the West Otago health service area would benefit. Users of the facility will directly benefit.

Timeframe of benefits

Long term.

Contribution to need

Stakeholders in the West Otago Health service area contribute to the need for this activity.

Costs and benefits of distinct funding

Distinct funding ensures that only those in the area of benefit contribute, and that the contribution can clearly be identified on rates invoices.

Funding methods

100% uniform targeted rate per SUIP.

Rationale

A uniform contribution from ratepayers in the area of benefit is deemed to be the fairest way to fund the grant.

ECONOMIC & COMMUNITY DEVELOPMENT

ECONOMIC DEVELOPMENT

Activity Description

Fostering economic development within the district.

Community Outcome

An economic environment that encourages growth in a way which sustainably supports the community.

Who benefits?

Primarily a district-wide benefit from the district retaining and attracting businesses, which provide employment and contribute towards rates. Some private benefit to businesses.

Timeframe of benefits

Currently an ongoing cost, with the majority of benefits being apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% UAGC.

Rationale

Largely a public benefit, therefore it is funded district-wide, through the UAGC.

COMMUNITY DEVELOPMENT

Activity Description

Fostering social well-being of the community through activities such as youth development and provision of grants to community groups.

Community Outcome

A safe and supportive community.

Who benefits?

Community-wide benefit.

Timeframe of benefits

The majority of benefits are apparent in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% UAGC.

Rationale

Largely a public benefit, therefore it is funded district-wide, through the UAGC.

ECONOMIC DEVELOPMENT PROPERTY

Activity Description

Property for contributing to economic growth through industrial, commercial or residential development.

Community Outcome

An economic environment that encourages growth in a way that sustainably supports the community.

Who benefits?

Primarily a District-wide benefit, stimulating or reducing barriers to economic growth, supporting housing for our workforce, and adding new ratepayers.

Timeframe of benefits

Medium to long term.

Contribution to need

All residents, businesses and ratepayers.

Costs and benefits of distinct funding

Distinct funding ensures an additional source of funding that does not impact on ratepayers.

Funding methods

100% Other – Funded by sale of surplus property, internal or external loans, and sale of development property.

Rationale

Funding from other sources ensures that the ratepayer is not paying for economic development property.

ROADING

Activity Description

The provision, operation and management of the local roading network, including roads, bridges, streetscapes and footpaths.

Community Outcome

Roading infrastructure that sustainably supports the community and economy.

Who benefits?

The roading network provides national, regional and local benefits.

Timeframe of benefits

Long term.

Contribution to need

All residents and ratepayers contribute to varying degrees. At this stage differentials depending on industry are not applied, e.g. for higher impact users such as forestry and dairying.

Costs and benefits of distinct funding

Distinct funding enables a split between district and local funding. Due to the size of the roading rates requirement it is desirable to have roading rates highlighted separately.

Funding methods

Roads and bridges: A substantial amount is funded by financial assistance from NZTA, with the balance being split between district and local roading rates based on the district/local benefit of each road.

For the balance funded by Council there is a district-wide roading rate, based on capital value, which funds approximately 37% of Council's costs. This includes 90% of arterial roads, 50% of collector roads and 10% of local roads.

The remaining approximately 63% of the rates requirement is funded by a targeted rate differentiated on location made up of a minimum charge per SUIP based on level of service, with the remainder based on land value. Each area funds a share of the local roading rate based on the value and depreciation rates of the roading assets within that area and the proportion of district-wide vs. local benefit. A map of these areas is attached

District-wide main street: 20% UAGC and 80% of Balclutha, Lawrence & Milton costs on a uniform community-based rate.

New footpaths: A uniform rate per SUIP on those in the rating area benefiting from new footpaths.

Rationale

The combination of funding mechanisms reflects the access to, and benefit gained from the roading network.

WATER

URBAN WATER

Activity Description

Provision of reticulated potable water supplies to urban areas.

Community Outcome

Water services that sustainably support the community and economy.

Who benefits?

Private benefit for those who obtain and use water. Some benefit to those whose properties have the ability to connect to a scheme. General public benefit for public health and fire-fighting purposes.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

All urban residents and ratepayers.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive potable water supply to be recognised.

Funding methods

Council will have a uniform targeted rate for customers who receive potable water from an 'on demand' supply and a uniform targeted rate for customers who receive potable water from a 'restricted' supply.

Rationale

User pays district-wide across all urban users facilitates efficient use of resources.

RURAL WATER

Activity Description

Rural water schemes which provide water primarily for stock but also for domestic consumption.

Community Outcome

Water services that sustainably support the community and economy.

Who benefits?

Private benefit for those who obtain and use water.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Property owners who require water to enable intensive use of their land.

Costs and benefits of distinct funding

Each scheme is operated as a standalone entity. This enables the cost of each scheme to be paid for by those who benefit from it.

Funding methods

100% targeted rate per unit of water supplied differentiated by scheme.

Rationale

User pays ensures efficient use of resources, with consumers only demanding what is affordable and sustainable.

SEWERAGE

Activity Description

Provision of sewage reticulation and treatment facilities throughout the district.

Community Outcome

Water services that sustainably support the community and economy.

Who benefits?

Private benefit for those whose sewage is removed, treated and disposed of. There is also wider public health and environmental benefits from safe and appropriate sewage disposal.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Those without suitable private sewage disposal systems.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive sewerage services to be recognised.

Funding methods

Council will have a uniform targeted sewerage rate

for each separately used or inhabited part of a rating unit (SUIP) that is either connected, or for which a connection is available. The final determination of rates will also include operating and capital costs.

Council had previously spread the implementation of uniform rates over six years (2018/19 would be year 4) but is now proposing to complete the full implementation in the 2018/19 financial year.

Rationale

Benefit is largely private so the activity is predominantly user pays. The wider benefit of safe sewage disposal is reflected by wider contribution to treatment upgrades and reticulation extensions for Benhar, Tokoiti and Pounaweia.

STORMWATER

Activity Description

Stormwater reticulation minor stormwater works throughout the district.

Community Outcome

Water services that sustainably support the community and economy.

Who benefits?

Those whose properties are protected by stormwater drainage.

Timeframe of benefits

Short term benefit from expenditure on operating costs, with longer-term benefits from expenditure on capital.

Contribution to need

Property owners whose properties contribute to stormwater run-off where there is a demonstrated need for a public stormwater system.

Costs and benefits of distinct funding

Distinct funding enables the private benefit to those who receive stormwater protection to be recognised.

Funding methods

Council will have a uniform targeted stormwater rate for each separately used or inhabited part of a rating unit (SUIP).

Council had previously spread the implementation of uniform rates over six years (2018/19 would be year 4) but is now proposing to complete the full implementation in the 2018/19 financial year.

Rationale

Those who benefit from the provision and development of stormwater schemes in their areas pay for those costs.

COMMUNITY SERVICES

LIBRARIES

Activity Description

Provision of library services through the Central Balclutha library and four branch libraries.

Outcome

Community facilities that sustainably benefit users and the wider community.

Who benefits?

Primarily a public benefit. All members of the community have access to the facilities and the whole community benefits from having such facilities provided.

Timeframe of benefits

An ongoing activity with benefit largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

5-10% Fees and charges; 90-95% UAGC.

Rationale

The cost of the service does not change significantly as use increases or decreases, but increasing fees can reduce access for some community members. To allow full accessibility there are no fees for core services. Funding the core services through the UAGC recognises the public benefit.

SERVICE AND INFORMATION CENTRES

Activity Description

Visitor information centres for visitors and residents and service centres for ratepayers.

Community Outcome

Community facilities that sustainably benefit users and the wider community.

Who benefits?

Private benefit to those who use information centres, as well as tourist-reliant businesses whose information is provided to customers. The community in general also benefits from the success of the tourism industry and the availability of Council service points.

Timeframe of benefits

An ongoing activity with the benefit of operating expenditure being realised in the year of expenditure and the benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

Residents, ratepayers and visitors.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

5-10% Fees and charges; 90-95% UAGC.

Rationale

While there is private benefit from using information centres, such services are generally not charged for within New Zealand. The district as a whole benefits from the tourism industry and the information centres facilitate this. The Council service centre functions also provide a district-wide benefit.

PUBLIC TOILETS

Activity Description

Provision of public toilets and campervan dump stations throughout the district.

Community Outcome

Community facilities that sustainably provide benefit to users and the wider community.

Who benefits?

Private benefit to users of the facilities, public benefit from providing such facilities to for locals and visitors and from having a hygienic environment.

Timeframe of benefits

An ongoing activity with benefit largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

Residents and visitors.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

Approximately 50% UAGC and approximately 50% district-wide CV based rate.

Rationale

A district-wide charge is the fairest option since fees and charges are not realistic or would be unlikely to be economic to apply.

CEMETERIES

Activity Description

Provision, maintenance and operation of cemeteries and maintenance of the district's monuments.

Community Outcome

Community facilities that sustainably provide benefit to users and the wider community.

Who benefits?

Private benefit to the families of deceased. Public benefit in providing respectful treatment of the deceased who form part of the community's heritage. Public health benefits from ensuring properly managed and controlled burials and cemetery sites.

Timeframe of benefits

Majority of expenditure is on operating costs, with the benefit being realised in the year of expenditure. There are also longer term benefits from capital expenditure.

Contribution to need

All ratepayers and residents.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

Approximately 55% Fees and Charges and approximately 45% UAGC.

Rationale

The funding split recognises direct private benefits along with wider public benefits. Ability to pay is partly recognised by keeping burial fees at an affordable level.

COMMUNITY HOUSING AND OTHER PROPERTY

Activity Description

Provision and maintenance of community housing units throughout the district. This area also includes lease-hold land, endowment land and other property (excluding economic development property).

Community Outcome

A safe and supportive community.

Who benefits?

Mostly a private benefit to tenants. There is also public benefit from having appropriate housing available to people who may not easily be able to access private sector housing.

Timeframe of benefits

Long term.

Contribution to need

Residents who have difficulty finding appropriate housing in the market.

Costs and benefits of distinct funding

This activity is self-funding there is no requirement for rates funding.

Funding methods

100% fees and charges (rentals).

Rationale

Due to a significant private benefit, the community housing units are fully self-funded through user charges. User charges (rentals) are set at market rates to cover the cost of maintaining and upgrading the facilities.

COMMUNITY FACILITIES

Activity Description

Includes the following:

- Funding of halls and community centres throughout the district.
- Provision of swimming pools in Balclutha and Milton.
- Provision of greenspaces including parks, reserves, playgrounds and sportsgrounds.
- Grant towards construction of the multi-purpose Cross Recreation Centre.
- Grant towards the construction of an extension to the Clutha Gold Trail from Lawrence to Waihola.

Community Outcome

Community facilities that sustainably benefit users and the wider community.

Who benefits?

Public benefit from having the facilities available and for those who have the facilities in their community.

Timeframe of benefits

An ongoing activity with benefits largely being realised in the year of expenditure. The benefit of capital expenditure is realised over a longer timeframe.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised and the activities funded by the community services rate are listed in Annual and Long Term Plans and on rates assessments.

Funding methods

Baclutha and Milton Pools: 12-18% fees and charges; 40-45% UAGC; 40-45% targeted uniform rate (Milton Waihola and Lower Clutha areas).

Halls and community centres: 12-18% fees and charges; 41-44% UAGC; 41-44% targeted uniform rate.

Parks, Reserves and Playground
Approximately 50% UAGC and approximately 50% targeted.

Sportsgrounds: 3-7% fees and charges, 46-49% UAGC, 46-49% uniform targeted rate rate.

Cross Recreation Centre: Approximately 50% UAGC and approximately 50% uniform targeted rate (Lower Clutha area).

Clutha Gold Trail Extension: Approximately 50% UAGC, and approximately 50% uniform targeted rate

(Lawrence Tuapeka and Milton Waihola areas).

Rationale

District-wide funding recognises the wide public benefit gained from parks, reserves and playgrounds. The majority of the cost is funded by the local community ensuring that communities only demand the level of service they can afford. Some fees and charges for sports groups to recognise that they have exclusive use of the sportsgrounds during their booking period.

SOLID WASTE MANAGEMENT

WASTE COLLECTION AND DISPOSAL

Activity Description

Solid Waste collection and disposal services, including the operation of a kerbside collection service, waste transfer stations and Mt Cooe landfill.

Community Outcome

A sustainable environment that promotes a clean, green image.

Who benefits?

Private benefit to those whose recyclables and residual waste is disposed of. Also a public benefit from ensuring that waste is dealt with safely without damaging the environment or public health.

Timeframe of benefits

Short term, with some longer term benefits from the provision of the landfill.

Contribution to need

All of those who use the waste disposal services or facilities.

Costs and benefits of distinct funding

Distinct funding enables the private benefit of the kerbside collection to be recognised. Efficiencies are also gained from this being provided across the district by a single kerbside provider.

Funding methods

Approximately 30% targeted uniform rate per SUIP (based on availability of kerbside collection service); and approximately 70% Fees and charges (use of landfill and transfer stations).

Rationale

User pays ensures that the cost of waste disposal is attributed to those who create the waste and provides an incentive to reduce waste created.

WASTE MINIMISATION**Activity Description**

Waste minimisation activities, including education programmes and drop-off facilities for recyclables.

Community Outcome

A sustainable environment that promotes a clean, green image.

Who benefits?

Primarily a public benefit from reduced waste to landfill. Some private benefit to those who use free recyclable drop-off facilities to dispose of recyclable waste.

Timeframe of benefits

Currently an ongoing activity with benefits apparent

in year of expenditure. Benefits will also be realised in the long term from behaviour changes as a result of education programmes.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% UAGC.

Rationale

Rating across the district ensures that recyclables drop-off facilities are free, encouraging their use.

REGULATORY AND EMERGENCY SERVICES**RESOURCE MANAGEMENT****Activity Description**

Administration and monitoring of the Clutha District Plan to ensure that development and resource use maintains environmental and community standards.

Community Outcome

A safe and supportive community.

Who benefits?

Largely a public benefit from the sustainable

management of the districts natural and physical resources. A private benefit to those who are granted a resource consent, enabling them to sustainably use their land. management of the districts natural and physical resources. A private benefit to those who are granted a resource consent, enabling them to sustainably use their land.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure. Longer term benefit from expenditure on the District Plan.

Contribution to need

Individuals or organisations whose actions or proposed developments require resource consent.

Costs and benefits of distinct funding

No particular benefit from distinct funding.

Funding methods

80-90% Fees and charges; 10-20% district-wide CV based rate.

Rationale

Fees are set at a level to recover actual costs involved in processing the consent. The remainder is treated as a public good.

ANIMAL CONTROL**Activity Description**

Registration of dogs and responding to animal-related complaints.

Community Outcome

A safe and supportive community.

Who benefits?

Private benefit to animal owners who have their animals returned. Public benefit from the capture of wandering animals and from having Council oversee animal welfare. There is also a public benefit from having less fouling of public space.

Timeframe of benefits

An ongoing activity with largely a short term benefit. Longer term benefit of the pound.

Contribution to need

Animal owners who do not adequately control their animals.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

Approximately 95% Fees and charges; and approximately 5% UAGC.

Rationale

User pays ensures those who contribute to the need for the activity fund the vast majority of the costs. Responsible dog owners receive a discount, recognising that they contribute less to the activity than others. The district-wide contribution recognises the public benefit.

ENVIRONMENTAL HEALTH

Activity Description

Protection of public health and safety through licensing of food premises and other venues that have potential public health risks.

Community Outcome

A safe and supportive community.

Who benefits?

Community benefit from knowing that public health standards are being met. There is also private benefit to businesses whose operations have public health implications.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The public who demand safe and hygienic eateries and hairdressers. Businesses who operate in the food or hairdressing industries.

Costs and benefits of distinct funding

No benefit from distinct funding. However, the UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

10-15% Fees and charges; 85-90% UAGC.

Rationale

The combination of funding mechanisms reflects the individual and wider community benefits, whilst making services affordable for businesses.

BUILDING CONTROL

Activity Description

Administering the Building Act 2004, including ensuring that buildings comply with the New Zealand Building Code.

Community Outcome

A safe and supportive community.

Who benefits?

Private benefit to building owners from having certification that their buildings are structurally sound and comply with safe building practices. There are also public safety benefits from structurally sound public buildings.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The community demands safe buildings, however, people who build new buildings or alter existing buildings contribute to Council's workload.

Costs and benefits of distinct funding

No particular benefit from distinct funding.

Funding methods

80-90% Fees and charges; 10-20% district-wide CV based rate.

Rationale

Fees are set at a level to recover actual costs involved in processing the consent. The remainder is treated as a public good. Capital value is used as a basis to reflect the level of likely demand for building control services and ability to pay.

ALCOHOL LICENSING

Activity Description

Licensing and monitoring of premises from which alcohol is sold.

Community Outcome

A safe and supportive community.

Who benefits?

Private benefit to businesses who gain licences enabling them to trade. Public benefit from having alcohol available in licenced premises which meet licensing standards.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

Those who sell or apply to sell alcohol.

Costs and benefits of distinct funding

The UAGC is itemised in Annual and Long Term Plans and on rates assessments so ratepayers can easily identify individual components.

Funding methods

100% fees and charges.

Rationale

Fees are set by statute. Any shortfall is recovered by UAGC on the basis that this activity also has an element of public good.

COMPLIANCE

Activity Description

Protection of public health and safety through livestock control, litter enforcement, abandoned vehicles, parking enforcement, noise control and related administrative support.

Community Outcome

A safe and supportive community.

Who benefits?

All of community benefits from compliance activities.

Timeframe of benefits

An ongoing activity with the benefit being realised in the year of expenditure.

Contribution to need

The public who want to ensure a safe, safety and protection from nuisance outlined in the above description.

Costs and benefits of distinct funding

No benefit from distinct funding.

Funding methods

100% district-wide CV based rate.

Rationale

The funding mechanisms reflects the individual and wider community benefits

The funding mechanism proposed is 100% district-wide CV based rate.

EMERGENCY SERVICES

Activity Description

Includes:

Emergency management (civil defence) including 'reduction, readiness, response and recovery' actions. Funding for tanker replacements prior to 1 July 2017 fire services amalgamation.

Community Outcome

A safe and supportive community.

Who benefits?

The whole community benefits from this public

service activity.

Timeframe of benefits

An ongoing activity with the benefit being largely realised in the year of expenditure.

Contribution to need

All residents and ratepayers.

Costs and benefits of distinct funding

No benefit from distinct funding.

Funding methods

100% UAGC.

Rationale

Funding through the UAGC reflects the 'people focus' of Emergency Services.

Summary of Funding Mechanisms

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	GENERAL RATES		TARGETED RATES	
				UNIFORM ANNUAL GENERAL CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE	
						UNIFORM CHARGE	LAND VALUE (LV)
Community Leadership	Governance	Council			100%		
		Contract Liability Funding	25%				
		Community Boards				100%	
	West Otago Health					100%	
Economic & Community Development	Economic Development			100%			
	Community Development			100%			
	Community Development Property	100%					
Roading	Roading (balance after NZTA subsidy)				37% ¹		63% ²
	New footpaths					100%	
	District-Wide Main Street	Balclutha, Milton & Lawrence		20%		80%	
Water Supply	Urban Water Supply					100%	
	Rural Water Scheme					100%	
Sewerage	Sewerage					100%	
	District Sewerage Upgrade Support				10%	90%	
	Benhar & Tokoiti Capital				10%	90%	

¹ District roading component ² Local roading component

Summary of Funding Mechanisms

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	GENERAL RATES			
				DISTRICT-WIDE RATES		TARGETED RATES	
				UNIFORM ANNUAL GENERAL CHARGE (UAGC)	CAPITAL VALUE (CV)	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE	LAND VALUE (LV)
						UNIFORM CHARGE	
Stormwater	Urban Stormwater					100%	
	Libraries		5-10%	90-95%			
	Service & Information Centres		5-10%	90-95%			
	Cemeteries		55%	45%			
	Public Toilets			50%	50%		
	Community Housing and Other Property		100%				
Community Services	Community Facilities						
	Swimming Pools		10-15%	40-45%		40-45%	
	Parks, Playgrounds & Reserves			50%		50%	
	Sportsgrounds		3-7%	46-49%			46-49%
	Halls & Community Centres		12-18%	41-44%		41-44%	
	Cross Recreation Centre			50%		50%	

Summary of Funding Mechanisms

ACTIVITY GROUP	ACTIVITY	OTHER	FEES & CHARGES	GENERAL RATES		TARGETED RATES	
				UNIFORM ANNUAL GENERAL CHARGE (UAGC)	DISTRICT-WIDE RATES CAPITAL VALUE (CV)	RATES BASED ON LOCATION OF AVAILABILITY OF SERVICE UNIFORM CHARGE LAND VALUE (LV)	
Solid Waste Management	Waste Collection & Disposal		70%			30%	
	Waste Minimisation			100%			
	Resource Management		80-90%		10-20%		
Regulatory & Emergency Services	Animal Control		95%	5%			
	Environmental Health		10-15%	85-90%			
	Building Control		80-90%		10-20%		
	Compliance				100%		
	Alcohol Licensing		100%				
	Emergency Services*				100%		

* Civil Defence and Rural Fire

OVERALL FUNDING CONSIDERATION

We are required by section 101(3)(b) to consider the overall impact of the allocation of liability for revenue needs on the community. It allows us, as a final measure, to modify the overall mix of funding in response to these considerations.

1. We are required to adjust the total amount collected from the 'uniform annual general charge' portion of the general rate to be within the 30% rule. If the sum of the activities to be funded from the uniform annual general charge is more than the 30% cap, we will adjust the rate down to the cap and the balance will be funded from the general rate.
2. We may use accounting provisions to spread the costs of activities over multiple years for the purpose of smoothing the cost to users and ratepayers.

POLICY ON RATES REMISSION

PURPOSE

This policy provides the framework for granting remission of rates and rate penalties under the Local Government (Rating) Act 2002 (the Act).

Relevant Legislation

Local Government (Rating) Act 2002, section 85
Local Government Act 2002, section 109.

POLICY

REMISSION OF RATES FOR COMMUNITY, SPORTING AND OTHER ORGANISATIONS

Objective

To assist where practicable, community clubs and organisations in recognition of the valuable 'public good' contribution made by such organisations to the character and well-being of the district.

Conditions and criteria

Council may remit rates for any organisation (for land the organisation owns or uses), for the purpose of any of the following:

- Recreation
- Health
- Enjoyment/leisure
- Instruction

- Sport/physical activity
- Any form of culture

Consideration for remission includes land owned or leased to an organisation where, under the rent or lease agreement, there is an obligation to pay the rates assessed on the land.

The policy will not apply to organisations that are operated for private pecuniary profit.

Procedures

All applications for remission must be in writing and addressed to the Chief Executive. Applications must include (where applicable):

- Statements of objectives of the organisation e.g. constitution.
- Financial statements e.g. recent audited accounts.
- Lease agreement (if applicable).

Any remission of rates will exclude rates in respect to water supply, sewage disposal or waste collection.

A remission of 100% will be applied under delegated authority. Where the applicant's financial information suggests that 100% may not apply the application will be referred to the Corporate Services Committee. For example, the applicant's information demonstrates they have sufficient cash reserves for current and future needs.

A granted remission will apply from the beginning of the rating year in which the remission is granted and continue until such time that an organisation or club no longer meets the criteria.

REMISSION OF RATES FOR LAND SUBJECT TO SPECIAL PRESERVATION CONDITIONS

Objective

To preserve and encourage the protection of land and improvements which are the subject of special preservation conditions.

Conditions and criteria

Rate remission under this provision of the policy relates to land that is owned or used by and subject to one of the following:

- A heritage covenant under the Historic Places Act.
- A heritage order under the Resource Management Act.
- An open space covenant under the Queen Elizabeth the Second National Trust Act.
- A protected private land agreement or conservation covenant under the Reserves Act.
- Any other covenant or agreement entered into by the owner of the land with the public body for the preservation of existing features of land, or of buildings, where the conditions of the covenant

or agreement are registered against the title to the land and are binding on subsequent owners of land.

Procedures

An application for remission will be considered by the Corporate Services Committee and must be made in writing and accompanied with supporting documentary evidence of the special preservation conditions.

The application for rates remission must be made prior to commencement of the rating year, i.e. 1 July. Applications received and approved during the rating year will become applicable from the commencement of the following rating year.

The maximum available remission is up to 100% of rates but excludes rates in respect to water supply, sewage disposal or waste collection.

REMISSION OF RATES FOR NATURAL DISASTERS AND EMERGENCIES

Objective

To provide for the possibility of rates remission where a form of natural or other type of disaster or emergency affects one or more residential rating units capacity to be inhabited, used or otherwise occupied for the period of a rating year, or more.

Conditions and criteria

The Council may consider voiding the need for an application and grant remission for any rating unit or group of rating units collectively affected by a natural disaster or emergency.

Each application will be considered on its merits and remission up to 100% may be granted where it is considered just and equitable to do so.

Applications may be declined if there is evidence to suggest the applicant's actions or inactions contributed to the circumstances under which the application is being made.

Applications for rates remission under this policy will be considered by a full meeting of Council.

Procedures

The Council may, on written application from the ratepayer of rating units affected by a natural disaster or emergency, remit up to 100% of annual rates levied.

Where an application is approved by Council, the rating unit concerned will become non-rateable for the specific rating year.

REMISSION OF UNIFORM ANNUAL GENERAL CHARGES

Objective

To provide for relief from Uniform General Charges when:

- Two or more rating units are owned by the same person or persons, and,
- Are part of a subdivision plan which has been deposited for separate lots, or separate legal titles exists but the rating units may not necessarily be used jointly as a single unit, and,
- Each rating unit does not benefit separately from the services related to the Uniform Annual General Charge.

Conditions and criteria

Remission of Uniform Annual General charges applies in the following situation:

As a result of the High Court decision of the 20 November 2000 "Neil Construction and others vs. North Shore City Council and others", in respect to

unsold subdivided land, each separate lot or title is treated as a separate Rating Unit and such land is implied not to be used as a single unit.

Rating units that meet the criteria under this provision may qualify for a remission of uniform annual general charges. The ratepayer will remain liable for at least one uniform annual general charge. Each case for remission will be decided on its own facts. A granted remission will remain in force whilst all land remains contiguous.

Procedures

Ratepayers who consider themselves eligible for remission under this part of the policy may make application in writing to the Corporate Services Manager and will be considered by the Corporate Services Committee. All applications will be considered and where eligible remission will be backdated to the beginning of the rating year in which the application has been received.

REMISSION OF PENALTIES

Objective

The objective of this part of the policy is to enable the Council to act fairly and reasonably in its consideration of rates which have not been received by the Council by the penalty date due to circumstances outside the ratepayer's control.

Conditions and criteria

Remission of one penalty will be considered in any one year when payment has been late due to significant family disruption. This will apply in the case of death, illness or accident of a family member at about the time rates are due.

Remission of the penalty will be considered if the ratepayer forgets to make payment and claims the invoice was not received or is able to provide

evidence that the payment has gone astray in the post or the late payment has otherwise resulted from matters outside their control.

Other conditions for remission may exist and will be considered on their own merit.

Each application for remission will be considered on its own merits and remission will be granted when it is just and equitable to do so.

When significant arrears exist penalties may be remitted whilst regular payments are made to reduce the arrears balance.

Decisions on remission of penalties will be delegated to officers as set out in the Council's Delegations Policy.

Review of Remissions

All remissions granted will be reviewed every three years. This is to ensure that the circumstances under which the remissions were granted continue to exist.

POLICY ON RATES POSTPONEMENT

PURPOSE

Sections 102(3) (b) and 110 of the Local Government Act 2002 state that local authorities may adopt a rates postponement policy. This policy confirms the Clutha District Council's stance on rates postponement.

The objective of this policy is to provide Benhar and Tokoiti sewerage capital ratepayers, who, in the opinion of Council, are experiencing severe financial hardship, with the option of postponing payment of their sewerage capital rates. Any postponement will be subject to the full cost being met by the ratepayer and Council being satisfied that the risk in any case is minimal.

CONDITIONS AND CRITERIA

1. Clutha District Council does not provide rates postponement, except for the postponement of Benhar or Tokoiti Sewerage Capital rates for ratepayers who would experience severe financial hardship if the rate was not postponed.
2. Ratepayers can apply to Council for postponement of only the annual Benhar or Tokoiti capital sewerage rate, either in entirety or part. The ratepayer will still be required to pay the remaining portion of their rates assessment including the sewerage scheme operating rate.
3. The ratepayer (or authorised agent) must make an application to Council on the prescribed form.
4. The ratepayer must be the owner of the property subject to the application as at 1 July, and must not own any other rating units or investment properties or other substantial realisable assets.
5. Before making a written application, the ratepayer must have received budget advice (for example, from the Budget Advisory Service) and must make the budget advisor's findings available to Council.
6. Council must be satisfied that the ratepayer is likely to be in a position of severe financial hardship if their sewerage capital rate is not postponed.
7. When considering whether financial hardship exists, all of the ratepayer's personal circumstances will be relevant including the following factors:
 - a) age, physical or mental disability, injury, illness and family circumstances;
 - b) number of dependents;
 - c) access to other sources of financial assistance (including central government's rates rebate scheme);
8. Council must be satisfied, on reasonable assumptions, that the risk of not recovering postponed rates and fees, when due as per clause 13, is negligible. Where a rates postponement arrangement has been entered into Council may refuse to postpone any further rates if it considers that the risk is not negligible.
9. The amount of any rates postponed including fees will be secured by a notice of charge on the Certificate of Title of the rating unit. Any costs of registering and subsequently dealing with the charge are to be met by the ratepayer by being added to the amount postponed.
10. A postponement fee will be added to the amount postponed at the start of every financial year when there are outstanding postponed rates against a property. This fee will cover the administrative and financial costs of the postponement. Financial costs will include interest as calculated annually by Council.
11. Whilst there are postponed rates outstanding against a property the ratepayer must provide annual proof that their house is insured and
 - d) the likely period before the ratepayer's financial position could be expected to improve;
 - e) a verified budget.

make an annual declaration that they continue to use the property as their primary residence.

12. The annual sewerage capital rate will continue to be postponed for a maximum of five years, provided that on an annual basis the ratepayer completes a written declaration that their circumstances still meet the requirements of this policy. After 5 years, ratepayers would be able to re-apply for postponement.
13. All postponed rates will become payable on the earliest of the following dates;
 - a) when the ratepayer(s) ceases to be the owner or occupier of the rating unit
 - b) when the ratepayer(s) ceases to use the property as their primary residence
 - c) upon the death of the ratepayer(s)
14. The postponed rates and fees or any part thereof may be paid off at any time without penalty. Such voluntary repayments will be credited against the ratepayers postponed rates at the beginning of the financial year following that of when they were received by Council, but prior to the calculation of interest. When postponed rates are paid off in full, the ratepayer will be liable for any costs of removing the statutory land charge from the certificate of title.
15. Decisions on postponement are delegated to the Manager Corporate Services. If an applicant is declined postponement they may appeal to the Clutha District Council.
16. The Manager, Corporate Services, will report annually to the Corporate Services Committee on the total number and value of rates postponed during that year and the total number and value of outstanding postponed rates.

PROCEDURES

At the start of any rating year, where a ratepayer has any postponed rates, the Council will send an annual statement outlining:

- the total amount of postponed rates outstanding
- the postponement fees applied
- the ratepayers responsibilities under clause 11
- the declarations required for future sewerage capital rates to be postponed (as per clause 12).

DEFINITIONS

Postponement Fee: A fee under section 88 of the LGRA, to cover the administrative and financial costs (including interest) of providing rates postponement.

RELEVANT LEGISLATION

Sections 102(3) (b), 110 Local Government Act
Sections 80 - 90 Local Government (Rating) Act 2002

LEGAL COMPLIANCE

This policy must be reviewed at least once every 6 years through the special consultative procedure (s 110(2A)).

RELATED POLICY AND DOCUMENTS

Revenue and Financing Policy

KEY WORDS

Benhar, Tokoiti, Sewerage Rate, Rates Postponement, Financial Hardship

POLICY ON REMISSION & POSTPONEMENT OF RATES FOR MAORI FREEHOLD LAND

PURPOSE

This policy has been formulated for the purpose of ensuring the fair and equitable collection of rates from all sectors by recognising that certain Maori owned lands have particular features, ownership structures or other circumstances that make it appropriate to provide rates relief.

This policy provides the framework for granting remissions and postponements for the payment of rates and penalties on Maori freehold land, and is adopted under Section 102(4) and Section 108 of the Local Government Act 2002 (LGA).

POLICY

REMISSION OF RATES

The Clutha District Council carries out its rating function in accordance with the requirements of the Local Government (Rating) Act 2002 (LGRA) and the LGA.

All Maori freehold land in the Clutha District Council area is liable for rates in the same manner as if it were general land (as per section 91 LGRA).

Maori freehold land is defined in the LGRA as land

whose beneficial ownership has been determined by a freehold order issued by the Maori Land Court. Only land that is the subject of such an order may qualify for remission or postponement under this policy. Whether rates are remitted in any individual case will depend on the individual circumstances of each application.

Schedule 11 of the LGA identifies the matters which must be taken into account by Council when considering rates relief on Maori freehold land.

When considering the objectives listed below Council must take into account:

- the desirability and importance of the objectives to the district.
- whether remitting the rates would assist attainment of those objectives.

Objectives

- a) supporting the use of the land by the owners for traditional purposes
- b) recognising and supporting the relationship of Maori and their culture and traditions with their ancestral lands
- c) avoiding further alienation of Maori freehold land
- d) facilitating any wish of the owners to develop

the land for economic use

- e) recognising and taking account of the presence of waahi tapu that may affect the use of the land for other purposes
- f) recognising and taking account the importance of the land in providing economic and infrastructure support for marae and associated papakainga housing (whether on the land or elsewhere)
- g) recognising and taking account of the importance of the land for community goals relating to
 - a. the preservation of the natural character of the coastal environment
 - b. the protection of outstanding natural features
 - c. the protection of significant indigenous vegetation and significant habitats of indigenous fauna
- h) recognising the level of community services provided to the land and its occupiers
- i) recognising matters related to the physical accessibility of the land.

Conditions and Criteria

Applications for remission of rates on Maori freehold land must be made in writing, and should include:

- a description of the size, position and current use

of the land

- an indication of the ownership and documentation that shows the land which is subject to the application for rates remission is Maori freehold land
- outline future plans for the land (if any)
- sources and level of income generated by the land (if any)
- financial accounts if requested
- outline the reason for the request
- describe how the application meets any one or more of the objectives listed above.

Council may grant a remission of up to 100% of all rates except targeted rates for water supply, sewage disposal, storm water or refuse collection.

POSTPONEMENT OF RATES

Council does not allow for rates postponement on Maori freehold land.

PROCEDURES

REMISSION OF RATES

An application for remission of rates must be considered by the Corporate Services Committee.

All rates on Maori freehold land whose owners name or names (or the name of the lessee) appears on the valuation roll (under section 92 of the LGRA) will be collected in the usual manner of rate collection and follow up.

All rates, rates arrears and penalties on Maori freehold land vested in trustees will be collected from income derived from that land and held by the trustees for the beneficial owners, but limited to the extent of the money derived from the land and held by the trustees on behalf of the beneficial owner or owners (as per section 93 LGRA).

For Maori freehold land in multiple ownership, any person who actually uses the land whether for residing, farming, storage or any other use, whether they have a lease or not, is liable to pay the rates (as per section 96 LGRA). The rates invoice will be delivered to that person and the rates will be collected in the usual manner. Section 97 LGRA provides for the person to be treated as having used the whole of the land for the whole financial year, unless they can establish otherwise.

Rates arrears on Maori freehold land in multiple ownership shall be reviewed annually and amounts determined by council as uncollectible shall be written off (for accounting purposes) on such land.

REMISSION OF PENALTIES

Each application will be considered on its merits and remission will be granted where it is considered just and equitable to do so.

Where significant arrears exist penalties may be remitted whilst regular payments are made to reduce the arrears balance.

Decisions on remission of penalties will be delegated to officers as set out in the Council's Staff Delegations Manual.

DEFINITIONS

Maori freehold land means land whose beneficial ownership has been determined by the Maori Land Court by freehold order.

Maori freehold land in multiple ownership means

Maori freehold land owned by more than two persons.

RELEVANT LEGISLATION

Sections 102 and 108 of the Local Government Act 2002.

Sections 91 to 97 of the Local Government (Rating) Act 2002.

LEGAL COMPLIANCE

Not applicable.

RELATED POLICY AND DOCUMENTS

- Long Term Plan.
- Delegations Manual.

KEY WORDS

Maori freehold land, rate remission, section 102, section 108, Long Term Plan.

FINANCIAL CONTRIBUTIONS POLICY

PURPOSE

To provide predictability and certainty about the sources and levels of funding to meet increased demand for reserves and infrastructure resulting from growth by enabling Council to recover contributions from those persons undertaking development as a condition of a resource consent or permitted activity or where that development or activity may have an adverse effect.

STATUTORY CONTEXT

2.1 Section 106 of the Local Government Act 2002 requires a local authority to adopt a development contributions or financial contributions policy.

2.2 “Financial contributions” has the meaning given to it by section 108(9) of the Resource Management Act 1991 (RMA), i.e. financial contribution means a combination of:-

Money; or

(b) Land, including an esplanade reserve or esplanade strip (other than in relation to a subdivision consent), but excluding Maori land within the meaning of Te Ture Whenua Maori Act 1993 unless that Act provides otherwise;

or

(c) A combination of money and land”.

2.3 Development contributions may take the same form as above, but they are only available to fund additional infrastructure costs that occur as a direct result of growth. They are a tool to allocate the cost of growth to those who cause the need for the additional infrastructure.

DEVELOPMENT CONTRIBUTIONS

Clutha District Council’s policy in relation to development contributions is to not assess development contributions under the Local Government Act 2002 but to take financial contributions, pursuant to Section 109 of the RMA.

FINANCIAL CONTRIBUTIONS

4.1 The objective of this policy is to require financial contributions, in appropriate circumstances, for the purpose of meeting the costs of increased demand for reserves and infrastructure resulting from growth.

4.2 Council may require that a financial contribution

be made to Council as a condition of resource consent or permitted activity where that activity or development requires additional capacity from any of the following:

The recreational resources and facilities of the District; and
Sewerage, water and roading networks.

POLICY DETAILS

Council has considered all matters it is required to consider under the Act when making a policy on financial contributions. The Council has also considered the requirements in Section 106 of the Act relating to the content of such a policy. Policy resulting from these considerations is set out in this section.

5.1 Appropriate sources of funding

5.1.1 Council incurs capital works expenditure in order to:

- (a) provide additional capacity in assets to cater for new development;
- (b) improve the level of service to existing households and businesses;
- (c) meet environmental and other legislative requirements; and
- (d) Renew assets to extend their service life.

5.1.2 Section 101(3)(a) of the Act states that

the funding needs to meet these expenditure requirements must be met from sources that Council determines to be appropriate, following a consideration, in relation to each activity, of a number of matters. Council's consideration of these matters as it relates to the funding of capital expenditure is outlined in the Revenue and Financing Policy. The analysis contained in the Revenue and Financing Policy is also applicable to this policy.

5.1.3 Council has had regard to and made the following determinations under each activity in relation to the matters set out under section 101(3)(a)(i) to (v) of the Act:

that financial contributions are an appropriate source of funding for water supply, sewerage, roading and reserves.

5.1.4 Section 106 of the Act requires Council to:

- (a) summarise and explain the total cost of capital expenditure that Council expects to incur to meet the increased demand for community facilities resulting from growth; and
- (b) state the proportion of that total cost of capital expenditure that will be funded by—

- development contributions;
- (ii) financial contributions; and
- (iii) other sources of funding.

5.1.5 These requirements are met in Schedule 1 of this policy.

5.1.6 Section 106(2)(d) of the Act requires the Council to identify separately each activity or group of activities for which a financial contribution will be required and in relation to each activity or group of activities the total amount of funding sought by

financial contributions.

This requirement is met by Schedule 2 of this policy.

5.1.7 The Resource Management Act 1991 authorises local authorities to impose financial contributions to address effects associated with subdivision, land use or development. Council may require a financial contribution, as a condition of consent, in accordance with any relevant rule in the Clutha District Plan.

5.1.8 Provisions regarding financial contributions towards water supply, sewerage, roading and reserves are detailed in Section 3.8 of the Clutha District Plan and should be referred to when reading this policy.

5.1.9 Section 106(2)(f) of the Act states that if financial contributions are required this policy must summarise the provisions that relate to financial contributions.

This summary is set out in Schedule 3.

POLICY REVIEW

This policy shall be reviewed by December 2020.

SCHEDULES

SCHEDULE 1 – Capital Expenditure to meet increased demand resulting from growth and sources of funding

The growth assumption for the Long Term Plan is sufficiently low that Council has not budgeted for any capital expenditure in regard to growth for the 2018/28 Long Term Plan. Consequently there are no financial contributions in the Long Term Plan relating

to the increased demand resulting from growth.

SCHEDULE 2 – Financial Contributions by Activity

As explained under schedule 1, there are no financial contributions included in the Long Term Plan relating to the increased demand resulting from growth.

SCHEDULE 3 – Summary of Financial Contribution Provisions

Section 106(2)(f):- because the Council may require financial contributions this policy must summarise the provisions that relate to financial contributions in the District Plan. Section 3.8 of the Clutha District Plan requires the following contributions:

Roading

The financial contribution required for upgrading roads that serve subdivision and developments shall be a reasonable and equitable charge having regard to the following matters:

- (a) the current status and standard of the road both leading to and fronting the site, and the adequacy of that road for its current use
- (b) the standard and classification of the road required as a result of the subdivision/development the expenditure required to meet this standard
- (c) the use or likely future use of the road by other parties and the contributions (if any) to be made or already made by such parties
- (d) the contributions made by Government or outside organisations towards the development of the road, and any contributions (if any) already made by the subdivider or developer provided that after having considered these

factors the maximum contribution required may be determined 100% of the actual cost.

Reserves

A financial contribution for the purpose of acquiring, improving and/or developing reserves and recreational facilities throughout the district may be imposed in the following circumstances:

- (a) as a condition of a permitted activity
- (b) as a condition of a resource consent for any subdivision or development for residential or commercial or industrial purposes

Sewerage

Financial contributions may be required where an activity, whether or not it requires resource consent, is to be connected to an existing public sewerage system.

The financial contribution shall be calculated in accordance with section 3.8 of the Clutha District Plan and applies where any subdivision or development occurs outside the boundary of the areas defined in the District Plan as an Urban Resource Area and that subdivision wishes to connect to an existing sewerage system provided by the Council and when any development occurs within the Urban Resource Area which increases the intensity of development.

Water

Financial contributions may be required where an activity, whether or not it requires resource consent, is to be connected to an existing public water system.

The financial contribution shall be calculated

in accordance with section 3.8 of the Clutha District Plan and applies where any subdivision or development occurs outside of the boundary of the areas defined in the District Plan as an Urban Resource Area and that subdivision wishes to connect to an existing public water system provided by the Council and when any development occurs within the Urban Resource Area which increases the intensity of development.

FINANCIAL STATEMENTS

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



STATEMENT OF COMPLIANCE

THE PROSPECTIVE FINANCIAL STATEMENTS WERE AUTHORISED FOR ISSUE ON 20 JUNE 2018 BY THE COUNCIL OF THE CLUTHA DISTRICT COUNCIL.

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

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

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

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

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue											
Rates	25,580	26,035	26,844	27,730	28,675	29,729	30,836	31,653	32,455	33,390	34,178
Rental Revenue	923	911	930	948	968	989	1,012	1,036	1,060	1,087	1,114
Grants, Subsidies and Donations	9,873	8,920	10,617	9,670	10,023	10,107	10,447	10,605	10,749	11,452	11,762
Fees and User Charges	2,375	2,970	3,058	3,180	3,802	3,924	3,504	3,587	3,675	3,773	3,867
Permits and Licences	529	598	610	621	634	647	661	676	692	708	726
Other Income	16	9	9	9	9	10	10	10	10	10	11
Interest Income	962	1,257	1,264	1,286	1,308	1,331	1,354	1,377	1,401	1,426	1,450
TOTAL REVENUE	40,258	40,700	43,332	43,444	45,419	46,737	47,824	48,944	50,042	51,846	53,108

Continues on
next page

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Expenditure											
Employee Benefit Expense	6,452	6,920	6,765	6,879	7,008	7,169	7,264	7,412	7,549	7,700	7,908
Administration Costs	2,661	2,803	2,863	3,020	2,937	3,040	3,209	3,150	3,249	3,429	3,366
General Expenses	1,662	1,786	1,835	1,886	1,917	1,971	2,018	2,066	2,118	2,174	2,232
Operating Expenditure	13,306	13,407	13,783	14,230	15,083	15,576	15,893	16,299	16,696	17,090	17,591
Grants	1,480	1,734	2,409	1,432	1,462	1,494	1,528	1,563	1,600	1,640	1,681
Finance Costs - External Loan	0	0	474	697	839	807	775	710	584	446	328
Depreciation and Amortisation	13,275	12,581	12,951	14,285	14,735	15,131	15,824	16,392	16,861	18,068	18,636
TOTAL EXPENDITURE	38,836	39,231	41,080	42,429	43,981	45,188	46,511	47,592	48,657	50,547	51,742
Other Comprehensive Revenue and Expense											
Property, plant and equipment Revaluations	0	0	83,722	0	0	97,716	0	0	98,628	0	0
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	1,422	1,469	85,974	1,015	1,438	99,265	1,313	1,352	100,013	1,299	1,366

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)										Continues on next page
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	
ACCUMULATED FUNDS												
Opening Balance	252,133	242,457	246,066	251,156	254,728	255,996	254,291	253,252	251,210	248,029	245,299	
Add Total Comprehensive Revenue and Expense for the Year	1,423	1,468	85,974	1,016	1,437	99,265	1,314	1,351	100,013	1,300	1,364	
Transfers to Reserves		2,141	2,838	2,556	(169)	(3,254)	(2,353)	(3,393)	(4,566)	(4,030)	(3,839)	
Transfer to Asset Revaluation Reserve	0	0	(83,722)	0	0	(97,716)	0	0	(98,628)	0	0	
Closing Balance	253,556	246,066	251,156	254,728	255,996	254,291	253,252	251,210	248,029	245,299	242,824	
RESERVES												
Opening Balance	26,007	46,434	44,293	41,455	38,899	39,068	42,322	44,675	48,068	52,634	56,664	
Transfers from Accumulated Funds		(2,141)	(2,838)	(2,556)	169	3,254	2,353	3,393	4,566	4,030	3,839	
Closing Balance	26,007	44,293	41,455	38,899	39,068	42,322	44,675	48,068	52,634	56,664	60,503	
ASSET REVALUATION RESERVE												
Opening Balance	825,247	744,208	744,208	827,930	827,930	827,930	925,646	925,646	925,646	1,024,273	1,024,273	
Add Transfer from Accumulated Funds	0	0	83,722	0	0	97,716	0	0	98,628	0	0	
Closing Balance	825,247	744,208	827,930	827,930	827,930	925,717	925,646	925,646	1,024,274	1,024,273	1,024,273	

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY

Continues from previous page

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
OTHER											
Available for Sale Revaluation Reserve - Equity Securities	0	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
Trust Funds - Restricted	377	396	396	396	396	396	396	396	396	396	396
Closing Balance	377	371	371	371	371	371	371	371	371	371	371
EQUITY AT THE END OF THE YEAR	1,105,187	1,034,938	1,120,912	1,121,928	1,123,365	1,222,630	1,223,944	1,225,295	1,325,308	1,326,607	1,327,971

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue											
Current Assets											
Cash & Cash Equivalents	190	375	542	279	250	726	1,126	2,064	2,140	2,309	2,050
Trade & Other Receivables	4,446	3,732	3,811	3,891	3,975	4,066	4,163	4,263	4,370	4,484	4,601
Inventory	0	1,000	1,020	1,040	1,062	1,085	1,110	1,136	1,163	1,192	1,222
Other financial assets	13,009	25,281	25,718	26,163	26,615	27,077	27,545	28,024	28,511	29,005	29,508
Development Property	2,824	500	0	0	0	0	0	0	0	0	0
Non-current assets held for sale	0	317	317	317	317	317	317	317	317	317	317
TOTAL CURRENT ASSETS	20,469	31,205	31,408	31,690	32,219	33,271	34,261	35,804	36,501	37,307	37,698
Non Current Assets											
Property, Plant & Equipment	1,090,588	1,015,312	1,110,137	1,117,718	1,122,972	1,220,207	1,219,522	1,217,348	1,312,812	1,309,118	1,306,541
Other Financial Assets	47	52	52	52	52	52	52	52	52	52	52
TOTAL NON CURRENT ASSETS	1,090,635	1,015,364	1,110,189	1,117,770	1,123,024	1,220,259	1,219,574	1,217,400	1,312,864	1,309,170	1,306,593
TOTAL ASSETS	1,111,104	1,046,568	1,141,597	1,149,459	1,155,243	1,253,530	1,253,836	1,253,204	1,349,365	1,346,476	1,344,291

Continues on next page

PROSPECTIVE STATEMENT OF FINANCIAL POSITION

Continues from previous page

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Current Liabilities											
Payables and Accruals	4,680	4,337	4,403	4,470	4,543	4,621	4,704	4,790	4,882	4,982	5,083
Borrowings	0	320	496	897	1,180	1,180	1,180	1,126	966	779	619
Employee Entitlements	461	482	482	482	482	482	482	482	482	482	482
TOTAL CURRENT LIABILITIES	5,141	5,139	5,381	5,849	6,205	6,283	6,366	6,398	6,330	6,243	6,184
Non Current Liabilities											
Other Liabilities	61	62	60	60	60	59	61	59	60	61	61
Borrowings	0	5,680	14,493	20,873	24,864	23,807	22,717	20,700	16,916	12,817	9,326
Provisions	721	750	750	750	750	750	750	750	750	750	750
TOTAL NON CURRENT LIABILITIES	782	6,492	15,303	21,683	25,674	24,616	23,528	21,509	17,726	13,628	10,137
TOTAL LIABILITIES	5,923	11,631	20,684	27,532	31,879	30,899	29,894	27,907	24,056	19,871	16,321
Accumulated Funds											
Available for Sale Revaluation Reserve - Equity Securities	0	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)	(25)
Asset Revaluation Reserve	825,618	744,208	827,930	827,930	827,930	925,646	925,646	925,646	1,024,273	1,024,273	1,024,273
Trust Funds - Restricted	377	396	396	396	396	396	396	396	396	396	396
Reserves	26,378	44,293	41,455	38,899	39,068	42,322	44,675	48,068	52,634	56,664	60,503
EQUITY	1,105,181	1,034,938	1,120,912	1,121,928	1,123,365	1,222,630	1,223,944	1,225,295	1,325,308	1,326,607	1,327,971
NET CURRENT ASSET POSITION	15,328	26,066	26,027	25,841	26,014	26,988	27,895	29,406	30,171	31,064	31,514

268

PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CASHFLOW FROM OPERATING ACTIVITIES											
Receipts from customers, rates, grants and other services	39,452	39,443	42,192	42,359	44,086	45,282	46,295	47,567	48,641	50,421	51,657
Interest received	805	1,257	1,264	1,286	1,308	1,331	1,354	1,377	1,401	1,426	1,450
Payments to suppliers and employees	(25,561)	(26,651)	(28,160)	(28,177)	(29,280)	(30,092)	(30,728)	(31,241)	(31,838)	(32,524)	(33,153)
NET CASHFLOW FROM OPERATING ACTIVITIES	14,696	14,049	15,171	15,268	16,139	16,646	17,096	17,703	18,204	19,323	19,954
CASHFLOW FROM INVESTING ACTIVITIES											
Receipts from the sale of PP&E	2,306	0	0	0	0	0	0	0	0	0	0
Purchase of PP&E	(27,776)	(23,360)	(24,056)	(21,865)	(19,990)	(14,651)	(15,136)	(14,221)	(13,695)	(14,373)	(16,060)
(Acquisition) / sale of other financial assets	10,850	(138)	(438)	(446)	(453)	(461)	(469)	(477)	(486)	(494)	(503)
(Acquisition) / sale of development property	0	2,324	500	0	0	0	0	0	0	0	0
NET CASH FROM INVESTING ACTIVITIES	(14,620)	(21,174)	(23,994)	(22,311)	(20,443)	(15,112)	(15,605)	(14,698)	(14,181)	(14,867)	(16,563)

Continues on next page

PROSPECTIVE STATEMENT OF CASHFLOWS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
CASHFLOWS FROM FINANCING ACTIVITIES											
Proceeds from borrowings	0	6,000	9,300	7,500	5,300	0	0	0	0	0	0
Repayment of borrowings	0	0	(310)	(720)	(1,025)	(1,058)	(1,091)	(2,067)	(3,947)	(4,287)	(3,650)
TOTAL CASHFLOW FROM FINANCING ACTIVITIES	0	6,000	8,990	6,780	4,275	(1,058)	(1,091)	(2,067)	(3,947)	(4,287)	(3,650)
Net increase (decrease) in cash and cash equivalents	76	(1,125)	167	(263)	(29)	476	400	938	76	169	(259)
Cash and cash equivalents at beginning of the year	114	1,500	375	542	279	250	726	1,126	2,064	2,140	2,309
CASH AND CASH EQUIVALENTS AT END OF THE YEAR	190	375	542	279	250	726	1,126	2,064	2,140	2,309	2,050

RECONCILIATION OF NON-EXCHANGE & EXCHANGE REVENUE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Revenue from non-exchange transactions											
Rates	25,580	26,035	26,844	27,730	28,675	29,729	30,836	31,653	32,455	33,390	34,178
TOTAL NON - EXCHANGE REVENUE	25,580	26,035	26,844	27,730	28,675	29,729	30,836	31,653	32,455	33,390	34,178
Revenue from exchange transactions											
Rental Revenue	923	911	930	948	968	989	1,012	1,036	1,060	1,087	1,114
Grants, subsidies & Donations	9,873	8,920	10,617	9,670	10,023	10,107	10,447	10,605	10,749	11,452	11,762
Fees and User Charges	2,375	2,970	3,058	3,180	3,802	3,924	3,504	3,587	3,675	3,773	3,867
Permits and Licences	529	598	610	621	634	647	661	676	692	708	726
Other Income	16	9	9	9	9	10	10	10	10	10	11
Interest Income	962	1,257	1,264	1,286	1,308	1,331	1,354	1,377	1,401	1,426	1,450
TOTAL EXCHANGE REVENUE	14,678	14,665	16,488	15,714	16,744	17,008	16,988	17,291	17,587	18,456	18,930
TOTAL REVENUE	40,258	40,700	43,332	43,444	45,419	46,737	47,824	48,944	50,042	51,846	53,108

RECONCILIATION OF CASHFLOW TO COMPREHENSIVE REVENUE & EXPENSE

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	1,422	1,469	85,974	1,015	1,438	99,265	1,313	1,352	100,013	1,299	1,366
Add non-cash items											
Revaluation of Property, Plant and equipment	0	0	(83,722)	0	0	(97,716)	0	0	(98,628)	0	0
Working Capital Inflation		0	(32)	(34)	(33)	(37)	(38)	(41)	(43)	(43)	(47)
Depreciation and Amortisation	13,273	12,581	12,951	14,286	14,734	15,133	15,822	16,392	16,862	18,067	18,636
NET CASH INFLOW / (OUTFLOW) FROM OPERATING ACTIVITIES	14,695	14,050	15,171	15,268	16,139	16,646	17,097	17,703	18,204	19,323	19,955

RECONCILIATION OF COUNCIL FIS TO ACTIVITY FIS

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Community Leadership	100	(175)	20	55	42	25	59	66	69	71	75
Economic & Community Development	(48)	(130)	(1,045)	(20)	(20)	(19)	(20)	(19)	(19)	(19)	(18)
Roading	3,979	3,857	3,678	3,573	3,831	3,873	4,193	4,448	4,449	4,794	4,926
Water Supply	1,839	2,083	2,224	2,319	2,902	3,061	2,725	2,891	3,044	3,195	3,391
Sewerage	863	938	1,048	1,126	917	1,049	1,116	1,174	1,215	1,264	1,324
Stormwater	219	306	332	339	357	370	379	400	406	413	427
Solid Waste Management	176	92	149	302	233	107	106	115	117	116	123
Community Services	407	645	671	696	748	744	765	838	979	792	818
Regulatory & Emergency Services	(89)	71	73	72	81	81	81	79	80	81	87
Internal Services	1,520	1,278	1,379	1,353	1,341	1,526	1,582	1,556	1,655	1,751	1,779
SURPLUS/(DEFICIT) OF OPERATING FUNDING PER ACTIVITIES FIS	8,966	8,966	8,530	9,815	10,432	10,817	10,986	11,547	11,995	12,459	12,931
OVERALL FIS	8,966	8,966	8,530	9,815	10,432	10,817	10,986	11,547	11,995	12,459	12,931

DEPRECIATION & AMORTISATION

(All in \$000s)	Annual Plan	Long Term Plan (FORECAST)									
	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28
Buildings	382	382	383	390	390	390	390	396	396	401	401
Furniture and Equipment	175	575	576	576	576	576	576	576	576	576	576
Plant and Motor Vehicles	210	210	307	555	555	461	3	51	0	0	3
Library Books	130	130	130	130	130	130	130	130	130	130	130
Roads	9,603	8,471	8,506	9,256	9,319	9,383	10,243	10,315	10,389	11,234	11,314
Stormwater	264	284	315	351	401	451	477	534	595	630	724
Sewerage	819	833	861	991	1,112	1,237	1,320	1,451	1,581	1,687	1,823
Water	1,692	1,697	1,872	2,035	2,253	2,504	2,684	2,939	3,194	3,410	3,665
PROSPECTIVE DEPRECIATION AND AMORTISATION	13,275	12,581	12,951	14,285	14,735	15,131	15,824	16,392	16,861	18,068	18,636

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

STATEMENT OF COMPLIANCE

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

requirements of PBE FRS 42.

BASIS OF PREPARATION

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

PRESENTATION CURRENCY AND ROUNDING

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

GOODS AND SERVICES TAX

Items in the financial statements are stated exclusive of GST, except for receivables and payables, which are pre-

sented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

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

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

REVENUE ACCOUNTING POLICY

Revenue is measured at fair value.

Each significant activity is stated gross of internal costs and revenues, and includes targeted rates attributable to activities. In order to fairly reflect the total external operations for Council in the

statement of comprehensive revenue and expenditure, these transactions are eliminated.

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

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

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

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

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

Type	Recognition and measurement				
Rates revenue	<p>The following policies for rates have been applied:</p> <ul style="list-style-type: none"> General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. <p>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.</p>	Grants	<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. <p>Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met.</p> <p>If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.</p>	Vested or donated physical assets	<p>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.</p> <p>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.</p>
		Financial contributions	<p>Financial contributions are recognised as revenue when Council provides, or is able to provide, the service for which the contribution was charged. Otherwise, financial contributions are recognised as liabilities until such time as Council provides, or is able to provide, the service.</p>	Infringement fees and fines	<p>When the infringement notice is issued.</p>
		New Zealand Transport Agency roading subsidies	<p>Council receives funding assistance from the New Zealand Transport Agency (NZTA), which subsidises part of the costs of maintenance and capital expenditure on the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.</p>	Interest revenue	<p>Interest revenue is recognised using the effective interest method.</p>
				Dividend revenue	<p>Dividends are recognised when the right to receive payment has been established.</p>
				Water and wastewater user charges	<p>When invoiced or accrued in the case of unbilled services at fair value of cash received or receivable.</p>

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

OPERATING EXPENDITURE ACCOUNTING POLICIES

GRANTS AND SUBSIDIES

Council's grants awarded have no substantive conditions attached.

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

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

IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS

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

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

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

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

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

GROUP OF ACTIVITIES

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

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

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

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

PERSONNEL COSTS ACCOUNTING POLICY

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

DEPRECIATION AND AMORTISATION ACCOUNTING POLICY

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

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

FINANCE COSTS ACCOUNTING POLICY

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

NET GAINS AND LOSSES ACCOUNTING POLICY

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

consideration due.

INCOME TAX ACCOUNTING POLICY

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

PROPERTY, PLANT AND EQUIPMENT ACCOUNTING POLICY

Property, plant and equipment consist of:

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

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

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

REVALUATION

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

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

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

ADDITIONS

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

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

In most instances, an item of property, plant, and 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 Roding Assets	20-150	0.6%-5%
Roads - Other	10-50	2%-10%
Roads - Bridges	50-150	0.6%-2%
Land Under Roads	n/a	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

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.

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.

NON-CURRENT ASSETS HELD FOR SALE ACCOUNTING POLICY

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

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

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

BORROWINGS ACCOUNTING POLICY

Borrowings are initially recognised at face value plus trans-

action costs and are subsequently measured at amortised cost using the effective interest rate method.

DERIVATIVE FINANCIAL INSTRUMENTS ACCOUNTING POLICY

FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS

Financial assets are classified into the following specified categories:

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

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

The effective interest method, referred to below, is a meth-

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

FINANCIAL ASSETS AT FAIR VALUE THROUGH SURPLUS OR DEFICIT

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

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

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

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

AVAILABLE-FOR-SALE FINANCIAL ASSETS

Available-for-sale financial assets are those that are designated as fair value through other statement of comprehen-

sive 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.

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 inter-

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

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

Council has the following Council-created reserves:

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

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

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

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

funds have been used for the purpose they were donated.

NON-CURRENT ASSETS HELD FOR SALE ACCOUNTING POLICY

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

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

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

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

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 fac-

tors, 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
- Estimating the landfill aftercare provision.

Critical judgements in applying accounting policies

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

- **Classification of property.**

SIGNIFICANT JUDGEMENTS & ESTIMATES

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 con-

struction 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.

CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

CLASSIFICATION OF PROPERTY

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

SIGNIFICANT JUDGEMENTS & ESTIMATES USED IN THE VALUATION OF DERIVATIVE FINANCIAL INSTRUMENTS

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

Item	Valuation input
Interest rate swaps	Forward interest rate yield

SIGNIFICANT JUDGEMENTS & ESTIMATES

The management of the Mt Cooee 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 ISSUED AND NOT YET EFFECTIVE, AND NOT EARLY ADOPTED

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

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 has not yet assessed the effects of the new standard.

As the forecasts have been prepared under current accounting standards, any impact of changes in the future have not been included in the forecasts.

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Internal Services						
Policy	Spec	171	20	30	219	2
Human Resources	Spec	18	-	7	-	26
Gratuities	Spec	73	-	29	-	102
	Spec	238	594	216	-	1,048
Cars	Spec	533	2,647	215	2,648	747
Information Technology	Depn	(238)	2,065	4	1,572	259
Community Leadership						
Election Fund	Spec	113	15	19	147	0
Clutha Gold Trail	Spec	94	-	16	110	0
Lawrence Community Board	Spec	29	-	12	-	41
Opportunities Fund	Spec	39	-	16	-	55
Tuapeka Bursary	Spec	36	-	15	-	51
Welcome to Signage	Spec	4	-	2	-	6
Signage	Spec	7	-	3	-	10
West Otago Community Board	Spec	103	-	42	-	145

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Community Services						
Service Centres	Spec	224	-	91	-	315
Service Centres	Depn	73	-	29	-	102
Library	Depn	42	1,431	28	1,379	122
Kaitangata Pool	Spec	80	-	32	-	112
Lawrence Pool	Spec	45	-	18	-	63
Balclutha Pool	Depn	0	553	28	415	166
Kaitangata Pool	Depn	200	-	81	-	281
Lawrence Pool	Depn	131	-	-	-	131
Milton Pool	Depn	18	264	61	0	343
Grandstand 2000	Spec	147	-	59	-	206
Parks and Reserves	Depn	104	161	61	69	257
Sports Grounds	Depn	250	-	86	72	264
Kaka Point Camping Ground	Depn	64	115	38	57	160
Naish Park Camping Ground	Depn	47	175	46	40	228
Taylor Park Camping Ground	Depn	55	13	17	38	47
Pounawea Camping Ground	Depn	24	78	18	38	82
Waihola Camping Ground	Depn	7	3	3	-	13
Public Toilets	Depn	282	530	193	140	865
Cemeteries	Spec	495	-	200	-	695
Kaitangata Cemetery	Spec	14	-	6	-	20
Lawrence Cemetery	Spec	28	-	11	-	39
Cemetery	Depn	170	223	93	106	380
Balclutha Town Hall	Spec	170	-	69	-	239
Balclutha Town Hall	Depn	445	506	176	527	600

Continues from
previous page

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Community Services						
Milton Civic Centre	Depn	14	-	6	-	20
Kaitangata Hall	Depn	1	-	-	-	1
Clutha Valley Hall	Depn	54	36	24	24	90
Hillend Hall	Depn	15	34	13	-	62
Kaka Point Hall	Depn	23	73	20	20	96
Lovells Flat Hall	Depn	13	3	6	-	22
Moneymore Hall	Depn	10	3	5	-	18
Owaka Hall	Depn	63	35	13	94	17
Waiholo Hall	Depn	5	3	3	-	11
Waipahi Hall	Depn	15	7	7	-	29
Waiwera Hall	Depn	7	4	4	-	15
Waitahuna Hall	Depn	95	43	32	74	96
Various Halls	Depn	139	-	56	-	195
Other Property	Depn	122	-	49	-	171
Community Housing	Depn	721	1,155	172	1,750	298
Reserve Contributions	Spec	60	85	42	-	187
Dunrobin Recreation Reserve Board	Spec	69	-	28	-	97
Endowment Land	Spec	579	-	234	-	813
Parkhill Recreation Reserve Board	Spec	5	-	2	-	7
Waikoikoi Domain Board	Spec	16	-	7	-	23
Depots	Depn	344	-	139	-	483
Administration Office	Depn	638	787	109	1,525	9

Continues from
previous page

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Funds Not Specifically Allocated to an Activity Group						
Emergency Fund	Spec	4,315	-	1,746	-	6,061
General Reserve	Spec	1,221	-	339	765	795
Land and Buildings	Spec	196	-	79	-	275
Tapanui Works Infrastructure Fund	Spec	8	-	3	-	11
Lawrence Heritage	Spec	27	-	8	13	22
Milton Pipe Band	Spec	14	-	3	14	3
Serdel - Externally Invested	Spec	4,949	-	2,002	-	6,951
Forestry Fund - Externally Invested	Spec	5,507	-	2,229	-	7,736
Investment Fund Balance - Externally Invested	Spec	1,5165	-	613	-	2,129
Serdel	Depn	627	-	254	-	881
Kate Leslie Trust	Trust	114	-	40	33	121
Elderly Citizens Trust (Lawrence)	Trust	30	-	12	-	42
Tapanui Domain Trust	Trust	15	-	6	-	21
Butler Trust	Trust	0	-	0	-	0
Milton Brass Band	Trust	1	-	0	-	1
O'Hara Sports Trust	Trust	2	-	1	-	23
Clinton Endowment Land	Trust	87	-	35	-	122
J D Swan Estate	Trust	9	-	4	-	13
George Melville Estate	Trust	153	-	62	-	215

Continues from previous page

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Regulatory & Emergency Services						
Animal Control	Depn	12	24	10	-	46
Roading						
Balclutha Main Street	Spec	56	-	23	-	79
Roading - Bridge Lights	Spec	41	-	17	-	58
Roading - Bridges	Depn	3,9663	4,396	527	9,717	(828)
Deferred Roothing	Depn	1,450	2,802	587	2,802	2,037
Waste Management						
Solid Waste	Depn	1,989	717	718	1,149	2,275

Continues from previous page

SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Water						
Urban Water	Spec	385	-	148	39	494
Urban Water	Depn	796	7,564	517	6,603	2,274
Balmoral No.1 Plant Reserve	Spec	31	-	12	-	43
Balmoral No.2 Plant Renewal	Spec	130	-	53	-	183
Glenkenich R.W.S. Renewal	Spec	1	-	0	-	1
Moa Flat R.W.S. Pump Reserve	Spec	2	-	1	-	3
Richardson R.W.S. Renewal	Spec	494	-	200	-	694
Stirling Water Treatment Plant	Spec	170	-	69	-	239
Wangaloa Plant Renewal	Spec	15	-	6	-	21
Balmoral 1	Depn	314	247	124	261	424
Balmoral 2	Depn	229	564	145	304	635
Clydevale/Pomahaka	Depn	184	1,357	192	778	955
Glenkenich	Depn	328	1,338	79	1,601	144
Kaitangata Treatment Plant	Depn	189	489	170	26	822
Moa Flat	Depn	385	1,351	83	1,708	111
North Bruce	Depn	124	1,133	149	644	762
Richardson	Depn	629	1,311	311	1,034	1,217
South Bruce	Depn	256	223	110	193	396
Stirling Treatment Plant	Depn	110	415	122	35	612
Tuapeka	Depn	136	879	187	225	977
Waipahi	Depn	231	299	154	-	684
Waitahuna	Depn	309	532	207	128	920
Wangaloa	Depn	117	148	44	164	145

Continues from
previous page

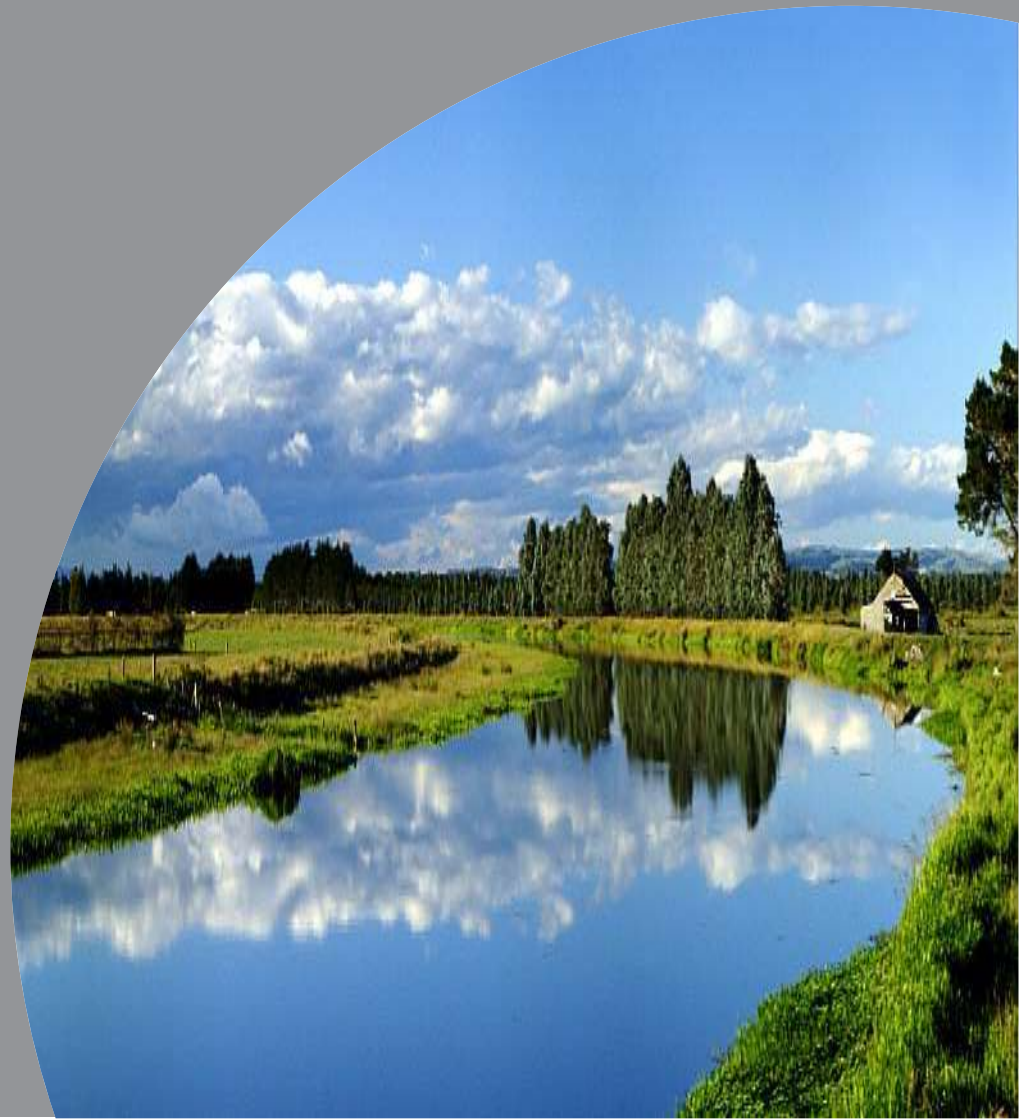
SCHEDULE OF RESERVE FUNDS

FUND	Type/ Purpose	Opening balance as at 1 July 2018	Transfers into the fund during the period	Interest Earned on the fund during the period	Transfers out of the fund during the period	Closing balance as at 30 June 2028
Water						
Sewerage	Spec	861	-	346	13	1,194
Urban Sewerage	Depn	3,986	9,070	1,251	10,860	3,447
Milton Stormwater	Spec	22	-	9	-	31
Urban Stormwater	Depn	2,198	3,066	818	3,421	2,661
Telemetry	Spec	165	-	67	-	232
Telemetry	Depn	358	-	145	-	503
TOTAL RESERVE FUNDS		46,803	49,586	18,0878	53,594	60,878

Continues from
previous page

GENERAL POLICIES

YOUR COMMUNITY YOUR COUNCIL YOUR FUTURE 2018/28



SUMMARY OF SIGNIFICANCE AND ENGAGEMENT POLICY

PURPOSE

The Significance and Engagement Policy (SEP) explains when and how people can take part in and contribute to Council decisions.

It explains how Council:

- assesses the significance of an issue,
- when and how communities and stakeholders can be involved in Council decisions, and
- provides information to Councillors and Council staff about levels and methods of engagement before a decision is made.

DETERMINING SIGNIFICANCE

Our general approach to determining the significance of proposals or decisions is to have regard to a range of criteria prior to decisions being made. While not an exclusive list, Council will be guided by the following:

- The potential level of financial consequence, in particular rates impact.
- The degree of impact on or change to levels of service, positive or negative.
- How many residents and ratepayers might be affected by the proposal or decision.
- The likely degree of community interest in the proposal or decision.
- The extent to which the consequences of the decision might be controversial.
- The degree to which the decision or proposal deviates from community outcomes or Long Term Plan, Annual Plan or policy.
- The potential impact on current and future interests of the community.
- Whether there is a legal requirement to engage with the community.
- The degree of impact on a strategic asset, particularly if it involves transferring ownership or control¹.

A matter will be considered significant when one or more of the above criteria are considered high, or are met.

ENGAGEMENT

The method and degree of community engagement is related to how significant a decision, proposal or other matter is. Council will approve methods of engagement for significant issues. Generally, Council staff will determine engagement methods for all other issues.

Council recognises its legislative obligations to provide opportunities for Maori to contribute to decision-making. Council's response is provided in the Long Term Plan and Annual Report. Council will continue to seek to develop relationships and consult in appropriate ways with Maori, taking into account the nature and significance of the decision to Maori.

A full copy of the SEP is available at the main Council office, Council service centres or online at www.cluthadc.govt.nz

¹ Strategic assets are essential to the continued delivery of outcomes considered essential to community well-being. Examples include the roading network, water supply schemes, sewerage and stormwater networks, solid waste services – wheelie bins and Mt Cootee Landfill – and various community services such as libraries, swimming pools, parks and reserves, community halls and community housing.

DEVELOPING MĀORI PARTICIPATION AND CAPACITY IN COUNCIL DECISION-MAKING

Clutha District Council acknowledges its obligations under the Local Government Act 2002, Resource Management Act 1991 and Ngāi Tahu Claims Settlement Act 1998, and has been working with all Māori associated with the district to foster and further develop positive relationships, improve communication and consultation processes, and to develop a greater understanding of issues. Relationships have been developed with Te Rūnanga o Ōtākou and Hokonui Rūnanga; with tangata whenua whānau rūpū groups Waikoau Ngāi Tahu Rūnaka and Moturata Taieri Whānau; Māori land owners/trustees; and with ngā matawaka (Nga Whānau O Tokomairiro).

Council currently has the following arrangements in place to facilitate Māori participation in decision making:

- A formal protocol for consultation on resource consents agreed with Aukaha, an environmental consultancy that represents the Kāi Tahu Papatipu Rūnanga within the Clutha District.
- An informal arrangement for consultation on resource consents with Te Ao Marama

Inc, an Iwi liaison entity that represents the Southland Kāi Tahu Rūnanga that have shared interests within Clutha District.

- Consideration is given to the *Aukaha Natural Resource Management Plan* and the *Ngāi Tahu ki Murihiku Natural Resource and Environmental Iwi Management Plan* in Council's resource consent and planning processes.
- Council commissioned Aukaha to undertake background research as part of the review of the Clutha District Plan, and is consulting with Kāi Tahu¹ as well as other Māori groups and individuals as the Plan review proceeds.
- Council as a matter of practice consults Kāi Tahu, through Aukaha and Te Ao Marama Inc, on matters that may affect the interests or values of tangata whenua² specifically and Māori generally.
- Where issues are being considered by a Council committee that may be of significant interest to tangata whenua or Māori generally Council has invited the nomination of

members representing the interests of the appropriate hapū or whānau to the committee. This is exemplified by the appointment of Hokonui and Ōtākou Rūnanga representatives as members with voting rights to Council's Wastewater and Solid Waste working parties.

- Direct communication with representatives of the Waikoau Ngāi Tahu Rūnaka (South Otago) and the Trustees of SILNA lands on a case by case basis.

Council continues to develop and strengthen its relationships with Māori. This includes strengthening existing relationships with the Kāi Tahu Papatipu Rūnanga of Otago through the Otago Mayoral Forum and Te Rōpū Taiao, and with Ngāi Tahu ki Murihiku through the Charter of Understanding – He Huarahi mō Ngā Uri Whakatupu and the associated Te Rōpū Taiao advisory group for Southland.

¹ In the south of the South Island, the local Māori dialect uses a 'k' interchangeably with 'ng'. The preference is to use a 'k' so southern Māori are known as Kāi Tahu, rather than Ngāi Tahu.

² Tangata whenua in relation to a particular area, means the iwi, or hapū, that holds mana whenua over that area.

In addition, and within a wider regional context, the Clutha District Council has agreed to the following in relation to the principles of the Treaty of Waitangi and building the capacity of Māori to contribute to local government decision-making processes:

- **Local authority decision-making** – where a significant decision relates to land or a body of water, Clutha District Council will take into account the relationship of Māori and their culture and traditions with their ancestral land, water, sites, wāhi tapu, valued flora and fauna, and other taonga.
- **Contributions to and involvement in decision-making processes** – Clutha District Council will provide opportunities for the engagement of Māori in decision-making.
- **Consultation with Māori** – Clutha District Council has processes in place for consulting with Māori in accordance with the principles of the Local Government Act. Effective consultation is required to improve existing relationships with Māori, and to ensure that processes and protocols relating to local government and resource management issues take into account Māori needs, expectations and aspirations.
- **Iwi Management Plans** – supporting implementation, use and understanding of the *Aukaha Natural Resource Management Plan* and *Te Tangi a Tauria – The Cry of the People – the Ngāi Tahu ki Murihiku Resource and Environmental Management Plan*.
- **Resource Management - Supporting projects initiated by Māori that involve direct management of the region's natural resources.**

TANGATA WHENUA & CLUTHA DISTRICT COUNCIL RELATIONSHIP

While the Local Government Act sets out provisions relating to all Māori it is recognised that within the Clutha District Kāi Tahu are tangata whenua. They have a special status in terms of Clutha District Council resource management activities and are not just another interest group. The relationship between Clutha District Council and tangata whenua is constructive.

Clutha District Council is an active participant and signatory to Te Rōpū Taiao, the Otago Takiwā-wide collective forum, and to the Southland Charter of Understanding – He Huarahi mō Ngā Uri Whakatupu. Te Rōpū Taiao and the Charter establish the basis for Council's engagement with the Kāi Tahu rūnanga in the context of the Local Government Act 2002 and Resource Management Act 1991.

Te Rōpū Taiao and the Charter provide the basis for an ongoing relationship between Council and Kāi Tahu and assist in developing the capacity of tangata whenua to contribute to the decision-making processes of Council. These fora are a foundation for consultation on a wide range of local government issues including Long-term and Annual Plans and assists Council through Aukaha and Te Ao Mārama Inc to consult with tangata whenua who have a shared interest in the Clutha District.

In addition to the Local Government Act obligations set out above under Māori relationships, the Resource Management Act 1991 and the Ngāi Tahu

Claims Settlement Act 1998 set local authorities specific obligations regarding kaitiakitanga, the principles of the Treaty of Waitangi and the relationship between Māori and their culture and traditions with their ancestral lands, water, sites, wāhi tapu and other taonga. To give effect to the obligations under the Local Government Act, and the related obligations under the Resource Management Act and the Ngāi Tahu Claims Settlement Act, Clutha District Council will continue to develop its relationships with the relevant Rūnanga in Otago and Southland through Aukaha and Te Ao Marama, and with Te Rūnanga o Ngāi Tahu, the iwi authority. This is essential for achieving the sustainable management of natural resources and landscapes within the Clutha District.

The Ngāi Tahu Claims Settlement Act 1998 included as cultural redress a number of mechanisms to recognise and give practical effect to Ngāi Tahu mana over tāonga resources and landscapes. These mechanisms include statutory acknowledgement of Ngāi Tahu's cultural, spiritual, historic, and traditional association with:

- Mata-au (Clutha River)
- Kuramea (Lake Catlins)
- Tokatā (The Nuggets)
- Te Tai O Arai Te Uru (Otago Coastal Marine Area)

The objective of statutory acknowledgments is to ensure that Ngāi Tahu is engaged in decision-making when activities impact on these statutory areas. Council forwards resource consent applications that impact directly on these statutory areas to Te Rūnanga o Ngāi Tahu for consideration.