

Financial Information

This section presents the financial implications of the Plan. It looks at the net worth, cashflows, performance and the overall position for the 2011/2012 year compared to what was forecast in the Ten Year Plan. This section also details any changes to the assumptions made by Council in preparing the Plan as well as information about the revised rates for 2011/2012 in the funding impact statement and whether the Council is balancing its budget. The section also includes variations to fees and charges as well as the Accounting Policies used to prepare the financial information.

Key Assumption Changes

The Long Term Council Community Plan (LTCCP) 2009-2019 included significant forecasting assumptions that had been applied to develop the 10 year forecast. The assumptions contained in the LTCCP remain unchanged in this Draft Annual Plan apart from the variations described below. For details of the unchanged assumptions, please see the Council's LTCCP 2009-2019.

Price Level Changes (Inflation)

In the past BERL indices for the coming 10 years have been provided on an annual basis by SOLGM. SOLGM has revised the indices in October 2010 and are shown in the table below. Please note BERL indices provided did not include 20/21 and therefore finance staff have made assumptions based on the trends indicated below for each of the cost areas. Please note the roading programme for the first three years will be based on the approved NZTA (New Zealand Transport Agency) budget, therefore, inflationary rates are not required for the 2011/2012 year. For the remaining nine years, inflation has been added to the proposed programme at rates indicated below.

YEAR	Roading <i>11/12 Annual Plan</i>	Property <i>11/12 Annual Plan</i>	Water <i>11/12 Annual Plan</i>	Energy <i>11/12 Annual Plan</i>	Staff <i>11/12 Annual Plan</i>	Other <i>11/12 Annual Plan</i>
11/12	2.6%	3.2%	4.3%	5.6%	2.8%	3.8%
12/13	2.6%	2.6%	3.4%	4.6%	2.3%	2.9%
13/14	2.7%	2.6%	3.4%	4.6%	2.3%	3.0%
14/15	2.6%	2.6%	3.4%	4.6%	2.3%	3.0%
15/16	2.5%	2.6%	3.4%	4.6%	2.3%	3.0%
16/17	2.5%	2.6%	3.5%	4.6%	2.3%	3.0%
17/18	2.6%	2.7%	3.5%	4.6%	2.3%	3.0%
18/19	2.6%	2.7%	3.5%	4.6%	2.3%	3.0%
19/20	2.7%	2.7%	3.5%	4.7%	2.3%	3.0%
20/21	2.7%	2.7%	3.5%	4.7%	2.3%	3.0%

Funding Sources

Development and Financial Contributions

It will be assumed that all "growth" roading, water, wastewater and stormwater projects will be funded totally from development and financial contributions. With changes to Council's accounting policies as a result of adopting International Financial Reporting Accounting Standards (IFRS) the recognition of income received from development is in the same year that the project is planned to be undertaken.

New Zealand Transport Agency (NZTA) subsidies for Roothing

The NZTA confirmed the base subsidy (FAR) rate for the first three years of the LTCCP at 54%. Council has set the base rate at 54% or where NZTA has indicated a higher percentage this is also reflected for all 10 years of the Plan.

Ministry of Health Subsidies

Funding of all Ministry of Health (MoH) water projects will be in line with the current funding guidelines set. These guidelines take into account a variety of factors, which means that each scheme will potentially receive a different level of funding.

Project funding, as possibly being entitled to funding in this manner, has been individually assessed against the criteria. Under current Council policy, funding of the total costs of any eligible project is as follows:

1. MoH funding applicable.
2. Up to a maximum of 16.67% district funding (paid by all district ratepayers through the Waste Management Rate)
3. The balance by local funding as follows:
 - (a) New Schemes - Those connecting to the scheme by either lump sum or by targeted rates.
 - (b) Existing Scheme Upgrade - Loans taken out by the Community Board (CB) or Community Development Area Subcommittee (CDA). The principal and interest repayments of these loans are to be made through the local targeted water rate of those connected.

As these projects are still subject to community approval, it is only planned to show the loan funding at this stage excluding repayments. This is because the rates smoothing process will include all projected repayment and interest on these loans.

Vested Assets

Council staff will include in the Annual Plan an estimation of the total amount of assets that may be vested to Council in the coming years by developers. This estimate will be based on subdivisions currently in the resource consent process.

Capital Costs

It will be assumed that on average actual capital costs for major projects will not significantly vary from the costs included in the Annual Plan.

Contracts

There is to be no allowance made in the 2011/2012 Annual Plan for possible increases in contract rates being re-tendered. Any actual variations will be accounted for in the year that the contract is re-tendered and let.

Interest Rate on Investments

The interest rate applicable to investments for each of the 10 years is 6.00% (LTCCP 6.4%). This has been based on the Reserve Bank's six month deposit rates for the last 10 years. Please note that the Bank's current six month term deposit rate is approximately 4.75%.

Interest Rate on Borrowings and Internal Borrowings

The interest rate applicable to all external or internal borrowings for each of the 10 years is 6.18%. This has also been based on the Reserve Bank's interest rates for 90 day bank bills for the last 10 years. Council's current interest rate for 2010/2011 is 6.76% (LTCCP 7.75%).

Please note that the Bank's current one year term loan interest rate is approximately 6.45%. This rate has the potential to fluctuate; however, our interest rate of 6.18% remains fixed.

Financial Statements

PROSPECTIVE STATEMENT OF COMPREHENSIVE INCOME For the year ending 30 June 2012

	LTCCP 2011/2012	Annual Plan 2011/2012
Income		
Rates Revenue	36,606,389	36,928,664
Other Revenue	6,553,659	6,557,867
Interest and Dividends	522,125	113,465
NZ Transport Agency	15,439,720	15,995,821
Grants and Subsidies	389,698	530,393
Other Gains/(Losses)	(443,280)	(594,977)
Vested Assets	-	2,973,123
Development and Financial Contributions	439,527	150,273
MoH Subsidy for Sewerage/Water Schemes	1,369,758	1,472,397
Scheme Capital Recovery for Sewerage/Water Schemes	919,267	-
	61,796,863	64,127,026
Expenditure		
Employee Benefit Expenses	9,248,645	9,531,924
Depreciation and Amortisation	22,731,687	22,721,789
Finance Costs	1,429,747	541,871
Other Council Expenditure	29,119,965	30,660,049
	62,530,044	63,455,633
OPERATING SURPLUS/(DEFICIT)	(733,181)	671,393
Share of Associate Surplus/(Deficit)	-	-
OTHER COMPREHENSIVE INCOME	(733,181)	671,393
Gain/(Loss) on Property, Plant and Equipment Revaluations	62,419,968	59,723,892
TOTAL COMPREHENSIVE INCOME	61,686,787	60,395,285

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY
For the year ending 30 June 2012

	LTCCP 2011/2012	Annual Plan 2011/2012
Balance at 1 July	1,395,511,600	1,381,180,658
Net Comprehensive Income for the year	61,686,787	60,395,285
Total Recognised Income and Expenditure	61,686,787	60,395,285
Balance at 30 June	1,457,198,387	1,441,575,943

PROSPECTIVE STATEMENT OF FINANCIAL POSITION
As at 30 June 2012

	LTCCP 2011/2012	Annual Plan 2011/2012
Equity		
Retained Earnings	743,319,655	734,365,463
Asset Revaluation Reserves	705,326,125	694,235,167
Other Reserves	8,552,607	12,975,313
	1,457,198,387	1,441,575,943
Represented by:		
Current Assets		
Cash and Cash Equivalents	10,411,933	2,603,766
Trade and Other Receivables	7,370,707	7,389,888
Inventories	363,066	361,964
Work in Progress	-	20,268
	18,145,706	10,375,886
Non-Current Assets		
Property, Plant and Equipment	1,462,879,807	1,445,111,813
Intangible Assets	465,038	378,921
Forestry Assets	10,446,850	11,072,590
Internal Loans	-	-
Investments in Associates	-	5,852
Other Financial Assets	6,131,295	-
	1,479,922,990	1,456,569,176
TOTAL ASSETS	1,498,068,696	1,466,945,062
Current Liabilities		
Trade and Other Payables	5,974,264	5,834,777
Contract Retentions and Deposits	741,958	988,970
Employee Benefit Liabilities	1,262,984	1,653,637
Development and Financial Contributions	7,353,664	1,915,068
Provision for Decommissioning	10,786	14,000
	15,343,656	10,406,452
Non-Current Liabilities		
Employment Benefit Liabilities	420,026	276,417
Provision for Decommissioning	67,503	64,289
Borrowings	25,039,124	14,621,961
Internal Loans	-	-
	25,526,653	14,962,667
TOTAL LIABILITIES	40,870,309	25,369,119
NET ASSETS	1,457,198,387	1,441,575,943

PROSPECTIVE STATEMENT OF CASHFLOWS

	LTCCP 2011/2012	Annual Plan 2011/2012
CASHFLOWS FROM OPERATING ACTIVITIES		
Cash provided from		
Receipts from Rates Revenue	36,606,389	36,928,664
Receipts from NZ Transport Agency Funding	15,439,720	15,995,821
Interest and Dividends	522,125	113,465
Contributions from Developers	2,008,739	150,273
Receipts from Other Revenue	8,859,985	8,570,169
	63,436,958	61,758,392
Cash disbursed to		
Interest	1,429,747	541,871
Payments to Suppliers and Employees	38,313,114	39,808,161
	39,742,861	40,350,032
Net Cash Inflow(Outflow) from Operating Activities	23,694,097	21,408,360
CASHFLOWS FROM INVESTING ACTIVITIES		
Cash provided from		
Sale of Property, Plant & Equipment	144,070	97,263
Reduction in Investments	1,951,142	-
	2,095,212	97,263
Cash disbursed to		
Acquisition of Investments	-	-
Purchase of Intangible Assets	79,257	83,783
Purchase of Property, Plant & Equipment	29,335,494	29,415,150
	29,414,751	29,498,933
Net Cash Inflow(Outflow) from Investing Activities	(27,319,539)	(29,401,670)
CASHFLOWS FROM FINANCING ACTIVITIES		
Cash provided from		
Proceeds from Borrowings	6,061,573	8,824,260
Cash disbursed to		
Repayment of Borrowings	1,021,480	-
Net Cash Inflow(Outflow) from Financing Activities	5,040,093	8,824,260
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	1,414,651	830,950
Cash and Cash Equivalents at the beginning of the year	8,997,282	1,772,816
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	10,411,933	2,603,766

Reconciliation between the Net Surplus (from the Statement of Comprehensive Income) and Net Cash from Operating Activities (from the Statement of Cashflows)

	LTCCP 2011/2012	Annual Plan 2011/2012
Surplus (Deficit)	(733,181)	671,393
<u>Add (Less) Non Cash Items</u>		
Depreciation and Amortisation	22,731,687	22,721,789
Vested Assets	-	(2,973,123)
Forestry Revaluation	587,350	692,240
<u>Add (Less) Movements in Working Capital Items</u>		
Trade and Other Receivables	(372,397)	9,512
Work in Progress	-	-
Trade and Other Payables	65,768	394,084
<u>Other</u>		
Gains/(Losses) on Disposal of Property, Plant and Equipment	(144,070)	(97,263)
Movement in Provision for Decommissioning	(10,272)	(10,272)
Movement in Development Contributions	1,569,212	-
Net Cash Inflow/(Outflow) from Operating Activities	23,694,097	21,408,360

Note 1: Reconciliation between Prospective Cost of Service Statements and the Prospective Statement of Comprehensive Income

Activity	LTCCP 2011/2012		Annual Plan 2011/2012	
	Revenue	Expenditure	Revenue	Expenditure
Beautification	676,418	692,620	724,848	726,507
Building Control	1,331,122	1,350,405	1,308,569	1,340,516
Cemeteries	175,327	178,807	189,514	195,550
Civil Defence and Emergency Management	277,197	277,450	296,042	348,240
Community Centres	390,443	458,848	370,983	728,342
Community Housing	287,543	295,354	287,222	291,589
District Development Services	1,911,447	1,911,447	1,911,872	1,911,872
District Support	3,560,311	3,553,413	3,107,261	2,913,423
Dog Control	280,827	281,319	341,287	401,455
Forestry	383,450	350,339	278,560	333,926
Grants and Donations	1,273,920	1,496,706	1,375,869	1,691,684
Health Regulation	417,062	439,708	447,135	451,436
Library Service	1,143,518	1,185,003	1,182,477	1,269,575
Other Local Services	474,164	595,005	543,615	785,919
Parks and Reserve	724,122	736,223	753,736	741,812
Public Conveniences	259,791	308,671	275,608	328,567
Representation and Advocacy	2,580,284	2,556,500	2,599,726	2,685,581
Resource Management	1,480,276	1,923,435	1,273,767	2,241,500
Roading and Transport	27,416,554	27,823,373	30,051,019	28,220,105
SIESA	1,261,465	1,397,871	1,202,698	1,289,334
Solid Waste Management	4,779,282	5,117,117	4,201,178	4,493,357
Stormwater	994,078	885,150	1,381,046	874,505
Strategy and Communication	1,182,365	1,242,947	1,269,510	1,358,174
Te Anau Airports	340,820	717,622	524,004	750,545
Wastewater	2,832,814	3,216,503	3,687,337	3,570,426
Water Supply	5,259,158	3,477,820	4,424,790	3,445,900
Work Schemes	103,104	60,387	117,352	65,793
Total Activities	61,796,862	62,530,043	64,127,026	63,455,633
Gain/(Loss) on Property, Plant and Equipment Revaluations	62,419,968	-	-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	124,216,830	62,530,043	64,127,026	63,455,633

Accounting Policies

Reporting Entity

The Southland District Council (referred to as “SDC” or “Council”) is a territorial local authority governed by the Local Government Act 2002. The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial profit. Accordingly, SDC has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

The financial statements represent the results of the Council’s 27 significant activities (detailed on pages 26 to 118) including the Stewart Island Electrical Supply Authority (SIESA). SIESA is a business unit of the Council, which generates and reticulates electricity to the majority of Stewart Island residents and industry.

Venture Southland is a joint venture with Invercargill City Council and Gore District Council, for the development and promotion of Southland in terms of enterprise, tourism and the people of the province.

The prospective financial information reflects the operations of the SDC but do not include the consolidated results of Council controlled organisations and Venture Southland. The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to the users.

The prospective financial statements of Council were authorised for issue by Council on 30 June 2011.

Basis of Preparation

The prospective financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP).

These prospective financial statements have been prepared in accordance with NZ GAAP. They also comply with NZ IFRS, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The accounting policies set out below have been applied consistently to all periods presented in these prospective financial statements.

Prospective Financial Information

The financial information contained within this Long Term Community Council Plan (LTCCP) is prospective financial information in terms of Financial Reporting Standard 42 (FRS 42) ‘Prospective Financial Statements’. The purpose for which is to enable ratepayers, residents and all other interested parties to obtain information about the expected future financial performance, position and cashflow of SDC.

The actual results achieved for any particular financial year are also likely to vary from the information presented, and may vary materially depending on the circumstances that arise during the period.

No actual financial results have been incorporated within the prospective financial statements.

Measurement Base

The financial statements have been prepared on a historical cost basis, modified by the revaluation of heritage assets, certain infrastructural assets, and biological assets.

The financial statements are presented in New Zealand dollars (the functional currency of the SDC) and all values are rounded to the nearest dollar.

(a) Revenue

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

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

Interest is recognised using the effective interest method.

Subsidies from New Zealand Transport Agency and grants from other Government agencies are recognised as revenue upon entitlement, which is when conditions pertaining to eligible expenditure have been fulfilled.

Other grants and bequests, and assets vested in the Council - with or without conditions - are recognised as revenue when control over the assets is obtained.

Development and financial contributions are recognised at the later of the point when the Council is ready to provide the service for which the contribution was levied, or the event that will give rise to a requirement for a development or financial contribution under the legislation.

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

(b) Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred. The Council has not capitalised borrowing costs associated with funding capital works in progress as required under NZ IAS (New Zealand equivalents to International Accounting Standards) 23 Borrowing Costs. Public benefit entities may defer adoption of NZ IAS 23 pending the completion of the Financial Reporting Standard Board's research project into the application of NZ IAS 23 (revised 2008) by public benefit entities.

(c) Grant expenditure

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

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

(d) Leases

▪ *Finance Leases*

Finance leases effectively transfer to the lessee substantially all the risks and benefits incidental to the ownership of the leased item, whether or not title is eventually transferred. At the commencement of the lease term, the Council recognises finance leases as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

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

▪ *Operating Leases*

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

(e) Equity

Equity is the communities' interest in the Council as measured by total assets less total liabilities. Equity is classified into a number of reserves to enable clearer identification of the specified uses that the Council makes of its accumulated surpluses. The components of equity are:

- Retained Earnings
- Council created reserves (general reserve, separate account balances and rates appropriation balance)
- Special reserves (managed by Allocation Committees)
- Asset revaluation reserves

Reserves represent a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the Council.

Council created reserves may be altered without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

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

(f) Cash and Cash Equivalents

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

Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

(g) Trade and other receivables

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

Loans, including loans to community organisations made by SDC at nil, or below-market interest rates are initially recognised at the present value of their expected future cashflows, 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 cashflows of the loan is recognised in the Statement of Comprehensive Income as a grant.

A provision for impairment of receivables is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cashflows, discounted using the effective interest method.

(h) Inventories

Inventories (such as spare parts and other items) held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

The write down from cost to current replacement cost is recognised in the Statement of Comprehensive Income.

(i) Financial Assets

SDC classifies its financial assets into the following four categories; financial assets at fair value through profit or loss, held-to-maturity investments, loans and receivables and financial assets at fair value through equity. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets are initially measured at fair value plus transaction costs unless they are carried at fair value through profit or loss in which case the transaction costs are recognised in the Statement of Comprehensive Income. Purchases and sales of investments are recognised on trade-date, the date on which SDC commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cashflows from the financial assets have expired or have been transferred and the Council has transferred substantially all the risks and rewards of ownership.

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. SDC 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 debt instruments held. Other techniques, such as estimated discounted cashflows, are used to determine fair value for the remaining financial instruments.

The four categories of financial assets are:

- Financial assets at fair value through profit or loss

This category has two sub-categories: Financial assets held for trading, and those designated at fair value through profit or loss at inception.

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the Statement of Comprehensive Income.

- Loans and receivables

These are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or derecognised are recognised in the Statement of Comprehensive Income. Loans and receivables are classified as “trade and other receivables” in the Statement of Financial Position.

- Held to maturity investments

Held to maturity investments are assets with fixed or determinable payments and fixed maturities that SDC has the positive intention and ability to hold to maturity.

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

- Financial assets at fair value through equity

Financial assets at fair value through equity are those that are designated as fair value through equity or are not classified in any of the other categories above.

This category encompasses:

- Investments that SDC intends to hold long term but which may be realised before maturity; and
- Shareholdings that SDC holds for strategic purposes. SDC's investments in its associate companies are not included in this category as they are held at cost (as allowed by NZ IAS 27 Consolidated and Separate Financial Statements and NZ IAS 28 Investments in Associates) whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value, unless fair value cannot be reliably measured, in which case, the investments are measured at historical cost.

Gains and losses are recognised directly in equity except for impairment losses, which are recognised in the Statement of Comprehensive Income. In the event of impairment, any cumulative losses previously recognised in equity will be removed from equity and recognised in Statement of Comprehensive Income even though the asset has not been derecognised.

On derecognition the cumulative gain or loss previously recognised in equity is recognised in the Statement of Comprehensive Income.

Council's investments in this category include: Civic Assurance (formerly the New Zealand Local Government Insurance Corporation Limited) and Milford Sound Development Authority.

(j) Impairment of Financial Assets

At each balance sheet date SDC assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the forecast Statement of Comprehensive Income.

(k) Non-current Assets Held For Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use.

Non-current assets held for sale are measured at the lower of their carrying amount and fair value less disposal costs.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the Statement of Comprehensive Income.

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 (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale. Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale continue to be recognised.

(l) Goods and Services Tax (GST)

The forecast financial statements have been prepared exclusive of GST with the exception of receivables and payables, which are stated inclusive of GST. When GST is not recoverable as an input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cashflow in the Statement of Cashflows.

Commitments and contingencies are disclosed exclusive of GST.

(m) Property, Plant and Equipment

Property, plant and equipment consist of:

- *Infrastructure Assets*

Infrastructure assets are those systems taken as a whole that are intended to be maintained indefinitely. These assets include the Council's roading and bridge networks and the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function. For example, sewerage reticulation includes reticulation piping and sewer pump stations.

- *Operational Assets*

These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

- *Restricted Assets*

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

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

Additions

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are included in the Statement of Comprehensive Income. When revalued assets are sold, the amounts included in asset revaluation reserves in respect of those assets are transferred to retained earnings.

Subsequent costs

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 SDC and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment except land and heritage assets, at rates which will write off the cost (or valuation) 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 follows:

Asset Category	Estimated Economic Life (years)	Depreciation	
		Percent	Method
Operational Assets			
Improvements	10	10.00%	SL
Buildings	40	2.50%	SL
Light Vehicles	5	20.00%	SL
Other Plant	11	9.09%	SL
Furniture and Fittings	7-8	13.50%	SL
Office Equipment	3-8	12.50%-33.33%	SL
Computer Equipment	2-10	10.00%-50.00%	SL
SCADA Equipment	7-8	13.50%	SL
Other Equipment	7-8	13.50%	SL
Library Books	10	10.00%	SL

Infrastructural Assets

Electrical Generation Plant	10-100	1.00% - 10.00%	SL or DV
Sealed Roads	Various	2.07% - 6.94%	SL
Unsealed Roads	Various	4.05% - 20.41%	SL
Bridges	50-100	1.00% - 2.00%	SL
Footpaths	14-20	5.00% - 7.14%	SL
Streetlighting	15-20	5.00% - 6.67%	SL
Sewerage Schemes	Various	2.06% - 7.02%	SL
Stormwater Schemes	7-50	2.00% - 14.29%	SL
Water Supply Schemes	Various	1.82% - 13.09%	SL
Marine Assets	26-50	2.00% - 3.85%	SL
Transfer Stations	4	25.00%	SL
Landfill Sites	3	33.33%	SL

SIESA assets have the following useful lives and associated depreciation rates of major classes of assets for accounting purposes.

Asset Category	Estimated Economic Life (years)	Depreciation		Method
		Percent		
Plant	2-25	4.00% - 50.00%		SL or DV
Vehicles	8-15.5	12.50% - 26.00%		DV
Buildings	40-100	1.00% - 2.25%		SL or DV

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

Revaluations

Roads, water reticulation, sewerage reticulation and stormwater systems are revalued on an annual basis. Heritage assets are valued on a three yearly valuation cycle. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed each balance date to ensure that those values are not materially different to fair value. The valuation basis for the different asset categories are described in more detail below.

- *Land and Buildings*

The deemed cost of land and buildings were established by registered valuers from Quotable Value in accordance with the requirements of the Institute of Chartered Accountants of New Zealand Standards, as at 30 June 1993. Purchases made since 30 June 1993 are recorded at cost.

Endowment lands are vested in Council for specific purposes for the benefit of various communities. These vestings have been made under various pieces of legislation which restrict both the use of any revenue and any possible dispositions.

- *Infrastructural Assets*

Appropriately qualified personnel from MWH New Zealand Limited have completed a revaluation of District roading, footpaths and bridge asset networks as at 30 June 2009. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2009.

In-house staff with specialist knowledge in the area have completed a revaluation as at 30 June 2009 of the water supply, sewerage scheme and stormwater assets. This revaluation established a depreciated replacement cost to component level for those infrastructural assets as at 30 June 2009. Mr R Hayes who is appropriately qualified has reviewed the component rates and expected life estimates used in this valuation.

Revaluations of roading, water, sewerage and stormwater assets are carried out annually.

All other infrastructural assets (electrical generation plant, streetlighting and marine assets) are valued at their deemed cost, based on a revaluation of assets undertaken by appropriately qualified personnel from Royds Garden Limited in 1993.

- *Plant and Vehicles (including Electrical Generation Plant)*

Items are shown at historical cost less provision for depreciation.

- *Library Books*

Books have been valued by SDC staff on a depreciated replacement cost basis, using New Zealand Library Association guidelines, as at 30 June 1993 representing deemed cost. Additions to library book stocks since 30 June 1993 are recorded at cost.

- *Heritage Assets*

The only assets to be included under this category are art works owned by the Council, which have been valued by an independent valuer, Mr R Thomson of International Art Centre, Auckland, as at 30 June 2005 and recorded at fair value in accordance with NZ IAS 16.

Other assets, which would normally be classified under heritage assets, for example war memorials, have been included under 'Other Assets'.

Because of the nature of the item art works are revalued on a three to five yearly cycle and not depreciated.

- *Other Assets*

Other assets are shown at historic cost or depreciated replacement cost, less a provision for depreciation. Additions and deletions to other assets since 30 June 1993 are recorded at cost.

Accounting for revaluations

SDC accounts for revaluations of property, plant and equipment on a class of asset basis.

The results of revaluing are credited or debited to an asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the Statement of Comprehensive Income. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the Statement of Comprehensive Income will be recognised first in the Statement of Comprehensive Income up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

- (n) Work in Progress

Assets under construction are not depreciated. The total cost of a project is transferred to the relevant asset class on its completion and then depreciated.

- (o) Intangible Assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs that are directly associated with the development of software for internal use by the Council are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Computer software	2.5 - 10 years	10.00% - 40.00%	SL
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(p) Forestry Assets

Forestry assets are revalued annually at fair value less estimated point of sale costs as of 30 June by in-house staff with specialist knowledge in the area. This is peer reviewed by an independent valuer using standard forest valuation methodology. Fair value is determined based on the present value of expected net cashflows discounted at a current market determined pre-tax rate.

Gains or losses arising on initial recognition of forestry assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Comprehensive Income.

The costs to maintain the forestry assets are included in the forecast Statement of Comprehensive Income.

(q) Investment Property

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

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

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

Gains or losses arising from a change in the fair value of investment property are recognised in the forecast Statement of Comprehensive Income.

(r) Impairment of Non-Financial Assets

Non-financial assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for impairment 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 value in use.

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

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

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

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

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

For assets not carried at a revalued amount the reversal of an impairment loss is recognised in the forecast Statement of Comprehensive Income.

(s) Employee Benefits

Short term benefits

Employee benefits that the SDC expects to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months.

Long term benefits

Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retiring leave, have been calculated by in-house staff. The calculations are based on:

- likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement and contractual entitlements information; and
- the present value of the estimated future cashflows. A discount rate of 7% and an inflation factor of 3% were used.

Superannuation schemes

Defined contribution schemes - obligations for contributions to defined contribution superannuation schemes are recognised as an expense in the Statement of Comprehensive Income as incurred.

(t) Provisions

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

Provisions are not recognised for future operating losses.

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

Financial guarantee contracts

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

Financial guarantee contracts are initially recognised at fair value. If a financial guarantee contract was issued in a stand-alone arm's length transaction to an unrelated party, its fair value at inception is equal to the consideration received. When no consideration is received a provision is recognised based on the probability the Council will be required to reimburse a holder for a loss incurred discounted to present value. The portion of the guarantee that remains unrecognised, prior to discounting to fair value, is disclosed as a contingent liability.

Financial guarantees are subsequently measured at the initial recognition amount less any amortisation, however if SDC assesses that it is probable that expenditure will be required to settle a guarantee, then the provision for the guarantee is measured at the present value of the future expenditure.

Landfill post-closure costs

The Council, as operator, has a legal obligation under its resource consent to provide ongoing maintenance and monitoring services at their landfill sites after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arises.

The provision is measured based on the present value of future cashflows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with landfill post closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

(u) Borrowings

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

Repayments

Most borrowings are repaid on a table basis (i.e. each repayment instalment consists of a mixture of both principal and interest). The one exception are the roading business unit loans, which are interest payments only.

(v) Budget Figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the Annual Plan process. The budget figures have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and are consistent with the accounting policies adopted by the Council for the preparation of financial statements.

(w) Cost Allocation

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

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

Direct costs are charged directly to significant activities. Indirect costs have been allocated to all significant activities in two ways. Where appropriate, indirect costs are directly apportioned to activities. The remaining indirect costs are allocated either on a gross cost or activity/usage basis.

(x) Critical Accounting Estimates and Assumptions

In preparing these forecast financial statements SDC has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Infrastructural assets

There are a number of assumptions and estimates used when performing depreciated replacement cost (DRC) valuations over infrastructural assets. These include:

- the physical deterioration and condition of an asset, for example the Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets, which are not visible, for example stormwater, wastewater and water supply pipes that are underground. This risk is minimised by Council performing a combination of physical inspections and condition assessments of underground assets;

- estimating any obsolescence or surplus capacity of an asset; and
- estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted 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 SDC could be over or under estimating the annual depreciation charge recognised as an expense in the Statement of Comprehensive Income. To minimise this risk SDC's 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 the SDC's asset management planning activities, which gives the Council further assurance over its useful life estimates.

Experienced independent valuers perform the Council's infrastructural asset revaluations.

(y) Critical Judgements in Applying SDC's Accounting Policies

Management has exercised the following critical judgements in applying the Council's accounting policies to the prospective financial statements.

Classification of property

SDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of rental income from these properties is incidental to holding these properties.

These properties are held for service delivery objectives as part of the Council's Social Housing Policy. These properties are accounted for as property, plant and equipment.

(z) Statement of Cashflows

Operating activities include cash and cash equivalents (as defined in (g) above) received from all the Council's income sources and record the cash payments made for the supply of goods and services.

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

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

(aa) Cost of Services Statements

The cost of services statements, as provided in each of the Statements of Service Performance, report the net cost of services for each of the Council's significant activities, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Changes in Accounting Policies

There have been no changes to the accounting policies since the date of the last audited financial statements

Funding Impact Statement

This statement details the revenue and financing mechanisms to be used by the Southland District Council, including the amount of funds to be produced by each mechanism. It also gives additional information on the calculation of District rates and local rates and charges, as well as a summary of variations to the Council's fees and charges.

Funding Sources

The following table shows the significant funding sources for the Southland District Council and compares this to what was proposed in the LTCCP for 2011/2012.

GST Exclusive	LTCCP 2011/2012	Annual Plan 2011/2012	Variance	Explanation of Variance
Rates	36,606,386	36,628,664	22,278	The overall net increase is due to a larger than expected uptake of the new wheelie bin service, offset by the change in costs associated with the revised two bin wheelie bin system, which was originally proposed to be a three bin system in the 2009-2019 LTCCP. In addition, the inclusion of the Regional Initiative rate and the Wyndham water and sewerage loans, for those connecting to the scheme, which were not planned for in the LTCCP.
Other Revenue ¹	6,553,659	6,857,867	304,208	Increase is due to the inclusion of expected rates penalty income not previously budgeted for in the LTCCP.
Interest and Dividends	522,125	113,465	(408,660)	Decrease is due to lower investments as a result of not converting internal loans to external loans as planned for in the LTCCP. The change between internal (use of investments) and external funding (term loans) is mainly the result of a revised timeline of capital projects.
New Zealand Transport Agency (NZTA)	15,439,720	15,995,821	556,101	The net increase is due to the carry forward of New Zealand Transport Authority's contribution to a number of capital projects originally planned for 2010/2011, and changes in the approved roading programme made by NZTA.
Grants and Subsidies	389,698	530,393	140,695	Increase is predominantly due to the inclusion for the first time of the budget for roving museum activities, and additionally, other minor grants for local projects.
Other Gains/(Losses) ²	(443,280)	(594,977)	(151,697)	Decrease is mainly due to a revised revaluation of the forestry assets resulting from a decline in logging prices based on recent tenders.
Vested Assets	-	2,973,123	2,973,123	Anticipated completion of the Delta and Landcorp sub-divisions in Te Anau and Manapouri respectively.
Development and Financial Contributions	439,527	150,273	(289,254)	Change in timing and scope of Te Anau water supply and storm water capital projects and also Lumsden/Balfour and Riverton water supply projects.
MOH Subsidy for Sewerage/Water Schemes	1,369,758	1,472,397	102,639	Change in timing of water supply capital projects mainly relating to Ohai/Nightcaps and Riverton, and cancellation of Waikaia and Riversdale water supply projects due to funding no longer being available.
Scheme Capital Recovery for Sewerage/Water schemes	919,267	-	(919,267)	Cancellation of Waikaia and Riversdale water supply projects.
Proceeds from Borrowings	6,061,573	5,107,679	(953,894)	Change in timing of capital projects mainly relating to the Winton, Waikaia, Riversdale, Tuatapere and Otahu Flat water supply projects.
	67,858,433	69,234,705	1,376,272	

¹Other Revenue includes fees and charges and rates penalties.

²Other gains/(losses) includes proceeds from the sale of assets and the forestry gain/(loss).

Breakdown of rates by rate type (2011/2012)

Rate Type	LTCCP 2011/2012	Annual Plan 2011/2012
Building Regulation	277,362	270,327
Civil Defence and Rural Fire	534,136	544,164
Council Offices and District Support	3,169,155	3,332,304
Development and Promotions	2,302,353	2,288,499
Library Services	898,942	907,072
Local Rates	9,131,024	9,928,589
Public Health Services	201,748	179,406
Representation	1,604,277	1,582,787
Roading	11,011,447	10,809,276
Regional Heritage and Initiative	385,757	456,209
Strategy and Advocacy	2,723,168	2,660,014
Waste Management	1,675,100	1,609,118
Wheelie Bin Collection	2,691,917	2,060,899
Total Rates to be collected (GST excl)	36,606,386	36,628,664

Council's revenue from rates set on a uniform basis is 24.32%. The maximum allowed under Section 21 of the Local Government (Rating) Act 2002 is 30%. The table below sets out the rating mechanisms to be used for the 2011/12 financial year.

Definitions

The following definitions relate to the terms used in the table below.

Accommodation (local rate) - A rate that is based on the QV classification of commercial - accommodation.

Commercial (Otautau - local rate) - A rate that is based on the QV classification commercial, industrial or other QV classifications (except farmland and residential QV classifications).

Commercial (Te Anau - local rate) - A rate that is based on the QV classification commercial, industrial or other QV classifications (except commercial - accommodation and residential QV classifications).

Farmland (local rate) - A rate that is applied to the total hectares within the town boundary less 1.2 hectares (being the urban) charge. Rating units less than 1.2 hectares are not charged.

Meridian rate types - (Strategy, Policy and Planning, Development and Promotions, Waste management, Council Offices and District Support, Building Regulation). These rate types apply to the three assessments (22639,23028,23127) owned by Meridian. These are to fund the same activities as the main rate types but are set to reflect an agreement between Meridian and Council.

Pan - A pan is the equivalent of a water closet or urinal.

Provision of service - The relevant service deemed by Council to be appropriate given the type of service, nature and location of the rating unit etc. (including trough, connection, meter, loan, three-quarter, one-quarter).

Residential (local rate) - A rate that is based on the QV classification of residential.

Rate in the Dollar (RID) - A rate that is based on the valuation (Land, Improvement, Capital) of the rating unit.

Sanitary Fixture - Means any fixture which is intended to be used for sanitation. This includes a sanitary convenience, a urinal and a wash/hand basin.

Separately used or inhabited part (SUIP) - This includes any part of a rating unit separately occupied by the owner or any other person who has the right to occupy that part by virtue of a tenancy, lease, licence or other agreement. Examples of a SUIP are any residential building or part thereof, which is separately inhabited, parts of a rating unit used for different reasons, a concession granted by the Department of Conservation for private or commercial purposes which has a footprint on the land, land that has been subdivided for sale and does not yet qualify as a rating unit on the district valuation roll.

Uniform Targeted Rates (UTR) - A rate that is set as a fixed dollar amount irrespective of the value of the rating unit.

Unit of Demand - A unit of demand is calculated as below. Note the primary use of the rating unit is used to determine the category used for the rating unit. This is based on the QV classification of the rating unit. The below are used when calculating total units of demand for the rating unit.

- Residential dwelling - 1 x each separately inhabited part of the rating unit plus an additional unit for every additional kitchen contained within the separately inhabited part = total units of demand.
- Hotel, Motel or Bed and Breakfast - 0.25 x each guest (based on maximum design occupancy) + 1 (if management lives on rating unit) = total units of demand.
- Camping Ground - 0.18 x each guest (based on maximum design occupancy, this includes cabins, tents and caravans) + 1 (if management lives on rating unit) = total units of demand.
- Restaurant - 0.04 x each guest per each hour the restaurant is open for service (based on maximum design occupancy) + 1 (if management lives on rating unit) = total units of demand.
- Offices - 0.08 x each employee (based on maximum design occupancy) = total units of demand.
- Industries and other rating units not classified above - the greater of total estimated waste in litres per day divided by 920 litres per day or total gm (BOD5) divided by 260gm (BOD5) = total units of demand.

Urban (local rate) - A rate that is applied to the first 1.2 hectares of the rating unit.

District Rates

	Basis of Rate	Uniform Charge	Rate in the \$	Rate
<u>Governance, Planning and Development</u>				
Representation	UTR per rating unit	102.57		1,582,787
Strategy, Policy and Planning	UTR per rating unit	14.13		218,012
	RID on capital value		0.00014343	2,387,413
Strategy, Policy and Planning - Meridian	UTR per rating unit	14.13		42
	RID on capital value		0.00008354	54,547
				<u>2,660,014</u>
Development and Promotions	UTR per rating unit	148.30		2,288,054
Development and Promotions - Meridian	UTR per rating unit	148.30		445
				<u>2,288,499</u>

A UTR reflects that the use on these services is people based - generally a rural rating unit with a family does not draw any more service than an urban rating unit with a family. The balance of the funding is provided through a rate based on capital value, as the most equitable form of "tax" available to the Council.

Regional Heritage, Regional Initiative and Library

Regional Heritage	UTR per SUIP of a rating unit	26.30		394,277
Regional Initiative	UTR per SUIP of a rating unit	4.13		61,932

The Regional Initiative rate is being collected by means of a UTR on every SUIP of a rating unit to part fund regional initiatives identified in this Annual Plan such as the Swim Safe programme, Te Hikoi Museum, the Junior World Cycling Championships and the Southland Coastal Heritage Inventory project.

Library Service	UTR per SUIP of a rating unit	60.50		907,072
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Council has set a level of user pays (10%) for its library service, however it recognises the wider benefits these services have in the District's communities. The use of UTR's on every SUIP of a rating unit to fund the rate reflects the 'people' based nature of these activities and recognises that rating unit size does not affect how much service is available. It is important to note that a charge is made whether or not the services are used.

Roading

Commercial - 3.0%	UTR per rating unit	70.10		31,896
	RID on capital value		0.00103339	292,382
				<u>324,277</u>
Dairy - 33.0%	UTR per rating unit	70.10		52,996
	RID on capital value		0.00081662	3,514,054
				<u>3,567,049</u>
Farming (non dairy) – 37.5%	UTR per rating unit	70.10		224,460
	RID on capital value		0.00044045	3,829,034
				<u>4,053,494</u>
Forestry – 6.0%	UTR per rating unit	70.10		12,268
	RID on capital value		0.00566718	636,287
				<u>648,555</u>

	Basis of Rate	Uniform Charge	Rate in the \$	Rate
Industrial - 4.0%	UTR per rating unit	70.10		22,958
	RID on capital value		0.00146241	409,412
				<u>432,370</u>
Lifestyle - 4.0%	UTR per rating unit	70.10		160,774
	RID on capital value		0.00027382	271,593
				<u>432,367</u>
Mining – 2.0%	UTR per rating unit	70.10		1,612
	RID on capital value		0.01603851	214,573
				<u>216,185</u>
Other - 1%	UTR per rating unit	70.10		20,925
	RID on capital value		0.00011780	87,170
				<u>108,095</u>
Residential – 9.5%	UTR per rating unit	70.10		553,124
	RID on capital value		0.00029363	473,759
				<u>1,026,883</u>

A UTR per rating unit is levied to give an approximate 10% level of user charge for access to the roading network. Until the government changes roading funding mechanisms the balance of roading funding that the Council is required to provide will be levied as a capital value rate, to reflect the extent of the rural roading network. The Council allocates the percentage share of costs within each land use sector by a UTR and targeted rate based on capital value. QV classifications are used to determine which roading rate type is charged to a rating unit.

Waste Management

Waste Management	UTR per rating unit	67.53		1,041,920
	RID on capital value		0.00003377	562,158
Waste Management - Meridian	UTR per rating unit	67.51		203
	RID on capital value		0.00000741	4,838
				<u>1,609,118</u>

A UTR per rating unit directs costs away from land value based rating effects and recognises the limitations of other rating mechanisms. A rate based on capital value reflects the benefits that environmental protection has in preserving values and potential service demand i.e. the more developed a property is, the more refuse it will generate.

Wheelie Bin Collection

Rubbish Bin Collection	UTR per provision of service	115.24		1,032,697
Recycle Bin Collection	UTR per provision of service	115.24		1,028,202
				<u>2,060,899</u>

These are both full cost-recovery services which are payable only by those receiving the service. Each rubbish bin is classified as a unit. Each recycle bin is classified as a unit. All rating units receiving this service are required to have a minimum of one rubbish bin and one recycle bin. The service is compulsory for all rating units within the Designated Urban Wheelie Bin Boundaries (copies of the boundary maps can be obtained from Council) other than commercial rating units, industrial rating

units, vacant land and other educational facilities as defined by QV land use classifications that do not contain a residential dwelling within their boundary. Nor is the service compulsory for community buildings that do not contain a residential dwelling within their boundary. This service is also optionally available to rating units able to transport their bins to the Designated Rural Wheelie Bin Route for collection. All rating units receiving the service have the option to receive further bins of each type over and above the minimum service. For each additional bin service supplied and additional UTR will be charged to the rating unit.

Council Offices and District Support

	Basis of Rate	Uniform Charge	Rate in the \$	Rate
Council Offices and District Support	RID on capital value		0.00019559	3,255,523
Council Offices and District Support - Meridian	RID on capital value		0.00011759	76,781
				<u>3,332,304</u>

This rate contributes to the operation of Council's eight area offices and a contribution to the funding of various corporate services. Currently Council considers a rate based on capital value is appropriate.

Building Regulation

Building Regulation	RID on value of improvement		0.00006303	264,097
Building Regulation - Meridian	RID on value of improvement		0.00000963	6,230
				<u>270,327</u>

80% of the costs of this service are recovered from users through building and other consent fees. An improvements value rate is used to fund the remainder as the use of these services is related to the level of property development.

Public Health Service

Public Health Service	UTR per SUIP of a rating unit	11.97		179,406
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Council considers a UTR per rating unit is the most equitable funding mechanism for these activities because of their focus on the natural environment.

Civil Defence and Rural Fire

Civil Defence and Rural Fire	RID on land value		0.00004367	544,164
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Wherever possible user pays principles are applied to the fighting of rural fires and fire permits. Ongoing 'prevention' costs and civil defence costs are considered by the Council to be most equitably funded from a rate based on land value, as this best reflects the level of risk.

Schedule of Local Rates

Local, Hall, Community Centre, Pool and Airport rates are assessed in addition to the above. Each of the following rates is set in respect of rating units within the particular named locality only. Information as to the boundaries of each locality for rating purposes, and whether or not a particular rating unit is within that area, can be provided on request.

Local Rates - are used to fund Beautification, Cemeteries, Community Centre (Carparking), District Support, Library Service, Other Local Services, Parks and Reserves, Public Conveniences, Representation and Advocacy, Roading and Transport and Stormwater activities in the named locality. Where differentiated based on use, eg urban, farmland, commercial, accommodation and residential the definitions of the categories are set out in the definitions section above.

Hall and Community Centre rates - are used to fund the Community Centre activity in the named locality.

Pool rates - are used to fund the swimming pools in the named locality. This activity is outlined within Other Local Services.

Airport rate - is used to fund the Te Anau Airports activity in the Te Anau Ward including Te Anau and Manapouri.

Loan rates (Edendale/Wyndham, Oban, Tuatapere, Otautau, Wallacetown and Gorge Road) - are used to fund sewerage and/or water capital contributions for the named scheme. Ratepayers may elect to pay the one-off capital contribution for a new scheme over a selected period.

Loan rates (Lumsden and Lumsden/Balfour) - are used to fund internal loans taken out for the deep bore project. The residential rates are charged on each SUIP within the locality and the rural rate is charged on any vacant section outside the Lumsden and Balfour townships based on the water units already allocated. The half charge is charged on residential vacant land within the Lumsden and Balfour townships.

Loan rates (Sandy Brown) - is used to fund the extension of the sewerage scheme into the Sandy Brown locality. All rating units are charged within this boundary.

Rural Water Rates - are used to fund the costs of providing water services. All rating units in a rural water locality can apply to Council to use the scheme. All rating units are required to pay one UTR for each unit available to the rating unit. One unit is calculated as follows, Lumsden Balfour Rural Water is 2,000 litres per day, Te Anau Rural Water, Eastern Bush, Otahu Flat, Orawia, Matuku Rural Water is 1,814.4 litres per day. Rating units of the Otautau Water Scheme which have water troughs with direct feed from Council's water mains pay 0.2 of a UTR per trough receiving this service. Rating units on the Te Anau Rural Water Schemes are required to pay a connection charge per supply tank with a restrictor on the rating unit. Rating units on the Te Anau Rural Water Schemes which are allocated more than 7.7 units are charged a 7.7 UTR for every 7.7 units allocated. Te Anau Rural Water Schemes rating units can apply to receive a half charge for 50% of a unit if they already receive at least 1 unit.

Sewerage Schemes (Balfour, Browns, Lumsden, Manapouri, Monowai, Nightcaps, Ohai, Otautau, Riversdale, Riverton, Te Anau, Tokanui and Winton) - are used to fund the costs of providing sewerage services. A unit is one pan or residential dwelling. Residential rating units with more than one kitchen are charged an extra unit for each subsequent kitchen. All non-contiguous rating units within the local boundaries are charged one unit for each separately inhabited part of the rating unit. All rating units within the local boundaries which contain a building with sanitary fittings are required to pay a minimum of one unit. Non-residential rating units that use more than the demand of 1 residential dwelling will be charged based on the number of pans within the rating unit. Schools are charged the 75% charge per pan. Vacant non-contiguous rating units within the designated boundaries are charged a "half charge" for the provision of the service due to the ability to be able to connect. Rating units in Te Anau are charged a 10 times rate instead of 10 full charges.

Sewerage Schemes (Edendale/Wyndham, Gorge Road, Oban, Tuatapere and Wallacetown) - are used to fund the costs of providing sewerage services. A unit is one unit of demand (refer to the definition section for how this is calculated). All rating units within the local boundaries which contain a building with sanitary fittings are required to pay a minimum of one unit. Vacant non-contiguous rating units within the designated boundaries are charged a "half charge" for the provision of the service due to the ability to be able to connect. A quarter charge is used when .25 of a unit of demand is required to be charged.

Stewart Island Waste Management Rate - is used to fund waste disposal on Stewart Island.

Urban Water rates - are used to fund the costs of providing water services. One unit is one standard domestic connection (20mm ID connection). All rating units without meters within the designated local boundaries are charged one unit for each separately inhabited part of the rating unit. Vacant non-contiguous rating units within the designated boundaries are charged a "half charge" for the provision of the service due to the ability to be able to connect. Rating units with meters are charged the meter rate for each meter used. All rating units including outside the boundary may apply to Council to use extra units and will be charged for the extra units.

Water Charged for Water Consumed - They represent the amount that will be rated per cubic meter of water used on rating units that have water meters. Woodlands Septic Tank Cleaning Rate - is used to fund the septic tank cleaning service in Woodlands. This is charged to rating units for each septic tank on the rating unit.

Wyndham Stormwater Rate - is used to fund the stormwater scheme in Wyndham. This is charged to rating units which use the stormwater system but are not included within the Wyndham township.

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Athol Local Rate	UTR per rating unit	87.97		5,014
Balfour Local Rate - Urban	Differentially RID on land value (1.00)		0.01605550	22,911
Balfour Local Rate - Farmland	Differentially RID on land value (0.25)		0.00401388	1,545
				<u>24,457</u>
Balfour Sewerage - Full Charge	UTR per provision of service	309.10		26,274
Balfour Sewerage - Half Charge	UTR per provision of service	154.55		1,236
				<u>27,510</u>
Browns Sewerage - Full Charge	UTR per provision of service	438.73		5,704
Browns Hall	UTR per SUIP of a rating unit	26.13		2,979
Dipton Town Local Rate	UTR per rating unit	60.71		1,761
Drummond Village Local Rate	UTR per rating unit	53.10		2,429
Eastern Bush Rural Water - Full Charge	UTR per unit supplied	356.52		47,774
Edendale Local Rate - Urban	UTR per rating unit	22.22		6,133
Edendale Local Rate - Urban	Differentially RID on land value (1.00)		0.00363702	47,712
Edendale Local Rate - Farmland	Differentially RID on land value (0.25)		0.00090925	4,212
				<u>58,057</u>
Edendale/Wyndham Sewerage Rate	UTR per provision of service	249.95		160,467
Edendale/Wyndham Sewerage - Half Charge	UTR per provision of service	124.97		6,749
				<u>167,215</u>
Edendale Sewerage Loan - 4 years (inc connection cost)	UTR per provision of service	2,218.58		48,809
Edendale Sewerage Loan - 10 years (inc connection cost)	UTR per provision of service	1,051.31		24,180
Edendale Sewerage Loan - 15 years (inc connection cost)	UTR per provision of service	800.42		8,004
Edendale Sewerage Loan - 25 years (inc connection cost)	UTR per provision of service	612.69		55,142
Edendale Sewerage Loan - 10 years (excl connection cost)	UTR per provision of service	870.05		3,480
Edendale Sewerage Loan - 25 years (excl connection cost)	UTR per provision of service	507.05		54,255
Edendale/Wyndham Water - Full Charge	UTR per unit supplied	225.27		139,892
Edendale/Wyndham Water - Half Charge	UTR per unit supplied	112.63		6,195

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
				146,087
Edendale Water Loan - 4 years	UTR per provision of service	510.03		10,711
Edendale Water Loan - 10 years	UTR per provision of service	241.55		5,797
Edendale Water Loan - 15 years	UTR per provision of service	184.00		920
Edendale Water Loan - 25 years	UTR per provision of service	140.84		18,310
Edendale Hall	UTR per SUIP of a rating unit	23.50		7,968
Fiordland Pool	UTR per SUIP of a rating unit	10.06		20,001
Five Rivers Wd Local Rate	RID on land value		0.00007815	84,217
Gorge Road Local Rate	UTR per rating unit	23.65		4,352
Gorge Road Sewerage - Full Charge	UTR per provision of service	260.87		9,130
Gorge Road Sewerage - Half Charge	UTR per provision of service	130.43		130
				9,261
Gorge Road Sewerage Loan	UTR per provision of service	420.62		4,206
Limehills Local Rate	UTR per rating unit	149.77		5,017
Limehills Hall	UTR per SUIP of a rating unit	49.25		8,422
Lumsden Local Rate	RID on land value		0.00826713	104,780
Lumsden Balfour Rural Water - Full Charge	UTR per unit supplied	259.80		191,213
Lumsden Balfour Rural Water Loan	UTR per provision of service	208.59		111,388
Lumsden Balfour Residential Water Loan	UTR per provision of service	32.62		6,589
				117,976
Lumsden Water - Full Charge	UTR per unit supplied	318.66		87,632
Lumsden Water - Half Charge	UTR per unit supplied	159.33		4,143
				91,774
Lumsden Residential Water Loan	UTR per provision of service	32.46		8,894
Lumsden Residential Water Loan - Half Charge	UTR per provision of service	16.23		373
				9,267
Lumsden Sewerage - Full Charge	UTR per provision of service	193.52		61,346
Lumsden Sewerage - 75% Charge	UTR per provision of service	145.14		1,016
Lumsden Sewerage - Half Charge	UTR per provision of service	96.76		4,548
				66,910
Lumsden Hall	UTR per SUIP of a rating unit	27.29		8,650
Manapouri Local Rate	RID on land value		0.00275652	113,610
Manapouri Sewerage - Full Charge	UTR per provision of service	247.22		77,626
Manapouri Sewerage - Half Charge	UTR per provision of service	123.61		7,046
				84,672

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Manapouri Water - Full Charge	UTR per unit supplied	281.21		66,646
Manapouri Water - Half Charge	UTR per unit supplied	140.60		7,874
Manapouri Water - Meter Charge	UTR per provision of service	147.83		443
				<hr/> 74,964
Manapouri Water Charge for Water Consumed	\$ per m ³	0.84		
Manapouri Hall	UTR per SUIP of a rating unit	27.30		7,452
Matuku Rural Water	UTR per unit supplied	184.43		20,288
Monowai Sewerage - Full Charge	UTR per provision of service	155.87		2,338
Monowai Sewerage - Half Charge	UTR per provision of service	77.94		78
Mossburn Local Rate - Urban	Differentially RID on land value (1.00)		0.00859746	35,636
Mossburn Local Rate - Farmland	Differentially RID on land value (0.25)		0.00214937	1,060
				<hr/> 36,696
Mossburn Water - Full Charge	UTR per unit supplied	188.14		21,072
Mossburn Water - Half Charge	UTR per unit supplied	94.07		1,411
Mossburn Water - Meter Charge	UTR per provision of service	147.83		2,070
				<hr/> 24,552
Mossburn Charge for Water Consumed	\$ per m ³	0.56		
Nightcaps Local Rate	UTR per rating unit	199.00		38,009
Nightcaps Sewerage - Full Charge	UTR per provision of service	203.25		36,382
Nightcaps Sewerage - 75% Charge	UTR per provision of service	152.43		457
Nightcaps Sewerage - Half Charge	UTR per provision of service	101.63		3,354
				<hr/> 40,193
Nightcaps Hall	UTR per SUIP of a rating unit	47.83		8,513
Ohai Local Rate	UTR per rating unit	259.17		50,991
Ohai Sewerage - Full Charge	UTR per provision of service	446.65		89,330
Ohai Sewerage - Half Charge	UTR per provision of service	223.33		8,933
				<hr/> 98,264
Ohai Hall	UTR per SUIP of a rating unit	43.48		8,522
Ohai/Nightcaps/Wairio Water - Full Charge	UTR per unit supplied	408.27		161,675
Ohai/Nightcaps/Wairio Water - Half Charge	UTR per unit supplied	204.13		13,473
Ohai/Nightcaps/Wairio Water - Meter Charge	UTR per provision of service	147.83		5,026
				<hr/> 180,173
Ohai/Nightcaps/Wairio Water Charge for Water Consumed	\$ per m ³	1.22		
Orawia Water - Full Charge	UTR per unit supplied	217.39		5,217
Otahu Flat Rural Water - Full Charge	UTR per unit supplied	391.30		45,978

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Riversdale Local Rate - Urban	Differentially RID on land value (1.00)		0.00379359	35,395
Riversdale Local Rate - Farmland	Differentially RID on land value (0.25)		0.00094840	82
				<hr/> 35,476
Riversdale Sewerage - Full Charge	UTR per provision of service	209.37		51,925
Riversdale Sewerage - 75% Charge	UTR per provision of service	157.03		314
Riversdale Sewerage - Half Charge	UTR per provision of service	104.69		2,512
				<hr/> 54,751
Riverton Tn Local Rate - Urban	Differentially RID on land value (1.00)		0.00302763	428,405
Riverton Tn Local Rate - Farmland	Differentially RID on land value (0.25)		0.00075690	3,537
				<hr/> 431,942
Riverton Pool	UTR per SUIP of a rating unit	18.43		29,920
Riverton Sewerage - Full Charge	UTR per provision of service	223.12		243,649
Riverton Sewerage - 75% Charge	UTR per provision of service	167.34		2,008
Riverton Sewerage - Half Charge	UTR per provision of service	111.56		15,729
				<hr/> 261,386
Riverton Water - Full Charge	UTR per unit supplied	256.07		274,507
Riverton Water - Half Charge	UTR per unit supplied	128.03		20,230
Riverton Water - Meter Charge	UTR per provision of service	147.83		4,139
				<hr/> 298,875
Riverton Charge for Water Consumed	\$ per m ³	0.76		
Riverton Ward Local Rate	UTR per rating unit	90.00		60,660
Riverton Ward Local Rate	RID on land value		0.00008175	45,249
				<hr/> 105,909
Stewart Island Local Rate	RID on land value		0.00079969	70,387
Oban Sewerage - Full Charge	UTR per provision of service	513.90		220,465
Oban Sewerage - Half Charge	UTR per provision of service	256.95		29,035
Oban Sewerage - Quarter Charge	UTR per provision of service	128.48		771
				<hr/> 250,271
Oban Sewerage - Loan Charge	UTR per provision of service	478.97		50,292
Oban Sewerage - Loan Charge Extension	UTR per provision of service	570.17		58,870
				<hr/> 109,163
Stewart Island Waste Management Rate	UTR per SUIP of a rating unit	271.47		104,516
Stewart Island Hall	UTR per SUIP of a rating unit	29.35		10,477
Te Anau - Manapouri Airport Rate	UTR per rating unit	153.57		404,337
Te Anau Tn Local Rate - Residential	Differentially RID on land value (1.00)		0.00218876	457,712
Te Anau Tn Local Rate - Accommodation	Differentially RID on land value (2.15)		0.00470583	135,396
Te Anau Tn Local Rate - Commercial	Differentially RID on land value (2.15)		0.00470583	150,591
				<hr/> 743,700

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Te Anau Sewerage - Full Charge	UTR per provision of service	339.11		684,669
Te Anau Sewerage - 75% Charge	UTR per provision of service	254.33		1,526
Te Anau Sewerage - Half Charge	UTR per provision of service	169.56		76,300
Te Anau Sewerage - Full Charge (x10)	UTR per provision of service	3,391.11		159,382
				<u>921,878</u>
Sandy Brown Rd Utility Loan2	UTR per rating unit	121.07		17,434
Te Anau Water - Full Charge	UTR per unit supplied	177.23		257,864
Te Anau Water - Half Charge	UTR per unit supplied	88.62		41,384
Te Anau Water - Meter Charge	UTR per provision of service	147.83		11,678
				<u>310,927</u>
Te Anau Charge for Water Consumed	\$ per m ³	0.53		
Te Anau Rural Water - Connection Charge	UTR per provision of service	433.63		88,026
Te Anau Rural Water - Full Charge	UTR per unit supplied	289.90		75,375
Te Anau Rural Water - Half Charge	UTR per unit supplied	144.54		1,590
Te Anau Rural Water - 7.7 Charge	UTR per unit supplied	2,225.94		166,945
				<u>331,937</u>
Te Anau Hall	UTR per SUIP of a rating unit	20.70		34,996
Te Anau Wd Local Rate	RID on land value		0.00009796	60,653
Te Tipua Ward Local Rate	RID on land value		0.00002558	23,867
Toetoes Ward Local Rate	RID on land value		0.00007768	71,890
Tokenui Local Rate	UTR per rating unit	169.87		9,343
Tokenui Sewerage - Full Charge	UTR per provision of service	301.46		19,294
Tokenui Sewerage - 75% Charge	UTR per provision of service	226.10		226
Tokenui Sewerage - Half Charge	UTR per provision of service	150.73		904
				<u>20,424</u>
Tuatapere Tn Local Rate	UTR per rating unit	261.97		77,806
Tuatapere Sewerage - Full Charge	UTR per provision of service	195.43		69,917
Tuatapere Sewerage - Half Charge	UTR per provision of service	97.71		1,661
				<u>71,578</u>
Tuatapere Sewerage Loan Charge - 4 Years	UTR per provision of service	1,617.08		40,427
Tuatapere Sewerage Loan Charge - 15 Years	UTR per provision of service	582.44		18,638
Tuatapere Sewerage Loan Charge - 25 Years	UTR per provision of service	445.24		54,542
				<u>113,607</u>
Tuatapere Water - Full Charge	UTR per unit supplied	324.48		99,290
Tuatapere Water - Half Charge	UTR per unit supplied	162.23		2,758
Tuatapere Water - Meter Charge	UTR per provision of service	147.83		1,330
				<u>103,379</u>

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Tuatapere Charge for Water Consumed	\$ per m ³	0.97		
Tuatapere Hall	UTR per SUIP of a rating unit	26.24		9,526
Tuatapere Ward Local Rate	RID on land value		0.00005230	39,381
Waihopai Ward Local Rate	RID on land value		0.00002112	26,363
Waikaia Town Local Rate	RID on land value		0.00356855	29,390
Waikaia Ward Local Rate	RID on land value		0.00002999	39,405
Otautau Local Rate - Commercial	Differentially RID on land value (2.00)		0.03286239	41,834
Otautau Local Rate - Residential	Differentially RID on land value (1.00)		0.01643119	126,839
Otautau Local Rate - Farmland	Differentially RID on land value (0.25)		0.00410780	1,064
				<hr/> 169,737
Otautau Sewerage - Full Charge	UTR per provision of service	271.06		120,080
Otautau Sewerage - 75% Charge	UTR per provision of service	203.30		1,220
Otautau Sewerage - Half Charge	UTR per provision of service	135.53		4,608
				<hr/> 125,908
Otautau Sewerage - Loan Charge	UTR per provision of service	435.71		45,750
Otautau Water - Full Charge	UTR per unit supplied	231.42		97,890
Otautau Water - Half Charge	UTR per unit supplied	115.71		2,199
Otautau Water - Trough Charge	UTR per provision of service	46.29		833
Otautau Water - Meter Charge	UTR per provision of service	147.83		1,035
				<hr/> 101,956
Otautau Charge for Water Consumed	\$ per m ³	0.69		
Otautau Hall	UTR per SUIP of a rating unit	30.15		13,024
Wallace Ward Local Rate	RID on land value		0.00003412	57,273
Wairio Town Local Rate	UTR per rating unit	65.77		1,250
Wallacetown Tn Local Rate	RID on land value		0.00519480	57,592
Wallacetown Sewerage - Full Charge	UTR per provision of service	160.87		43,435
Wallacetown Sewerage - Half Charge	UTR per provision of service	80.43		2,333
				<hr/> 45,767
Wallacetown Sewerage-Loan Charge 15 Years	UTR per provision of service	417.99		16,302
Wallacetown Sewerage-Loan Charge 25 Years	UTR per provision of service	319.13		26,488
				<hr/> 42,789
Wallacetown Ward Local Rate	RID on land value		0.00002801	25,175
Winton Tn Local Rate	RID on land value		0.00320359	354,583
Winton Sewerage - Full Charge	UTR per provision of service	209.75		257,570
Winton Sewerage - 75% Charge	UTR per provision of service	157.31		2,045

	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Winton Sewerage - Half Charge	UTR per provision of service	104.88		9,229
				268,845
Winton Water - Full Charge	UTR per unit supplied	349.09		414,366
Winton Water - Half Charge	UTR per unit supplied	174.55		11,346
Winton Water - Meter Charge	UTR per provision of service	147.83		2,365
				428,077
Winton Charge for Water Consumed	\$ per m ³	1.04		
Winton Hall	UTR per SUIP of a rating unit	17.24		22,451
Winton Pool Rate1	UTR per SUIP of a rating unit	10.00		12,970
Winton Ward Local Rate	RID on land value		0.00006730	115,681
Woodlands Local Rate	UTR per rating unit	157.93		9,199
Woodlands Septic Tank Cleaning Charge	UTR per provision of service	23.93		1,364
Wyndham Local Rate	RID on land value		0.01599608	100,299
Wyndham Stormwater Charge	UTR per provision of service	52.00		468
Wyndham Hall	UTR per SUIP of a rating unit	31.51		9,076
Wyndham Sewerage Loan - 2 years (inc connection cost)	UTR per provision of service	3,817.71		15,271
Wyndham Sewerage Loan - 4 years (inc connection cost)	UTR per provision of service	2,025.53		24,306
Wyndham Sewerage Loan - 10 years (inc connection cost)	UTR per provision of service	960.83		27,864
Wyndham Sewerage Loan - 15 years (inc connection cost)	UTR per provision of service	732.14		10,250
Wyndham Sewerage Loan - 25 years (inc connection cost)	UTR per provision of service	561.26		74,086
Wyndham Sewerage Loan - 2 years (excl connection cost)	UTR per provision of service	3,101.89		3,102
Wyndham Sewerage Loan - 4 years (excl connection cost)	UTR per provision of service	1,645.74		8,229
Wyndham Sewerage Loan - 10 years (excl connection cost)	UTR per provision of service	780.68		9,368
Wyndham Sewerage Loan - 15 years (excl connection cost)	UTR per provision of service	594.86		1,190
Wyndham Sewerage Loan - 25 years (excl connection cost)	UTR per provision of service	456.03		13,225
Wyndham Water Loan - 2 years	UTR per provision of service	954.43		5,727
Wyndham Water Loan - 4 years	UTR per provision of service	506.38		8,609
Wyndham Water Loan - 10 years	UTR per provision of service	240.21		8,167
Wyndham Water Loan - 15 years	UTR per provision of service	183.03		2,562
Wyndham Water Loan - 25 years	UTR per provision of service	140.31		21,749
<u>Individual Community Centre Levies</u>				
Aparima Hall	UTR per SUIP of a rating unit	35.00		2,030
Athol Memorial Hall	UTR per SUIP of a rating unit	43.82		2,892
Balfour Hall	UTR per SUIP of a rating unit	27.08		7,040
Brydone Hall	UTR per SUIP of a rating unit	20.60		1,360
Clifden/Orawia Hall*	UTR per SUIP of a rating unit	32.37		6,376
Colac Bay/Orepuki Hall	UTR per SUIP of a rating unit	33.10		8,839
Dacre Hall	UTR per SUIP of a rating unit	36.70		2,826

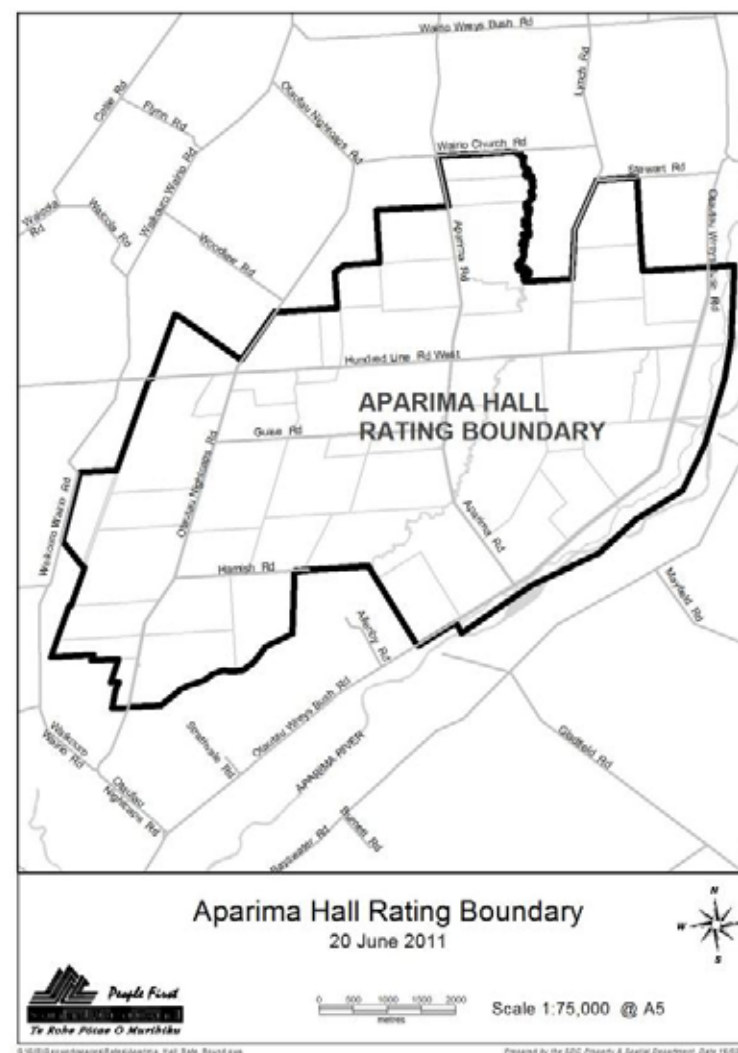
	Basis of Rate	Uniform Charge	Rate in the \$ on LV	Rate
Dipton Hall	UTR per SUIP of a rating unit	28.39		5,196
Dunearn/Avondale Hall	UTR per SUIP of a rating unit	23.10		1,386
Eastern Bush Hall	UTR per SUIP of a rating unit	37.55		1,051
Five Rivers Hall	UTR per SUIP of a rating unit	39.13		3,052
Fortrose Domain	UTR per SUIP of a rating unit	20.09		1,065
Garston Hall	UTR per SUIP of a rating unit	27.65		1,217
Glenham Hall	UTR per SUIP of a rating unit	34.78		1,843
Gorge Road Hall	UTR per SUIP of a rating unit	36.49		8,939
Heddon Bush Hall	UTR per SUIP of a rating unit	53.83		3,068
Hedgehope/Glencoe Hall	UTR per SUIP of a rating unit	36.10		3,177
Hokonui Hall	UTR per SUIP of a rating unit	42.20		1,857
Lochiel Hall	UTR per SUIP of a rating unit	30.43		3,957
Mabel Bush Hall	UTR per SUIP of a rating unit	24.67		1,727
Makarewa Hall	UTR per SUIP of a rating unit	8.89		1,724
Mandeville Hall	UTR per SUIP of a rating unit	39.13		1,604
Mataura Island Hall	UTR per SUIP of a rating unit	17.17		978
Menzies Ferry Hall	UTR per SUIP of a rating unit	23.23		1,138
Mimihau Hall	UTR per SUIP of a rating unit	43.74		2,187
Mokoreta/Redan Hall	UTR per SUIP of a rating unit	78.26		5,322
Mossburn Hall	UTR per SUIP of a rating unit	32.31		7,820
Myross Bush Hall	UTR per SUIP of a rating unit	26.09		1,409
Oreti Plains Hall	UTR per SUIP of a rating unit	46.09		5,023
Otahuti Hall	UTR per SUIP of a rating unit	22.41		1,076
Otapiri/Lora Gorge Hall	UTR per SUIP of a rating unit	100.00		7,700
Riversdale Hall	UTR per SUIP of a rating unit	31.30		9,923
Ryal Bush Hall	UTR per SUIP of a rating unit	24.30		2,941
Seaward Downs Hall	UTR per SUIP of a rating unit	34.78		1,913
Spar Bush Hall	UTR per SUIP of a rating unit	22.32		982
Thornbury Hall	UTR per SUIP of a rating unit	45.76		3,889
Tokanui/Quarry Hills Hall	UTR per SUIP of a rating unit	42.12		4,086
Tussock Creek Hall	UTR per SUIP of a rating unit	19.65		1,513
Tuturau Hall	UTR per SUIP of a rating unit	29.65		1,156
Waianiwa Hall	UTR per SUIP of a rating unit	36.95		3,473
Waikaia Recreation	UTR per SUIP of a rating unit	44.10		12,523
Waikawa Community Centre	UTR per SUIP of a rating unit	24.94		3,092
Wallacetown Hall	UTR per SUIP of a rating unit	28.00		8,540
Waimahaka Hall	UTR per SUIP of a rating unit	34.78		3,096
Waimatuku Hall	UTR per SUIP of a rating unit	19.57		1,017
Wairio Community Centre	UTR per SUIP of a rating unit	32.13		2,570
Wreys Bush Hall	UTR per SUIP of a rating unit	23.91		813
Wrights Bush Hall	UTR per SUIP of a rating unit	23.35		1,261

Funding Impact Statement Variations

The Council has updated the information in its roading rate model which is used calculate the percentage share of costs which different sector pay towards roads and has adopted a slightly modified share of costs as a result (explained in more detail in the 'Key Issues and Projects' section of the Plan). This year the Council also introduced a new rate for the Aparima Public Hall as well as updating the rating boundary for the wheelie bin service to reflect the new two bin service.

(1) Aparima Public Hall Rating Area

The Aparima Hall Committee requested that a new rate be set up to collect funds to pay for the maintenance of the Aparima Public Hall (Hundred Line Road West). The rate is \$35 (excl GST) per dwelling (SUIP) and will be paid by ratepayers with properties surrounding the hall not already paying a hall rate. The map opposite shows the proposed Aparima Hall Rating Boundary. This new rate will replace the voluntary subscription which is currently in place and which relies on payment by invoice.



Fees and Charges Variations

The table below shows the fees and charges for 2011/2012 compared to 2010/2011. Note that the fees and charges which have not changed are not included. Additional information can be found in the Council's Schedule of Fees and Charges. All fees are exclusive of GST except where stated otherwise.

FEES AND CHARGES	2010/2011	2011/2012
Building regulation		
Building consent fees		
New dwelling < 300 m ² floor area (base fee)	\$1,641.77	\$1,747.83
New dwelling > 300 m ² floor area (base fee)	\$2,043.56	\$2,176.52
Addition to dwelling (base fee)	\$853.33	\$906.09
Altered dwelling (base fee)	\$528.00	\$558.26
Relocated dwelling (base fee)	\$690.67	\$732.17
Commercial accommodation / commercial crowd / commercial working (base fee)	\$1,598.23	\$1,700.87
Processing Limits: Occup >1000, WH and WF, FHC 4, >3 Floors, Spec Design, Alt Sol fire Design		
- Junior Engineer (per hour)	\$151.11	\$156.52
- Senior Engineer (per hour)	\$208.89	\$217.39
Inspection Limits: > 4 Floors		
- Junior Engineer (per hour)	\$151.11	\$156.52
- Senior Engineer (per hour)	\$208.89	\$217.39
Conservatory, Deck, Farm building, Dairy shed, Garage (base fee)	\$468.00	\$494.35
Freestanding Solid Liquid Gas Fired Heating Unit	\$192.71	\$205.87
Inbuilt Solid Liquid Gas Fired Heating Unit	\$355.37	\$379.78
Plumbing drainage swimming/spa pool fencing other minor works (base fee)	\$305.33	\$320.43
Land information memorandum and project information memorandum		
Land information memorandum	\$200.00	\$230.43
Project information memorandum	PIM Only Application	\$96.00
Project information memorandum	Issued with Consent	\$13.33
Site - Service Assessment	\$82.67	\$82.61
Other fees and charges		
Relocatable building report	\$222.67	\$237.83
Tent/marquee (>50 m ² public >100m ² private)	\$222.67	\$237.83
Compliance schedule/statement	\$120.00	\$127.83
Compliance schedule (amended)	\$60.00	\$63.91
Certificate of public use	\$342.67	\$365.65
Certificate of acceptance	\$342.67	\$365.65
Alternative solution/waiver	\$720.00	\$766.96
Property file search	\$29.33	\$28.70

FEES AND CHARGES		2010/2011	2011/2012
Community housing rentals³			
Edendale (56 Seaward Road)	- Single (per week)	\$78.50	\$83.50
	- Double (per week)	\$78.50	\$83.50
Edendale (Pioneer Place)	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$78.50	\$83.50
Lumsden (Diana Street)	- Single (per week)	\$62.50	\$67.50
	- Double (per week)	\$75.50	\$80.50
Lumsden (Tauna Place)	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$78.50	\$83.50
Nightcaps	- Single (per week)	\$62.50	\$67.50
Ohai	- Single (per week)	\$62.50	\$67.50
	- Double (per week)	\$78.50	\$83.50
Otautau	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$78.50	\$83.50
Riversdale	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$78.50	\$83.50
Riverton (111 Havelock Street)	- Single (per week)	\$78.50	\$83.50
	- Double (per week)	\$78.50	\$83.50
Riverton (127 Havelock Street)	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$75.50	\$80.50
Tuatapere	- Single (per week)	\$62.50	\$67.50
	- Double (per week)	\$75.50	\$80.50
Winton	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$78.50	\$83.50
Wyndham	- Single (per week)	\$65.50	\$70.50
	- Double (per week)	\$75.50	\$80.50
Dog registration and associated fees			
Registration			
(a) Registration per dog per annum		\$17.39	\$21.74
(b) Penalty for late payment		\$8.70	\$10.87
(c) Sale of collars		\$6.96	\$7.83
Dog impounding fees			
(a) Seizure of registered dogs		\$69.57	\$86.96
(b) Seizure of registered dogs for the second or subsequent time		\$95.65	\$86.96
(c) Seizure of unregistered dogs		\$95.65	\$86.96

³ No GST is charge on Community Housing Rentals.

FEES AND CHARGES	2010/2011	2011/212
(d) Destruction of any dog impounded	\$26.09	\$34.78
Impounding of stock charges		
(a) Fee for impounding of stock (per head)	\$8.70	\$26.09
(b) Time taken by Pound keeper or Animal Ranger per hour (incl. of GST)	\$43.48	\$65.22
Health inspections		
1. (a) Hawker/Pedlar - Food	\$106.67	\$104.35
(b) Non food	\$44.44	\$43.48
(c) Mobile/Travelling Shop - Food	\$220.00	\$253.91
(d) Non food	\$44.44	\$43.48
2. Funeral Directors - Licensing and registration	\$106.67	\$104.35
3. Certification of Mortuary Premises (one-off)	\$220.29	\$253.91
4. Registration of Hairdressers	\$220.29	\$253.91
5. (a) Registration of Food Premises including sports clubs permitting use of any other organisation or for any private functions	\$220.29	\$253.91
(b) Registration of Food Premises (any other sports club that holds a liquor licence)	\$110.00	\$126.96
6. Registration of Offensive Trade Premises	\$220.29	\$253.91
7. Registration of Saleyard Premises	\$220.29	\$253.91
8. Registration of Camping Grounds	\$220.29	\$253.91
9. Change of Ownership of Premises Fee	\$44.44	\$43.48
10. Special inspection	\$88.00	\$126.96
Notes		
Additional inspection (for 4-8 above)	\$88.00	\$126.96
Provision of advice to owner of new site - Hourly rate	\$88.00	\$126.96
Registration of Food Safety Programmes	\$88.00	\$126.96
Auditing compliance Food Safety Programmes	\$88.00	\$126.96
Additional time by Environmental Health Officer (per hour)	\$88.00	\$126.96
Additional time by Compliance Officer (per hour) - NEW CHARGE	-	\$93.04
Monthly Sampling of school water supplies – NEW CHARGE	-	\$347.83
Additional time if insufficient details provided to allow file to readily located - Hourly rate	\$88.00	\$126.96
Information Management		
Production of maps (excluding requests for property maps from ratepayers for their individual properties)	\$60.00	\$65.22
Library charges		
Processing fee - lost/damaged item	-	\$6.52
Colour printing A4 (per sheet)	-	\$0.43
Colour printing A3 (per sheet)	-	\$2.61
Fines (adult) (per week)	\$0.87	\$0.17
Fines (under 16) (per week)	\$0.17	\$0.09

FEES AND CHARGES	2010/2011	2011/2012	
Reserve and development contributions			
Development contributions for water and sewerage			
For Te Anau only, per lot charges (excl GST):	- Water	\$2,861.33	\$2,888.51
	- Sewerage	\$11,863.83	\$11,690.47
Headworks contribution for rural water supplies (per unit)			
For any new connection (or request for additional units) to the following supplies:			
Te Anau Rural		\$3,198.24	\$3,155.87
Eastern Bush		\$3,671.64	\$3,499.27
Otahu Flat		\$4,949.00	\$4,841.55
Matuku Unit		\$498.61	\$456.71
Matuku Trough		\$249.30	\$228.36
Lumsden Balfour	- 1 unit	\$3,904.47	\$3,914.53
	- 2 units	\$7,418.49	\$7,275.93
	- 3 units	\$10,542.06	\$10,339.48
	- 4 units	\$13,275.19	\$13,020.08
	- 5 units	\$15,617.87	\$15,317.74
	- 6 units	\$17,570.10	\$17,232.46
	- 7 units	\$19,131.90	\$18,764.23
	- 8 units	\$20,303.23	\$19,913.06
	- 9 units	\$21,084.12	\$20,678.95
	- Per additional one unit after 9	\$390.44	\$382.95
Financial contributions for water supplies			
For any new connection per household equivalent to the following supplies:			
Manapouri		\$2,761.63	\$2,892.14
Mosburn		\$3,733.73	\$3,854.20
Ohai/Nightcaps		\$2,531.68	\$3,426.90
Riverton		\$2,622.33	\$2,610.00
Tuatapere		\$3,307.90	\$4,995.17
Otautau		\$1,731.91	\$1,815.58
Winton		\$2,743.74	\$3,278.12
Financial contributions for sewerage supplies			
For any new connection per household equivalent to the following supplies:			
Balfour		\$2,988.90	\$3,516.28
Browns		\$4,341.59	\$5,028.40
Gorge Road		\$19,271.95	\$18,742.86
Lumsden		\$4,485.61	\$5,312.84

FEES AND CHARGES		2010/2011	2011/2012
Manapouri		\$3,379.93	\$4,179.86
Monowai		\$4,420.70	\$6,050.71
Nightcaps		\$8,004.85	\$8,455.66
Ohai		\$770.90	\$1,300.03
Riversdale		\$7,675.17	\$9,043.65
Riverton		\$3,228.99	\$4,103.09
Stewart Island		\$5,938.37	\$7,507.23
Tokanui		\$12,757.18	\$13,649.57
Otautau		\$5,356.47	\$5,767.68
Winton		\$10,714.47	\$12,253.14
Wallacetown		\$6,690.86	\$9,132.05
Tuatapere		\$1,433.44	\$2,306.15
Resource Management Act			
For applications requiring limited notification (i.e. Limited Notified) (each)	- Basic fee	\$562.13	\$869.57
For applications requiring notice (Notified) (each)	- Basic fee	\$2,222.23	\$4,347.83
Monitoring charges (per application) (per hour)	Assistant Officer	\$55.11	\$93.04
- NEW CHARGE	Compliance Officer	-	\$98.26
Resource Consent Breaches - NEW CHARGE	Assistant Officer	-	\$93.04
	Compliance Officer	-	\$98.26
Legal Consultant (per hour)		\$155.56	\$200.00
Subdivision Approval Fees			
For applications containing all necessary information and actions required are complete:			
(a) Section 223 certification only		\$46.84	\$93.69
(b) Section 224(c) certification only		-	\$93.69
(c) Section 223 and 224(c) certification fee		\$140.53	\$187.37
For applications that do not contain all necessary information and actions required are not complete:			
(d) Section 223 certification only		-	\$187.37
(e) Section 224(c) certification only		-	\$187.37
(f) Section 223 and 224(c) certification fee		-	\$374.75
<i>The above charges (a-f) are Deposit Fees and additional time will be charged at an hourly rate of \$93.69 excl GST.</i>			
Refuse site and transfer station charges			
Carload of greenwaste		\$0.00	\$0.00
Riverton harbour licensing fees			
Wharf fee per metre		\$8.27	\$8.70

FEES AND CHARGES	2010/2011	2011/212	
Te Anau Airport Manapouri			
Landing fees			
>5,701 - 10,000 kg	- Landing Charge - Honesty Box Landing Charge: By prior arrangement only	\$75.01 -	\$100.00 -
>10,001 - 20,000 kg	- Landing Charge - Honesty Box Landing Charge: By prior arrangement only	\$150.00 -	\$170.00 -
> 20,001 kg	- Landing Charge - Honesty Box Landing Charge: By prior arrangement only	\$250.00 -	\$280.00 -
Stewart Island Electrical Supply Authority			
General tariff			
Annual distribution and development charge		\$499.20	\$519.17
General tariff		\$0.48	\$0.50
Stewart Island Electrical Supply Authority			
Night rate[1]			
- Unit rate		\$0.41	\$0.43
Commercial connections[2]			
Standard rate (per unit)		\$0.48	\$0.50
Night rate (per unit)		\$0.42	\$0.43
Monthly charge		\$116.48	\$121.14
Temporary supplies			
Unit rate		\$0.48	\$0.50

[1] Suitable for space heaters, small freezers and special domestic outlet sockets. Time controlled 11.00 pm to 7.00 am daily. Domestic outlets to be labelled "NIGHTRATE".

[2] Unit charges and installation costs may be by negotiation (confirmed in writing by the Authority) for individual installations with an expected annual consumption of over 35,000 units. The Director's personal guarantees for all payments are required prior to a connection being completed.

Balancing the Budget

Balancing the budget –

Section 100 of the Local Government Act 2002 requires Council to ensure that each year that its projected operating revenues are set at a level sufficient to meet its projected operating expenditure. Council is projecting an operating surplus of \$0.7M for 2011/2012 and therefore will meet its balanced budget requirement in terms of the Act. The change from a projected deficit of \$0.7M for 2011/2012 in the LTCCP, to a forecast operating surplus of \$0.7M for the Annual Plan, is primarily due to Council including vested asset income as a result of the anticipated completion of two subdivisions. This has been offset by waste management costs as a result of changing from a three bin kerbside recycling system to a two bin option.

Year	LTCCP 2011/2012	Annual Plan 2011/2012
Operating Surplus/(Deficit)	(733,181)	671,393

The projected surplus takes into account revenue for capital projects or debt repayment but does not balance this against the related expenditure (such as loan principal repayments or capital costs). This can be shown as follows:

How the Operating Surplus/(Deficit) is used -

	LTCCP 2011/2012	Annual Plan 2011/2012
Property, Plant and Equipment	196,481	4,333,840
Loan Repayments	1,396,130	1,377,831
Reserves	(2,325,792)	(5,040,278)
Total Operating Surplus/(Deficit)	(733,181)	671,393

Rates Smoothing

The 2011/2012 rates in this Annual Plan were calculated based on the rate smoothing approach adopted by Council. Estimated revenue and expenditure for the next 10 years (using the LTCCP 2009-2019 as a starting point) were reviewed and amended for any changes needed such as updated costs or new projects. In particular Council focused on updating the 2011/2012 year of the LTCCP. This provided the basis for determining the rates required for 2011/2012.

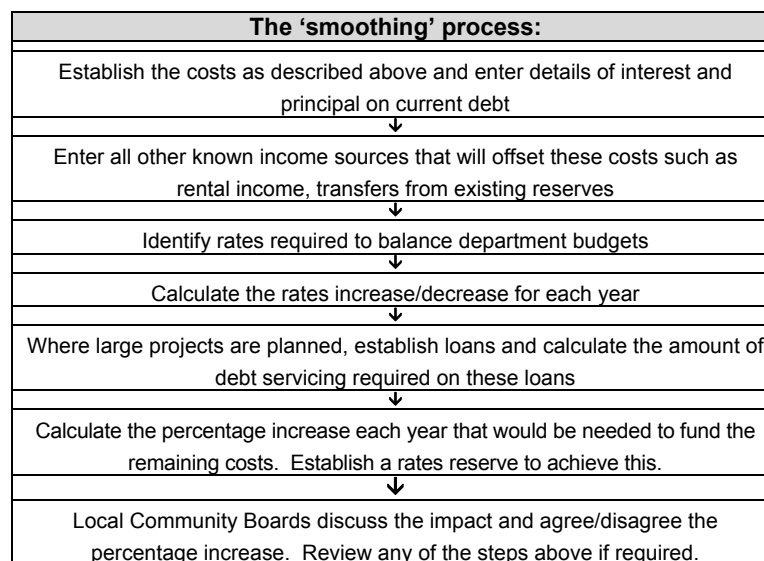
A detailed explanation of the rate smoothing approach follows:

Rates smoothing approach to the total rates collected in any year -

Given the number of communities within the Southland District and the number of significant infrastructural projects planned, the Council will require a number of new loans (either internal or external) to fund projects (particularly in the early years) over the next 10 years.

If all projects were to be funded by rates, this would have a major 'see-saw' effect on the projected rate increases. As a result of this Council has re-approached the way it determines the total rates to be collected in any year. The aim was to achieve a consistent percentage rates increase by funding projects over the next 10 year period. This has resulted in a 'smoothing' of the rates. In any given year the total amount of rates to be collected may be more or less than what is required. To fund the balance, Council intends to use existing reserves.

The amounts used to balance this will be identified separately through new rate reserve accounts. Loosely they could be called 'revolving credit facilities'. The purpose of these reserve accounts will be to manage this 'credit' by advancing funds for projects in early years and repaying these in later years once funds accumulate.



This means that instead of creating an individual loan for each community project, some projects undertaken can now be financed over the period from this new central reserve held by each community. This has enabled Council to ensure that projects planned can be managed within the projected rate increases while giving communities the flexibility to include projects that previously may have been deferred because the annual rate increase may have seemed too high.