

Appendix 'M'

Future Overall Financial Requirements Summarised

1. Future Financial Requirements

Table M.1 Overall Proposed Roading Budget

Proportional Split %	Proportional Split %	Proportional Split %	Work Category No	WC Description	Actual 2007/08	Approved 2008/09	Submitted With 08/09 2009/10	Submitted With 08/09 2010/11	Proposed LTAcMP 2009/10	Proposed LTAcMP 2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Comments
100			2	Studies & Strategies	\$0	\$0	\$0	\$120,000	\$120,000	\$123,480	\$158,826	\$81,319	\$0	\$113,359	\$86,975	\$0	\$0	\$124,275	Strategies for active and public transport
100			111	Sealed pavement maintenance	\$2,963,736	\$3,180,000	\$3,470,000	\$3,640,000	\$3,272,220	\$3,367,114	\$3,464,761	\$3,547,915	\$3,629,517	\$3,709,366	\$3,794,682	\$3,885,754	\$3,979,012	\$4,066,551	Lower cost fluctuations allowed for
100			112	Unsealed pavement maintenance	\$1,735,500	\$1,157,900	\$1,901,000	\$1,966,000	\$1,862,980	\$1,917,006	\$1,972,600	\$2,019,942	\$2,066,401	\$2,111,861	\$2,160,434	\$2,212,285	\$2,265,380	\$2,315,218	
100			113	Routine drainage maintenance	\$860,557	\$575,000	\$600,000	\$605,000	\$588,000	\$605,052	\$622,599	\$637,541	\$652,204	\$666,553	\$681,884	\$698,249	\$715,007	\$730,737	
100			114	Structures maintenance	\$378,660	\$545,000	\$550,000	\$560,000	\$539,000	\$554,631	\$570,715	\$584,412	\$597,854	\$611,007	\$625,060	\$640,061	\$655,423	\$669,842	
100			121	Environmental maintenance	\$1,521,958	\$510,000	\$625,000	\$650,000	\$524,888	\$540,110	\$555,773	\$569,111	\$582,201	\$595,009	\$608,695	\$623,303	\$638,263	\$652,304	Based on normal year
100			122	Traffic services maintenance	\$1,111,342	\$1,078,000	\$1,350,000	\$1,350,000	\$245,000	\$252,105	\$259,416	\$265,642	\$271,752	\$277,730	\$284,118	\$290,937	\$297,919	\$304,474	Allows \$165k for streetlights/maint of new signs.
100			124	Cycle Path Maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$15,883	\$16,264	\$16,638	\$17,004	\$17,395	\$17,812	\$18,240	\$18,641	
100			131	Level crossing warning devices	\$15,687	\$25,000	\$25,000	\$25,000	\$25,000	\$25,725	\$26,471	\$27,106	\$27,730	\$28,340	\$28,992	\$29,687	\$30,400	\$31,069	
100			141	Emergency reinstatement			\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
100			151	Network and asset management	\$1,099,668	\$1,078,000	\$1,279,000	\$1,342,000	\$1,132,000	\$1,164,828	\$1,198,608	\$1,227,375	\$1,255,604	\$1,283,228	\$1,312,742	\$1,344,248	\$1,376,509	\$1,406,793	
90	10		211	Unsealed road metalling	\$3,061,918	\$3,440,000	\$3,050,000	\$3,203,000	\$2,989,000	\$3,075,681	\$3,164,876	\$3,240,833	\$3,315,372	\$3,388,310	\$3,466,241	\$3,549,431	\$3,634,617	\$3,714,579	
100			212	Sealed road resurfacing	\$3,852,624	\$4,341,000	\$4,500,000	\$4,500,000	\$5,336,000	\$5,490,744	\$5,649,976	\$5,532,944	\$5,401,760	\$4,992,344	\$5,107,168	\$5,229,740	\$5,921,909	\$6,631,313	Smoothed Reseals. Revised costs based on Jan 09 rates
50	50		213	Drainage renewals	\$123,800	\$140,000	\$150,000	\$150,000	\$150,000	\$154,350	\$158,826	\$162,638	\$166,379	\$170,039	\$173,950	\$178,125	\$182,400	\$186,412	
100			214	Pavement rehabilitation	\$4,193,140	\$4,002,000	\$3,800,000	\$5,000,000	\$4,241,000	\$4,538,549	\$4,849,788	\$5,150,116	\$5,456,732	\$5,769,083	\$6,098,497	\$6,446,308	\$6,807,302	\$7,167,882	Total costs split between Cats 214,231,341 and 213. Higher proportion of cost included in 214
100			215	Structures Component Replacements	\$0	\$0	\$0	\$0	\$250,000	\$257,250	\$105,884	\$108,425	\$110,919	\$113,359	\$115,967	\$118,750	\$121,600	\$124,275	Bridge Upgrades/Heavy Duty Maint.Allow Weir Rd Bridge 09/10,10/11.
			221	Environmental Renewals	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
95	5		222	Traffic services renewals	\$58,533	\$9,000	\$9,000	\$9,000	\$1,078,000	\$1,109,262	\$1,141,431	\$1,168,825	\$1,195,708	\$1,222,013	\$1,250,120	\$1,280,123	\$1,310,846	\$1,339,684	Pavement Marking/Signs Renewal-Mainly renewals
		100	231	Associated improvements	\$603,996	\$600,000	\$620,000	\$640,000	\$620,000	\$663,499	\$709,000	\$752,905	\$797,730	\$843,393	\$891,551	\$942,398	\$995,173	\$1,047,887	Has been reduced, lowering LOS
			241	Preventive maintenance	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	

Proportional Split %	Proportional Split %	Proportional Split %	Work Category No	WC Description	Actual 2007/08	Approved 2008/09	Submitted With 08/09 2009/10	Submitted With 08/09 2010/11	Proposed LTAcMP 2009/10	Proposed LTAcMP 2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19	Comments
	90	10	322	Bridge renewals	\$208,571	\$620,000	\$632,500	\$650,000	\$550,000	\$565,950	\$582,363	\$596,339	\$610,055	\$623,476	\$637,816	\$653,124	\$668,799	\$683,512	
			324	Road reconstruction	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	
		100	325	Seal extension	\$0	\$0	\$0	\$0	\$100,000	\$102,900	\$105,884	\$108,425	\$110,919	\$113,359	\$115,967	\$118,750	\$121,600	\$124,275	Note nothing allowed for this.
	40	60	341	Minor improvements	\$1,557,360	\$1,682,320	\$1,630,000	\$1,735,400	\$1,712,000	\$1,761,648	\$1,812,736	\$1,856,241	\$1,898,935	\$1,940,712	\$1,985,348	\$2,032,996	\$2,081,788	\$2,127,588	Max of 8% of total Maintenance expenditure. Have reduced below max
		100	451	Pedestrian Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$52,942	\$54,213	\$55,460	\$56,680	\$57,983	\$59,375	\$60,800	\$62,137	Initial studies covered in 2
		100	452	Cycle Facilities	\$0	\$0	\$0	\$0	\$0	\$0	\$52,942	\$54,213	\$55,460	\$56,680	\$57,983	\$59,375	\$60,800	\$62,137	Initial studies covered in 2
100			511	Bus Services	\$0	\$0	\$0	\$0	\$0	\$0	\$15,883	\$16,264	\$16,638	\$17,004	\$17,395	\$17,812	\$18,240	\$18,641	Initial studies covered in 2
100			514	PT Operations & Maint	\$0	\$0	\$0	\$0	\$0	\$0	\$52,942	\$54,213	\$55,460	\$56,680	\$57,983	\$59,375	\$60,800	\$62,137	Initial studies covered in 2
100			517	Total Mobility	\$0	\$5,000	\$5,000	\$5,000	\$5,000	\$5,145	\$5,294	\$5,421	\$5,546	\$5,668	\$5,798	\$5,937	\$6,080	\$6,214	
	100			Stewart Island Storm Damage/Slips	\$0	\$140,000	\$0	\$0	\$1,160,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	Special Subsidy Rate of 58%
					\$23,347,050	\$23,128,220	\$24,196,500	\$26,150,400	\$26,500,088	\$26,275,029	\$27,306,417	\$27,838,643	\$28,352,972	\$28,782,258	\$29,640,744	\$30,493,956	\$32,028,905	\$33,678,577	

The current projected final overall roading budget for 2009 to 2019 is as shown in Table M.1. (Costs include fees based on 1 July 2009 expected costs and include further inflation).

This is the programme of works for Council's Business Unit
 - 10855 Roading – District Wide

Table M.1.a Forecasted Statement of Financial Performance (\$000) - 2009/19 including inflation (covers basic subsidised Roothing Activity)

2008/09	Statement of Financial Performance	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Expenditure (\$000)										
	Operating Costs										
9,353	Maintenance Costs (Table E.1)	8,314	8,555	8,920	9,053	9,178	9,493	9,682	9,825	10,061	10,407
	Interest	243	214	184	151	115	82	56	35	22	9
14,984	Depreciation	16,281	16,896	17,522	18,054	18,559	19,056	19,584	20,142	20,728	21,329
337	Overheads & Indirect Costs										
	- Business Unit	425	437	448	459	470	481	493	507	520	535
	- Corporate Overheads allocated	434	473	457	512	432	553	564	566	621	496
24,674	Total Operating Costs	25,696	26,576	27,531	28,228	28,753	29,665	30,380	31,075	31,952	32,775
15,489	Less Activity Income (as described below)	15,805	15,191	15,798	16,089	16,368	16,649	17,133	17,600	18,466	19,426
9,185	Net Cost of Service	9,892	11,385	11,733	12,139	12,385	13,016	13,247	13,475	13,486	13,349
12,296	Renewals (Table F.1.a)	15,953	15,397	15,864	16,176	16,478	16,504	17,081	17,692	18,890	20,095
2,548	New Capital (Table H.1.a)	2,233	2,323	2,523	2,610	2,698	2,785	2,878	2,977	3,078	3,177
1,401	Vested Assets (Table I.1)	463	0	0	0	0	0	0	0	0	0
2,200	Debt Repayment	354	383	413	446	482	326	352	156	168	181
18,445	Total Capital Expenditure and Debt Repayment	19,003	18,103	18,800	19,232	19,657	19,615	20,310	20,824	22,136	23,453
27,630	Total Funding Required	28,895	29,488	30,533	31,372	32,042	32,632	33,557	34,299	35,622	36,802
	Funded By:										
8,929	Rates Income	9,440	10,216	11,056	11,965	12,949	14,014	15,167	16,414	17,764	19,225
3,516	Loans										
214	Reserves	204	600	600	600	600	600	600	600	600	600
0	Rates Reserve	2,984	1,789	1,368	766	-52	-1,025	-1,781	-2,844	-3,456	-4,338
14,984	Unfunded Depreciation	16,267	16,883	17,508	18,041	18,545	19,042	19,571	20,129	20,714	21,315
27,643	Total Funds Provided	28,895	29,488	30,533	31,372	32,042	32,632	33,557	34,299	35,622	36,802
	Activity Income Includes:										
1,401	Vested Assets	463	0	0	0	0	0	0	0	0	0
0	User Fees	53	54	55	57	58	59	61	62	64	65
0	Interest Received	0	0	0	0	0	0	0	0	0	0
350	Petrol Tax	340	351	359	368	376	384	393	402	411	422
13,698	Subsidies and Grants	14,949	14,785	15,383	15,664	15,935	16,206	16,680	17,137	17,991	18,939
40	Other Income	0	0	0	0	0	0	0	0	0	0
15,489	Total Activity Income	15,805	15,191	15,798	16,089	16,368	16,649	17,133	17,600	18,466	19,426
-13	Funding Deficit (Surplus)	0	0	0	0	0	0	0	0	0	0

Table M.1.a includes the Council's Business Units

- 10855 Roothing District Wide
- 11950 Allocations
- 721 Roothing/Bridging

Local Community costs are excluded.

Table M.1.b Forecasted Statement of Financial Performance (\$000) - 2009/19
including inflation (covers total Roothing Activity including unsubsidised streetworks, footpath and all roading related overheads)

2008/09	Statement of Financial Performance	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	Expenditure (\$1000)										
	Operating Costs										
9,353	Maintenance Costs	8,544	8,789	9,160	9,299	9,429	9,750	9,945	10,095	10,337	10,689
	Interest	252	222	189	154	137	105	77	57	42	31
14,984	Depreciation	16,367	16,983	17,608	18,141	18,646	19,142	19,671	20,221	20,738	21,339
337	Overheads & Indirect Costs	800	1,093	1,077	1,140	1,043	1,188	1,201	1,210	1,279	1,149
	- Business Unit										
	- Corporate Overheads allocated										
24,674	Total Operating Costs	25,962	27,087	28,035	28,734	29,255	30,185	30,894	31,582	32,396	33,209
15,489	Less Activity Income (as described below)	16,040	15,371	15,973	16,279	16,562	16,836	17,335	17,797	18,678	19,642
9,185	Net Cost of Service	9,922	11,715	12,062	12,455	12,693	13,349	13,559	13,786	13,719	13,567
	Capital Expenditure										
12,296	Renewals	16,396	15,523	15,946	16,556	16,604	16,641	17,251	17,835	19,068	20,276
2,548	New Capital	2,896	2,352	2,698	2,619	2,762	2,851	2,934	2,986	3,197	3,199
0	New Capital for Growth	70	0	0	0	0	0	0	0	0	0
1,401	Vested Assets	463	0	0	0	0	0	0	0	0	0
2,200	Debt Repayment	492	531	574	604	671	500	529	277	197	215
18,445	Total Capital Expenditure and Debt Repayment	20,317	18,406	19,218	19,779	20,037	19,992	20,714	21,098	22,463	23,691
27,630	Total Funding Required	30,239	30,122	31,280	32,233	32,730	33,341	34,273	34,884	36,181	37,258
	Funded By:										
8,929	Rates Income	10,404	10,737	11,605	12,442	13,480	14,648	15,739	16,930	18,241	19,659
3,516	Loans	0	0	0	271	44	0	46	0	60	0
214	Reserves	497	626	712	628	626	590	611	590	612	611
0	Rates Reserve	2,985	1,789	1,368	766	-53	-1,026	-1,780	-2,844	-3,456	-4,338
14,984	Unfunded Depreciation	16,354	16,969	17,595	18,127	18,632	19,129	19,657	20,208	20,725	21,326
27,643	Total Funds Provided	30,239	30,122	31,280	32,233	32,730	33,341	34,273	34,884	36,181	37,258
	Activity Income Includes:										
1,401	Vested Assets	463	0	0	0	0	0	0	0	0	0
	Development & Financial Contributions	70	0	0	0	0	0	0	0	0	0
	User Fees	98	111	103	117	119	111	123	116	129	132
	Interest Received	0	0	0	0	0	0	0	0	0	0
350	Petrol Tax	340	351	359	368	376	384	393	402	411	422
13,698	NZTA Income	15,069	14,909	15,510	15,794	16,068	16,342	16,819	17,279	18,137	19,088
40	Other Income	0	0	0	0	0	0	0	0	0	0
15,489	Total Activity Income	16,040	15,371	15,973	16,279	16,562	16,836	17,335	17,797	18,678	19,642
-13	Funding Deficit (Surplus)	0	0	0	0	0	0	0	0	0	0

Notes:

- Table M.1.b combines all other Council business units that form part of Council's Activity – Roothing/Transport with Table M.1.a . These include all local streetworks business units, gravel pits, roading – special purpose, local street lights and NZTA Street Light Contract.
- These figures include inflation.
- Footpaths are included in Table M.1.b.

- Figures beyond 2019 not included as not all are available.
- See Appendix F for notes relating to Renewals and New Capital.
- Historic costs have been excluded from this table as they have not been collected in a format which fits in to this table.
- Vested Asset dollars are all at replacement cost.

Inflation has been included in all figures in the above tables. Details of the inflation rates allowed for are provided in Appendix R, Attachment G.

There are concerns that the use of inflation figures produced by BERL could lead to significant underfunding which may lead to a step increase in funding requirements with the development of the 2012 LTAcMP update. This can be reduced by making annual changes to the proposed programme to reflect actual inflation.

Reliability of Financial Forecasts

As with all forecasting, a series of assumptions and estimates are required to be made to enable the forecasts to be developed. These are covered in detail throughout this Plan but the following table sets out an estimate of the degree of reliability associated with major aspects of the plan.

Issue	Reliability *	Area Covered in Plan
Programmes of Renewals (excluding Rehabilitations)	High	Throughout Appendix F
Pavement Rehabilitation Programmes	Medium	Appendix F Attachment B
Contract Rates in Various Estimates for Programmes	High based on existing rates	Throughout Appendix E, F and H
Potential Effects of Cost Fluctuations on Costs of Roading Works	Low (very hard to predict)	Appendix R Attachments A and G
General Assumptions	As shown Table R.A.1	Appendix R Attachments A and G

* Reliability Rating

High

Medium

Low

Basis of Rating

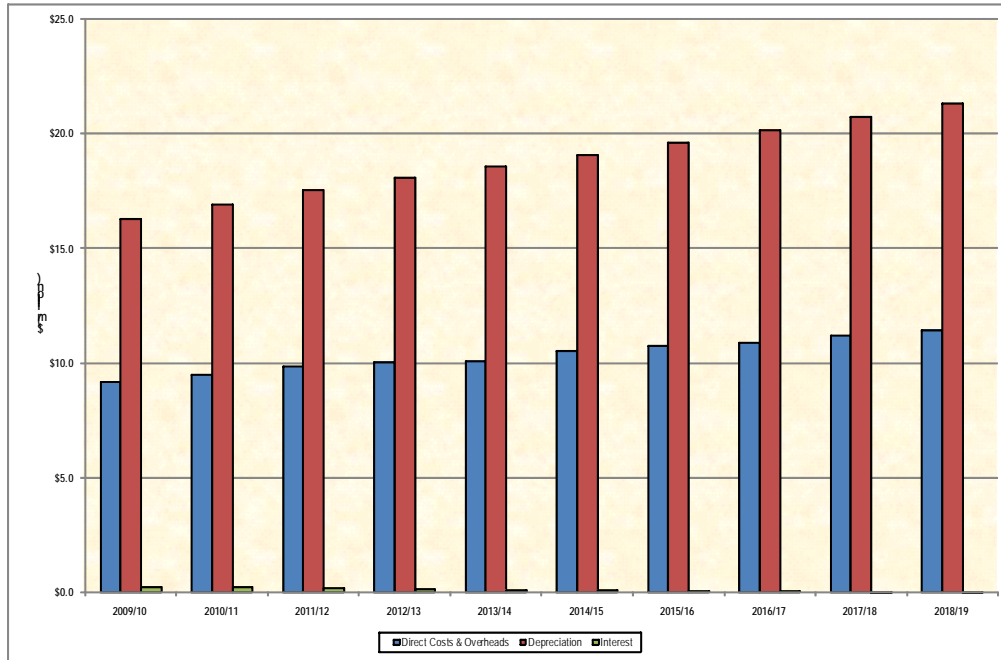
Forecast funding is based on existing rates with allowances for inflation based on general assumptions.

Forecast funding is based on existing rates with allowance for inflation but external influences outside our control are likely to have an effect.

External influences are the primary driver for changes that are outside the control of Southland District Council.

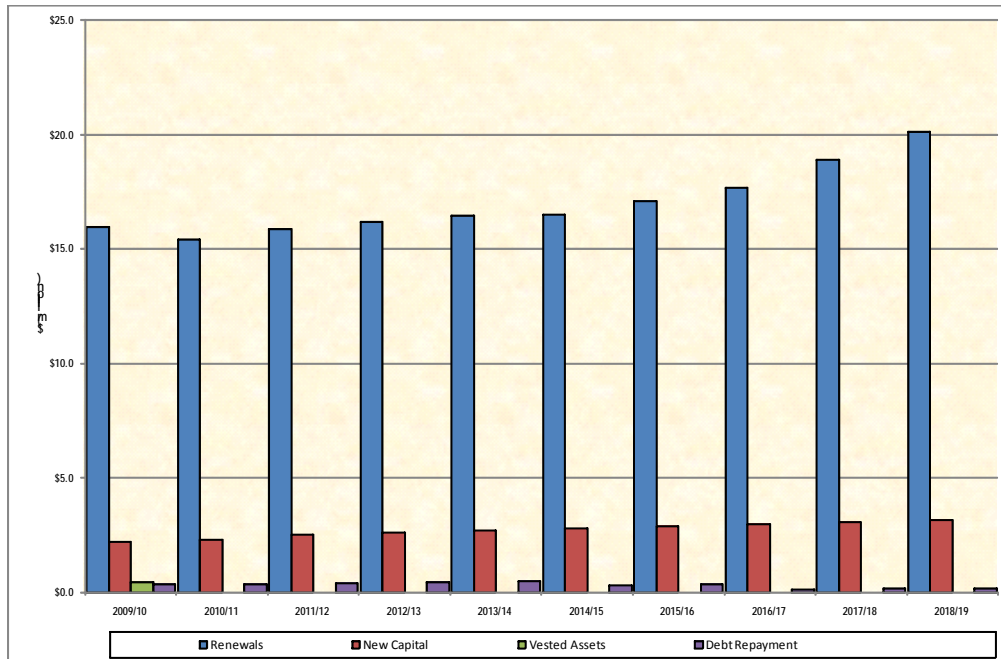
2. Future Total Operating Costs

Table M.2 Future Total Operating Costs – 2009/19
(including interest, depreciation and inflation)



3. Future Total Capital Costs

Table M.3 Future Total Capital Costs – 2009/19 (including inflation)



4. Issues

- Full Table M.1 can not be completed until a range of figures are calculated.
- Table for Urban/Footpath works needs to be completed after CB/CDA's agree their programme.

(Both these issues have been substantially dealt with for this draft).

5. Future Action and Improvements

Schedule Future Improvement Priorities

Ref. No. (1)	Item (2)	Appendix Relative Urgency (3)						Comments
		1	2	3	4	5	6	
M1	Full Table M.1 can not be completed until a range of figures are calculated				✓			Have been completed in this draft based on figures going out for public consultation.
M2	Table for urban/footpath works needs to be completed after CB/CDA's agree their programme				✓			Have been completed in this draft based on figures going out for public consultation.

Key:

- 1 = Extremely urgent (needs to be addressed now)
- 2 = Very urgent
- 3 = Urgent
- 4 = Reasonably or fairly urgent
- 5 = Not urgent
- 6 = A good idea for some time in the future