

Appendix 3 – 2018/28 LTP Consultation Supporting Documentation –

Financial Information

FINANCIAL INFORMATION

FINANCIAL ASSUMPTIONS

1. GENERAL FORECASTING ASSUMPTIONS

Preamble

This LTP, along with all forward planning documents, are subject to the risks associated with making assumptions about the future.

Council has taken care to ensure the forecasts are as accurate as possible; the significant forecasting assumptions are discussed below.

In light of the above observations, actual results may vary from that forecast.

Users should note that the information contained in this LTP may not be suitable for other purposes.

Governance

There has been a significant amount of discussion recently on governance in the local authority sector. There have not been any concrete proposals tabled from which we can gain an understanding of the likely shape of local government in the future.

As such we cannot quantify the risk or ascertain any options.

The assumption in this LTP is therefore that the status quo will remain for the term of the LTP.

Levels of Service

Any changes in level of service are stated in the individual activity sections. Services are generally expected to remain the same but in some cases we have adjusted the key performance indicator to a more achievable level.

Any changes to the services other than those forecast in the Draft LTP will change costs. Customer expectations regarding levels of service may change.

We are expecting some change to legislation regarding drinking water standards as a result of the Havelock North enquiry. We have provided for some capital expenditure within this LTP in anticipation of this.

We have also assumed that we will obtain the resource consent to dispose of Featherston wastewater to land by mid-2018.

Most communities have already defined the levels of service they expect and what they are prepared

to pay for that level of service. Whilst customers may wish for a higher level of service, most are hesitant at paying for this increase.

Population Growth

The latest census was held during 2013, which identified a population of 9,582. We have obtained population projections through to 2043 compiled by ".id Consultants' (ID), a Melbourne based company with a New Zealand presence since 2010. The forecasts from ID have allowed us to explore what is driving population change in the South Wairarapa communities.

Forecast information predicts how the population, age structure and household types will change between now and 2043.

The resident population in the district is currently around 10,406 people and is expected to increase to 11,421 by 2028 and approximately 12,733 by 2043.

Projections used for our last LTP indicated a population of 10,250 by 2043 so the latest projections reflect the increased growth in the District over the last three years, which is expected to continue.

The median age is currently 45.2 (compared with 38 nationally) and is projected to increase to 49 by 2043.

POPULATION GROWTH

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Growth does not meet the assumption	Medium	<p>The population growth assumption is based on the medium statistical growth predictions.</p> <p>If the changes are less than predicted then some projects will not go ahead and expenditure will be lower than forecast. If population growth is higher than predicted, then some projects will go ahead earlier than forecast, and expenditure will be higher than forecast.</p> <p>The current infrastructure is forecast to be able to meet the projected growth.</p>

Number of Rateable Properties Growth

The number of rateable properties is assumed to be 7,166 by 2028, this is a growth of 8.5% from the 2018 year (6,606).

FORECAST RATING UNITS BY YEAR

2019	2020	2021	2022	2023	2024	2025	2026	2027	2028
6,660	6,715	6,772	6,829	6,889	6,949	7,007	7,061	7,113	7,166

RATEABLE PROPERTIES

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Growth does not meet assumption	Medium	The growth has been based on figures from ID Consultants and take into account ongoing development in the District. Should such growth not continue then some projects will not go ahead and expenditure will be lower than forecast. If the growth is greater than predicted, then some projects will go ahead earlier than forecast, and expenditure will be higher than forecast.

New Zealand Transport Agency

Subsidies from New Zealand Transport Agency have been included at the approved rate for the 2017/18 year. NZTA has confirmed that the new rate for other roads will be 52% from 2016 and 100% for the Special Purpose road until 2018. NZTA funding for the special purpose will drop 8% pa from the 2018/19 financial year and every year after until it reaches the normal funding assistance rate of 52% in 2023/24. Council is in discussions with NZTA regarding the financial impact of this proposed change. The proposed change in NZTA funding is included in the LTP budgets to be conservative.

NZ TRANSPORT AGENCY

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Changes in subsidy rate and variation in criteria for inclusion in subsidised works programmes.	Low	The Government has increased petrol tax to provide additional funding for roading and this commitment is unlikely to change.

Water Metering

Council charges for water use through universal metering of the district's urban water supply. Water allowances per property are 350m³ but may be subject to review if the need arises. Water used in excess of the allowance is charged per cubic metre at a rate of \$1.84.

There are a number of external factors that impact delivery of water services, particularly changes of legislation. Changes of this nature are usually flagged well in advance and are able to be incorporated in planning documents. We anticipate some changes as a result of the Havelock North

water enquiry and have included capital expenditure in future years for potential changes required by legislation.

WATER METERING

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Water meters do not generate the level of revenue anticipated.	Low	As the overall fixed charge for water is high, the impact of water by meter revenue being low will not have a material impact on water supply Legislative changes are hard to predict, however the length of time prior to enacting legislation allows organization to plan adequately.
External Factors e.g. new legislation		There will be no unexpected changes to legislation or other external factors that alter the nature of services provided by Council. Council are expecting some new legislation as a result of the Havelock North enquiry and the LTP budgets include capital expenditure to cover the expected increased requirements. Most changes to legislation are known about in advance. Only in extraordinary circumstances would unexpected changes to legislation be made.

2. FINANCIAL FORECASTING ASSUMPTIONS

Revaluation of Non-Current Assets

Revaluation assumptions have been included in the Plan. These have been done following the Business and Economic Research Limited (BERL) forecasts of price level change adjusters.

Revaluation movements will be shown in the statement of financial position and the statement of other comprehensive revenue and expense. Revaluations are carried out at three year intervals.

REVALUATION OF NON-CURRENT ASSETS

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Actual revaluation results differ from those in the forecast.	Medium	Where the actual inflation rate is different from that forecast, the actual revaluation will be different from that forecast. The LTP for each subsequent year is reviewed by way of the Annual Plan round and a new LTP is produced every three years.

Interest Rates

The range of interest rates on term debt is calculated at 3.04% to 4.26%. To allow for anticipated timing of capital expenditure, on selected loans interest expenditure is provided for on only 50% of forecast new loan amounts each year.

The interest rate on investments is calculated at 3.17%. This is based on the average rate of return on investments for the 2017/18 financial year which is consistent with current interest rates being received on investments.

INTEREST RATES		
RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
That the interest rate will differ from those used in the calculations.	Medium	<p>This will be managed through the Liability Management Policy and Investment Policy. The financial impact is not able to be measured.</p> <p>A 1% movement in interest rates (on a \$1M loan) increases/decreases total loan repayments by \$10,000 p.a. On the total forecast portfolio of \$19M, this would result in an increase / decrease of \$190,000 p.a. Council would have the option of mitigating this impact by altering the term of the loans</p>

Depreciation

Over the term of the LTP, Council has elected to fully fund depreciation on most assets with the exception of land transport (where approximately 50% of depreciation is funded) and specific amenities which Council has identified would not be replaced or replacement would be funded by rates and insurance (includes playgrounds, swimming pools, pensioner housing, Ngawi Hall, Martinborough Town Hall, ANZAC/Kiwi Hall and Greytown Town Centre) at the time required.

For water and wastewater assets, we currently fund 72% of depreciation. For the new LTP we propose altering the funding of depreciation for these assets and stormwater to be maintenance funded for a portion of the depreciation amount. This is due to the Wellington Water report completed during 2017 indicating that our assets will be able to be maintained at their current levels without increasing the spend on renewals for the period of the LTP.

Depreciation has been calculated on asset values at their latest revaluation date, and on additions at cost afterwards.

It is assumed that:

- Existing depreciation will continue.

- Replacement assets (renewals) affect depreciation as follows:
 - Asset renewal will equal the value of the assets being replaced.
 - New assets' depreciation will be the result of their estimated lives and values.
 - Depreciation on new and renewal programmes will impact in the year following the capital programme.

DEPRECIATION		
RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
<p>That more detailed analysis of planned capital works once complete may alter the depreciation expense.</p> <p>That asset lives may alter due to new technology improving asset lives.</p>	Low	<p>Council has asset management planning and upgrade programmes in place. Asset capacity and condition is monitored with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices.</p>

Lifecycles of Significant Assets

Useful lives of assets are based on professional advice. These are summarised in the depreciation note within the accounting policies.

ASSET LIVES		
RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
That assets wear out earlier than estimated.	Low	<p>Asset life is based on estimates of engineers, valuers and asset managers. Capital projects can be brought forward in event of early expiration of assets (this would affect depreciation and interest of which the amounts are unknown).</p>

Asset Condition

Activity and Asset Management Plans have been prepared for all major activities, and include renewal and capital programmes for all major infrastructural assets. These Plans include assessments of asset condition, lifecycle and demand management. This planning information is considered by Council to be reasonable and supportable. There are no substantial asset disposals or acquisitions that will impact significantly on the plan.

FUTURE REPLACEMENT OF ASSETS FUNDS

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
Asset Management Plans are incomplete. Condition ratings and life cycle demand assumptions are incorrect.	Low to Moderate	Asset management plans are updated annually following 'best practice' as prescribed by the New Zealand Infrastructure Asset Management Manual. Roading Asset inventories and condition ratings are stored and maintained in the RAMM database and in the AMP. Water and wastewater infrastructure asset conditions are updated in the AssetFinda database.

Sources of Funds for Future Replacement of Assets

This is detailed in the Council Activities Section (Part 3) under each significant activity.

Sources of funding are also included in the Revenue and Financing Policy.

The funding of the replacement of future assets is based on the following assumptions:

The funding for the replacement of any individual asset will be from the following sources in the following order of priority:

- From prior year credit depreciation reserve balances.
- From the current years cash arising from the funding of depreciation.
- Loan funding.
- Special funds set aside for specific purposes identified by Council.

FUTURE REPLACEMENT OF ASSETS FUNDS

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
That a particular funding source is unavailable.	Low	As the Council operates a central treasury function, should one source of funding be unavailable for asset replacement, a further option would be available.

Inflation

Operating Revenues and Expenses

2018/19 revenues and expenses have been predicted. Beyond this, inflation has been included in the Plan. Inflation has been predicted using the BERL (Business and Economic Research Limited) forecasts of price level change adjusters and is as follows.

INFLATION

YEAR	LOCAL GOVT ADMINISTRATION	SALARIES AND WAGE RATES LOCAL GOVT SECTOR	ROADING	WATER SUPPLY / WASTEWATER / STORM WATER	PLANNING AND REGULATION
2018/19	2.1%	1.6%	2.0%	3.0%	2.0%
2019/20	2.0%	1.6%	2.2%	2.8%	2.1%
2020/21	2.0%	1.7%	2.2%	2.4%	2.1%
2021/22	2.1%	1.8%	2.3%	2.5%	2.1%
2022/23	2.2%	1.8%	2.4%	2.6%	2.2%
2023/24	2.3%	1.9%	2.4%	2.7%	2.3%
2024/25	2.3%	1.9%	2.5%	2.8%	2.3%
2025/26	2.4%	2.0%	2.6%	2.9%	2.4%
2026/27	2.5%	2.0%	2.7%	3.0%	2.4%
2027/28	2.5%	2.1%	2.8%	3.2%	2.5%

INFLATION

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
That actual inflation differs to that predicted. That decisions are made based on predicted inflation levels.	Medium	Where the actual inflation rate is different from that forecast, the cost of projects and expenditure will be different from that forecast. The LTP for each subsequent year is reviewed by way of the Annual Plan round and a new 10 year plan is produced every three years.

Investments and Return on Investments

The Council's long term special funds will be retained in their present form throughout the Plan. Additions and withdrawals from the funds have been accounted for each year through the Plan where identified and required. An interest rate 3.17% has been assumed for the return on the special funds investment.

INVESTMENTS AND RETURN ON INVESTMENTS

RISK	LEVEL OF UNCERTAINTY	REASONS AND FINANCIAL EFFECT OF UNCERTAINTY
That the actual return on investment differs to that budgeted.	Medium	Movement in the investment fund is difficult to predict but best efforts have been used, using past results. The financial effect is unknown.

Commitments and Contingencies

There are no commitments or contingencies that the Council is aware of that have not been included in the LTP.

Insurance

The assumption used in this LTP is that insurance cover will be available at similar levels (cost and coverage). Any significant change in the insurance market may impact both the forecast insurance cost, and potentially the level of coverage. Council may alter the level of coverage if circumstances deem this to be the best course of action.

Climate Change

In the long term it is predicted that climate change will have two principle impacts upon the South Wairarapa district of an increased risk from severe natural hazards, and a gradual change in environmental conditions such as rainfall and tide levels.

Heavy rain/storms will become more frequent requiring council to consider the level of flood protection and the capacity of the three town's stormwater drainage system.

More frequent droughts may affect the security of water supply to all three towns.

Sea level rise may generate additional issues along coastal roads from rising tides and coastal erosion from storm surge. The assessed impact on infrastructure from coastal change is negligible in the 30 year horizon and there is no immediate response to these risk presented in this Strategy. However Council will keep abreast reports on these issues.

Waihinga Centre

The Council assumes that the all of the external funding for the Waihinga Centre will be received.

Maintenance, Renewal and Capital Programme

The maintenance, renewal and capital expenditure programme for Councils core assets is based on the information in Council's asset management plans. This information is the best information available to Council about these assets. For some assets, (e.g. underground pipes) the information around age, type and quality is reliable, however, it is acknowledged that information around condition has some limitations. Where these limitations exist, the information will be reviewed as new information becomes available updated information could result in changes to the costs of timing of planned expenditure.

Authorisation for Issue

The Council is responsible for the prospective financial statements, underlying assumptions and other related disclosures.

This document was authorised by Council on Wednesday 27 June 2018.

STATEMENT OF ACCOUNTING POLICIES FOR THE YEARS ENDING 30 JUNE 2019 – 30 JUNE 2028

Reporting Entity

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

The SWDC is a separate legal entity and does not have any subsidiaries. Accordingly, the SWDC has designated itself as a public benefit entity for the purposes of the new Public Sector Public Benefit Entity Standards (PBE standards).

The financial forecasts of the Council are for the financial years from 1 July 2018 to 30 June 2028. The financial forecasts were authorised for issue by Council of 27 June 2018.

Basis of Preparation

The prospective financial statements of the South Wairarapa District Council have been prepared in accordance with the requirements of the Local Government Act 2002, section 93 and Part 1 of Schedule 10, and the information may not be appropriate for other purposes.

These prospective financial statements have been prepared in accordance with PBE standards for a Tier 2 entity. The Council is adopting the PBE standards to the first time in the periods presented in these prospective financial statements.

The financial statements have been prepared on the going concern basis.

Statement of Prospective Financial Information

The financial information contained in this document is a forecast for the purposes of FRS 42. It has been prepared on the basis of assumptions as to future events that the Council reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecasts were prepared. The purpose for which it has been prepared is to enable the public to participate in the decision making process as to the services to be provided by the Council to the community.

Council does not intend to update the prospective financial statements subsequent to the final presentation of the Long Term Plan.

The Long Term Plan is in full compliance with PBE FRS 42.

The actual results achieved are likely to vary from the information presented. The variation may be material and will be dependent upon circumstances which arise during the forecast period.

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

The prospective financial statements have been prepared on a historical cost basis, modified by the revaluation of land and buildings, certain infrastructure assets, investment property, forestry assets and certain financial instruments (including derivative instruments). The estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The functional currency of the Council is New Zealand dollars.

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

Accrual accounting is used to recognise and match costs with revenues in the period.

Reliance is placed on the fact that Council is a 'going concern' and that sufficient funds are available, or will be received, to allow Council to operate at the levels of activity estimated.

The Consultation Document was authorised by Council on 21 March 2018 and the Consultation Document issued on 22 March 2018. Following hearings and Council's consideration of the views and requests received during consultation, Council will adopt the Long Term Plan on 27 June 2018.

Statement of Compliance

The Annual Plan and Long Term Plan is in full compliance with Financial Reporting Standard 42 (FRS 42) "Prospective Financial Statements".

The financial statements contained within this Long Term Plan follow the appropriate legislative requirements of the Local Government Act 2002, and generally accepted accounting principles recognised as appropriate and relevant for the

reporting of financial information in the public sector.

Measurement Base

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

Functional and Presentation Currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars (\$000). This could result in rounding differences. The functional currency of the SWDC is New Zealand dollars.

Changes in Accounting Policies

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

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

Significant Accounting Policies

Revenue

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

Rates Revenue

The following policies for rates have been applied:

- General rates, targeted rates (excluding water-by-meter), and uniform annual general charges 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. General rates, targeted rates (excluding water-by-meter), and uniform annual general charges are recognised when invoices are created.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year end is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.

- Rates collected on behalf of the Greater Wellington Regional Council (GWRC) are not recognised in the financial statements, apart from the Statement of Cash flows, as SWDC is acting as an agent for the GWRC.

Other Revenue

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

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.

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

Sales of goods are recognised when a product is sold to the customer. Sales are in cash. The recorded revenue is the gross amount of the sale.

Where revenue is derived by acting as an agent for another party, the revenue that is recognised is the commission or fee on the transaction.

Interest revenue is recognised using the effective interest method.

Development Contributions

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

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

Borrowing Costs

Borrowing costs are recognised as an expense in the period in which they are incurred.

Grant Expenditure

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

application that meets the specified criteria for the grant has been received.

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

Leases

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

At the commencement of the lease term, the SWDC 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 finance charge is charged to the statement of financial performance over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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

Operating Leases

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

Cash and Cash Equivalents

Cash and cash equivalents includes cash 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.

Debtors and Other Receivables

Debtors 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.

Financial Assets

SWDC classifies its financial assets into the following categories: held-to-maturity investments and loans and receivables.

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 and liabilities are initially measured at fair value plus transaction costs.

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

The categories of financial assets are:

a) Loans and receivables

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

b) Held to maturity investments

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

c) Fair value through other comprehensive revenue and expense.

- Financial assets at fair value through other comprehensive revenue and expense are those that are designated into the category at initial recognition or are not classified in any of the other categories above. They are included in non-current assets unless management intends to dispose of, or realise, the investment within 12 months of balance date. The Council includes in this category:
 - Investments that it intends to hold long-term but which may be realised before maturity; and
 - Shareholdings that it holds for strategic purposes.

These investments are measured at their fair value, with gains and losses recognised in other comprehensive revenue and expense, except for impairment losses, which are recognised in the surplus or deficit.

On de-recognition, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is reclassified from equity to the surplus or deficit.

Fair Value

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. SWDC 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 discounted expected cash flows, are used to determine fair value for the remaining financial instruments.

Impairment of Financial Assets

Financial assets are assessed for objective evidence of impairment at each balance date. Impairment losses are recognised in the surplus or deficit.

- Loans and other receivables, and held to maturity investments.

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

loans, are recognised directly against the instruments carrying amount.

- Financial assets at fair value through other comprehensive revenue and expense.

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

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

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

Equity instrument impairment losses recognised in the surplus or deficit are not reversed through the surplus or deficit.

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

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 valuation includes allowance for slow moving and obsolete items. Where inventories are acquired at no cost or for nominal consideration, the cost is the current replacement cost at the date of acquisition.

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

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

When land held for development and future resale is transferred from investment property/property, plant and equipment to inventory, the fair value of

the land at the date of the transfer is its deemed cost.

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

Non-current Assets Held for Sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction, not through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the statement of financial performance.

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

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

Property, Plant and Equipment

Property, plant and equipment consist of:

Operational Assets

These include land, buildings, landfill post closure, library books, plant and equipment, and motor vehicles.

Restricted Assets

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

Infrastructure Assets

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

Heritage Assets

Heritage assets are assets owned by the SWDC which are of cultural or historical significance to the community and cannot be replaced due to the nature of the assets. Buildings recorded under the

Historic Places Act 1993 have been recorded as heritage assets.

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

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

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

Disposals

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

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 the SWDC 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 other than land (which also includes the landfill and water races), at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The estimated useful economic lives of major classes of assets have been estimated as per the following table.

DEPRECIATION		
ASSET	ESTIMATED LIFE	DEPRECIATION RATE
Buildings	88 years	1.47%
Heritage assets	88 years	1.47%
Furniture and equipment	5 to 22 years	20% to 4.5%
Motor vehicles	5 years	20%
Library collections	6 years	15%
Roading*	1 to 100 years	100% to 1%
Bridges*	30 to 90 years	3.3% to 1.1%
Water infrastructure*	8 to 104 years	12% to .096%
Sewer infrastructure*	11 to 102 years	0.98% to 9%
Stormwater infrastructure*	49 to 95 years	1.05% to 2.4%
Parks and reserves	5 to 50 years	20% to 2%

In relation to infrastructural assets marked * (above), depreciation has been calculated at a componentry level based on the estimated remaining useful lives as assessed by Council's engineers and independent registered valuers.

A summary of these lives are detailed above.

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

Revaluation

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

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

SWDC 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 financial performance. Any subsequent increase on revaluation that off-sets a previous decrease in value recognised in the statement of financial performance will be recognised first in the statement of financial performance up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Those asset classes that are revalued are valued on a three yearly cycle on the basis described below. All other asset classes are carried at depreciated historical cost. The carrying values of revalued items are reviewed at each balance date to ensure that those values are not materially different to fair value.

Land and Buildings

An independent valuation is carried out to ascertain fair value as determined from market-based evidence by. The most recent valuation was performed by Angela Scott (BBS (VPM), MPINZ), Rupert Yortt BBS (VPM), David Cornford BBS (VMP), MPINZ of QV Asset & Advisory, and the valuation is effective as at 30 June 2016.

Heritage assets are also included in this category. Additions are recorded at cost.

Infrastructure Assets

Infrastructure asset classes are roads, bridges & footpaths, water systems, wastewater (sewerage) systems and stormwater systems.

At fair value determined on a depreciated replacement cost basis by an independent valuer. At balance date the SWDC assesses the carrying values of its infrastructure assets to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the off-cycle asset classes are revalued. The most recent valuation was performed by John Vessey (BE (Civil), BA (Economics), FIPENZ (Civil), CPEng, and IntPE) of Opus International Consultants on 30 June 2018. Additions are recorded at cost.

Vested Assets

At the actual costs or the current cost of providing identical services.

Library Collections

At depreciated replacement cost in accordance with the guidelines released by the New Zealand Library Association and the National Library of New Zealand in May 2002. Library valuations are performed by Colin Gerrard (BSc, MSc, GIPENZ) and Ian Martin (BE, MIPENZ) of AECOM New Zealand Limited, and the valuation is effective as at 30 June 2017.

Assets Held for Sale

Assets held for sale are valued annually at the lower of carrying value and fair value less costs to sell and the valuation is effective as at 30 June 2017. Assets held for sale are valued at the agreed sale price less costs to sell.

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 are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised as an expense when incurred.

Costs associated with maintaining computer software are recognised in the surplus or deficit when incurred.

Easements

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

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when an asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in surplus or deficit.

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

TANGIBLE ASSET	ASSET LIFE	AMORTISATION RATE
Computer Software	5 years	20%

Impairment of property, plant and equipment and intangible assets

Intangible assets that have an indefinite useful life, or not yet available for use, are not subject to amortisation and are tested annually for impairment. Assets that have a finite useful life are reviewed for indicators of impairment at each balance date. When there is an indicator of impairment the asset's recoverable amount is estimated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

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

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

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

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

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

For assets not carried at a revalued amount (other than goodwill), the reversal of impairment loss is recognised in the surplus or deficit.

Investment Properties

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

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

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

Gains and losses arising from a change in the fair value of investment property are recognised in the surplus or deficit.

Impairment of Non-financial Assets

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

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

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

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

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

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

The reversal of an impairment loss on a revalued asset is credited to the revaluation reserve. However, to the extent that an impairment loss for that class of asset was previously recognised in the statement of financial performance, a reversal of the impairment loss is also recognised in the surplus or deficit.

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

Creditors and Other Payables

Creditors and other payables are recorded at their face value.

Employee Entitlements

Short-term Employee Entitlements

Employee benefits that the SWDC expects to be settled within twelve months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

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

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

The SWDC recognises a liability and an expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Presentation of Employee Entitlements

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

Superannuation Schemes

Obligations for contributions to Kiwi Saver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the statement of financial performance as incurred.

Provisions

The SWDC 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 increase in the provision due to the passage of time is recognised as a finance cost expense.

Borrowings

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

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

expected to be settled after 12 months of balance date.

Equity

Equity is the community's interest in the SWDC and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:

- Public equity – accumulated funds.
- Special reserves and trust funds.
- Asset revaluation reserves.
- Loan redemption reserves.

Restricted and Council Created Reserves

Restricted reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by the SWDC.

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

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

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

Fair value through other comprehensive revenue and expense reserves comprises the net cumulative change in the fair value through other comprehensive revenue and expense instruments.

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as 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 cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost Allocation

The SWDC has derived the cost of service for each significant activity of the 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 significant activity.

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

Prospective Statement of Cash Flows

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

Operating activities include cash received from all income sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through the Council's main bank account.

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

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

Prospective Significant Activity Statements

The prospective group of activity statements, as provided in the statement of service performance, report the net cost of services for significant activities of the Council, and are represented by the costs of providing the service less all revenue that can be allocated to these activities.

Critical Accounting Estimates and Assumptions

In preparing these prospective financial statements, the SWDC has made estimates and assumptions concerning the future. These estimates and

assumptions may differ from the subsequent actual results. Estimates and judgments 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.

Landfill Aftercare Provision

A provision has been included in the financial forecasts for the exposure of the Council in relation to the estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural Assets

There are a number of assumptions and estimates used when performing DRC valuations over infrastructural assets.

These include:

- The physical deterioration and condition of an asset, for example the SWDC 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 the SWDC performing a combination of physical inspections and condition modelling assessments of underground assets.
- Estimating any obsolescence or surplus capacity of an asset.
- 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 the SWDC could be over and under estimating the annual depreciation charge recognised as an expense in the statement of financial performance.
- To minimise this risk, SWDC's infrastructural asset useful lives have been determined with reference to the NZ 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 SWDC asset management planning activities, which gives the SWDC further assurance over its useful life estimates.

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

Critical Judgments in Applying the SWDC's Accounting Policies

Management has exercised the following critical judgments in applying the SWDC's accounting policies for these financial statements.

Classification of Property

SWDC owns a number of properties, which are maintained primarily to provide housing to pensioners. The receipt of market-based rental from these properties is incidental to holding these properties. These properties are held for service delivery objectives as part of the SWDC's social housing policy. These properties are accounted for as property, plant and equipment.

Statement of Cash Flows

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

Operating activities include cash received from all revenue sources and cash payments made for the supply of goods and services. Agency transactions (the collection of Regional Council rates) are recognised as receipts and payments in the statement of cash flows because they flow through the SWDC's main bank account.

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

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

Prospective Total Surplus/(Deficit)

Council is projecting a surplus for the financial years ended 30 June 2019 to 30 June 2028. This surplus is required to fund a number of transactions/projects that do not appear in the prospective statement of financial performance for accounting purposes i.e. loan repayments, grants/subsidies/donations for capital projects, asset revaluations and contributions to reserve funds. The income for these transactions and projects is recorded in the prospective statement of financial performance whereas the payments are

recorded in the prospective statement of financial position.

This income is partially offset by expenditure items that are not fully funded by rates i.e. bad debts, losses, depreciation and operating expenditure funded by reserves. The expenditure for these transactions is recorded in the prospective statement of financial performance and a reduction is recorded in the prospective statement of financial position.

Rounding Differences

There will be rounding of numbers in the Plan as the model calculated to the nearest dollar but the plan is rounded to the nearest thousands.

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING 30 JUNE 2018 – 30 JUNE 2028

PROSPECTIVE STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEARS ENDING 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$ 000	30 JUNE 2019 \$ 000	30 JUNE 2020 \$ 000	30 JUNE 2021 \$ 000	30 JUNE 2022 \$ 000	30 JUNE 2023 \$ 000	30 JUNE 2024 \$ 000	30 JUNE 2025 \$ 000	30 JUNE 2026 \$ 000	30 JUNE 2027 \$ 000	30 JUNE 2028 \$ 000
OPERATING INCOME											
Rates	13,153	14,037	14,738	15,365	15,601	15,816	16,017	16,114	16,304	16,429	16,635
Rates penalty	140	140	143	146	149	152	155	159	163	167	171
Interest	285	466	508	596	668	781	856	978	1,080	1,164	1,284
Fees & licences	1,030	1,154	1,179	1,203	1,229	1,256	1,285	1,314	1,346	1,378	1,412
User levies	713	700	716	731	747	764	783	802	822	844	867
Commissions	69	70	71	72	74	76	77	79	81	83	85
NZ Transport Agency Subsidy	3,302	6,639	2,273	2,257	2,220	2,251	2,286	2,363	2,419	2,477	2,537
Petrol tax	83	83	85	87	89	91	93	95	98	100	103
Grants, subsidies & donations	435	15	16	16	16	16	17	17	18	18	19
Rentals	525	504	515	527	538	551	564	579	593	609	626
Vested assets	-	-	-	-	-	-	-	-	-	-	-
Contributions	453	1,037	1,114	1,148	1,162	1,281	1,333	1,263	1,112	1,138	1,138
Gain on share revaluation	-	-	-	-	-	-	-	-	-	-	-
Profit on sale of assets	-	-	-	-	-	-	-	-	-	-	-
Gain on asset revaluations	35	39	39	39	40	40	40	41	41	41	41
Miscellaneous income	333	138	141	143	146	150	153	157	161	165	169
Total operating income	20,557	25,022	21,537	22,330	22,678	23,223	23,659	23,959	24,236	24,612	25,086
OPERATING COSTS											
Governance, leadership & advocacy	947	1,008	1,031	1,016	1,035	1,054	1,077	1,098	1,120	1,142	1,163
Public protection	1,430	1,563	1,607	1,644	1,682	1,717	1,755	1,795	1,839	1,862	1,880
Resource management	567	627	644	658	665	678	694	708	723	739	752
Economic, cultural & community development	364	421	465	474	481	489	499	507	516	526	535
Amenities	3,045	3,282	3,380	3,483	3,570	3,668	3,763	3,752	3,856	3,968	3,973
Land transport	5,578	5,784	5,896	5,989	5,939	6,028	6,115	6,296	6,387	6,489	6,698
Water supply	2,502	2,708	2,791	2,824	2,861	2,935	2,961	2,966	3,092	3,169	3,137
Solid waste management	1,548	1,550	1,572	1,600	1,630	1,665	1,707	1,742	1,781	1,828	1,866
Wastewater	1,884	2,131	2,265	2,218	2,257	2,294	2,442	2,466	2,355	2,387	2,460
Stormwater drainage	233	250	256	262	280	285	292	291	298	305	306
Rate debtors written off	40	40	41	42	42	43	44	45	47	48	49
Bad debts	-	-	-	-	-	-	-	-	-	-	-
Loss on asset revaluations	-	-	-	-	-	-	-	-	-	-	-
Loss on share revaluations	-	-	-	-	-	-	-	-	-	-	-
Loss on sale of assets	-	-	-	-	-	-	-	-	-	-	-
Total operating costs	18,139	19,363	19,948	20,209	20,441	20,855	21,350	21,666	22,013	22,463	22,819
Total surplus/(deficit) before tax	2,418	5,659	1,589	2,121	2,238	2,369	2,310	2,294	2,225	2,150	2,269
Income tax expense	-	-	-	-	-	-	-	-	-	-	-
Total surplus/(deficit) after tax	2,418	5,659	1,589	2,121	2,238	2,369	2,310	2,294	2,225	2,150	2,269
<i>Note: Total operating costs include;</i>											
Depreciation	4,435	4,760	5,013	5,153	5,283	5,382	5,464	5,492	5,570	5,627	5,658
Interest	626	719	775	801	828	834	780	771	743	708	732

PROSPECTIVE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEARS ENDING 30 JUNE 2018 – 30 JUNE 2028

PROSPECTIVE STATEMENT OF OTHER COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEARS ENDING 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$ 000	30 JUNE 2019 \$ 000	30 JUNE 2020 \$ 000	30 JUNE 2021 \$ 000	30 JUNE 2022 \$ 000	30 JUNE 2023 \$ 000	30 JUNE 2024 \$ 000	30 JUNE 2025 \$ 000	30 JUNE 2026 \$ 000	30 JUNE 2027 \$ 000	30 JUNE 2028 \$ 000
Total surplus/(deficit)	2,418	5,659	1,589	2,121	2,238	2,369	2,310	2,294	2,225	2,150	2,269
Vested assets	-	-	-	-	-	-	-	-	-	-	-
Increase/(decrease) in share revaluation reserve	1	1	1	1	1	1	1	1	1	1	1
Increase/(decrease) in asset revaluation reserve	-	2,390	-	24,249	2,769	-	27,691	3,265	-	32,311	3,764
Increase/(decrease) in loan redemption reserve	-	-	-	-	-	-	-	-	-	-	-
Total other comprehensive revenue and expense	1	2,391	1	24,250	2,770	1	27,692	3,266	1	32,312	3,765
Total Other Comprehensive Revenue and expense	2,419	8,051	1,591	26,371	5,008	2,370	30,002	5,561	2,226	34,462	6,034

PROSPECTIVE STATEMENT OF CHANGES IN NET ASSETS/EQUITY FOR THE YEARS ENDING 30 JUNE 2018 – 30 JUNE 2028

PROSPECTIVE STATEMENT OF CHANGES IN EQUITY FOR THE YEARS ENDING 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$ 000	30 JUNE 2019 \$ 000	30 JUNE 2020 \$ 000	30 JUNE 2021 \$ 000	30 JUNE 2022 \$ 000	30 JUNE 2023 \$ 000	30 JUNE 2024 \$ 000	30 JUNE 2025 \$ 000	30 JUNE 2026 \$ 000	30 JUNE 2027 \$ 000	30 JUNE 2028 \$ 000
Equity at start of the Year	384,826	387,245	395,295	396,886	423,257	428,265	430,635	460,637	466,198	468,424	502,886
Total comprehensive revenue and expenses reserve	2,419	8,051	1,591	26,371	5,008	2,370	30,002	5,561	2,226	34,462	6,034
Equity at end of year	387,245	395,295	396,886	423,257	428,265	430,635	460,637	466,198	468,424	502,886	508,920

* The opening balance sheet disagrees with the Annual Plan as both are based on forecast information.

PROSPECTIVE STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE FOR YEARS 2018 - 2028

PROSPECTIVE STATEMENT OF FINANCIAL POSITION FOR THE YEARS ENDING 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$ 000	30 JUNE 2019 \$ 000	30 JUNE 2020 \$ 000	30 JUNE 2021 \$ 000	30 JUNE 2022 \$ 000	30 JUNE 2023 \$ 000	30 JUNE 2024 \$ 000	30 JUNE 2025 \$ 000	30 JUNE 2026 \$ 000	30 JUNE 2027 \$ 000	30 JUNE 2028 \$ 000
ASSETS											
Current assets											
Cash and cash equivalents	444	222	222	222	222	222	222	222	222	222	222
Short term deposits	3,115	6,894	8,973	11,186	14,097	16,618	19,257	21,845	24,437	27,213	29,968
Loan redemption deposits	151	2,570	3,053	3,377	3,998	3,665	4,836	5,445	5,476	6,355	7,262
Investments	3,905	3,798	3,918	4,042	4,170	4,302	4,439	4,580	4,725	4,874	5,029
Debtors and other receivables	2,478	3,016	2,596	2,692	2,734	2,800	2,852	2,888	2,922	2,967	3,024
Inventories	21	33	33	33	33	33	33	33	33	33	33
Assets held for sale	-	-	-	-	-	-	-	-	-	-	-
Total current assets	10,115	16,534	18,795	21,551	25,255	27,640	31,640	35,013	37,815	41,665	45,538
Non-current assets											
Investments	94	354	355	356	357	358	359	360	361	363	364
Intangible assets	193	162	143	123	101	78	53	33	32	29	25
Investment properties	7,068	7,813	7,888	7,938	7,989	8,040	8,091	8,143	8,196	8,249	8,303
Property, plant and equipment	390,564	410,314	409,573	433,222	434,354	432,759	458,707	460,302	458,632	489,245	491,957
Total non-current assets	397,920	418,643	417,960	441,639	442,801	441,235	467,210	468,839	467,221	497,886	500,647
Total assets	408,035	435,176	436,755	463,190	468,056	468,874	498,850	503,852	505,036	539,551	546,185
LIABILITIES											
Current liabilities											
Creditors and other payables	2,187	2,334	2,405	2,436	2,464	2,514	2,574	2,612	2,654	2,708	2,751
Employee entitlements	349	236	236	236	236	236	236	236	236	236	236
Public debt - current portion	899	710	911	344	1,601	85	596	1,083	-	-	-
Total current liabilities	3,434	3,280	3,552	3,017	4,301	2,836	3,406	3,931	2,890	2,944	2,987
Non-current liabilities											
Public debt - non current portion	16,917	19,820	19,537	20,137	19,712	19,627	19,032	16,949	16,949	16,949	17,508
Landfill aftercare provision	439	446	445	444	442	441	440	439	438	437	436
Total non-current liabilities	17,356	20,265	19,982	20,581	19,155	19,069	18,472	17,388	17,387	17,386	17,943
Equity											
Public equity	149,129	149,745	147,955	145,869	142,432	140,177	136,373	133,125	130,693	127,353	124,694
Special reserves and trust funds	3,158	4,924	5,748	7,181	9,159	10,953	12,874	14,865	16,400	17,885	19,471
Depreciation reserves	16,685	19,133	21,205	23,656	26,731	29,895	32,916	35,858	38,949	42,075	44,510
Share revaluation reserve	4	4	5	6	7	8	9	11	12	13	14
Asset revaluation reserve	219,269	235,255	235,255	259,504	262,273	262,273	289,964	293,229	293,229	325,540	329,305
Loan redemption reserve	-	2,570	3,053	3,377	3,998	3,665	4,836	5,445	5,476	6,355	7,262
Total equity	387,245	411,630	413,221	439,592	444,600	446,970	476,972	482,533	484,759	519,221	525,255
Total liabilities and equity	408,035	435,176	436,755	463,190	468,056	468,874	498,850	503,852	505,036	539,551	546,185

* The opening balance sheet disagrees with the Annual Plan as both are based on forecast information. The significant difference between the "Annual Plan" and the "Opening Balance" was the fact that the Annual Plan did not take into account the revaluation that will occur at the end of the 2018 financial year. Other changes are not considered significant by Council.

PROSPECTIVE CASH FLOW STATEMENT FOR THE YEARS ENDING 30 JUNE 2018 – 30 JUNE 2028

PROSPECTIVE STATEMENT OF CASH FLOWS FOR THE YEARS ENDING 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$ 000	30 JUNE 2019 \$ 000	30 JUNE 2020 \$ 000	30 JUNE 2021 \$ 000	30 JUNE 2022 \$ 000	30 JUNE 2023 \$ 000	30 JUNE 2024 \$ 000	30 JUNE 2025 \$ 000	30 JUNE 2026 \$ 000	30 JUNE 2027 \$ 000	30 JUNE 2028 \$ 000
CASH FLOWS FROM OPERATING ACTIVITIES											
Cash was received from:											
Rates	13,293	14,177	14,881	15,511	15,749	15,968	16,172	16,273	16,467	16,596	16,807
Government grants & subsidies	3,737	6,655	2,289	2,273	2,236	2,267	2,303	2,380	2,437	2,495	2,555
Petrol tax	83	83	85	87	89	91	93	95	98	100	103
Other income	1,961	1,860	4,115	3,687	3,813	3,968	4,098	4,112	4,035	4,124	4,191
Regional council rates	2,757	2,757	2,922	3,098	3,284	3,481	3,689	3,911	4,146	4,394	4,658
Interest on investments	214	445	487	575	668	781	856	978	1,080	1,164	1,284
	22,044	25,977	24,779	25,231	25,838	26,556	27,212	27,749	28,262	28,873	29,598
Cash was applied to:											
Payments to suppliers & employees	13,260	13,325	13,844	13,971	13,778	15,043	13,983	14,897	15,783	16,344	16,654
Regional council rates	2,757	2,757	2,922	3,098	3,284	3,481	3,689	3,911	4,146	4,394	4,658
Interest paid	568	719	775	801	828	834	780	771	743	708	732
	16,584	16,801	17,542	17,869	17,890	19,357	18,452	19,579	20,671	20,447	21,044
Net cash flow from operating activities:	5,460	9,176	7,238	7,362	7,948	7,199	8,760	8,170	7,591	8,427	8,554
CASH FLOWS FROM INVESTING ACTIVITIES											
Cash was received from:											
Sale of fixed assets	-	-	-	-	-	-	-	-	-	-	-
Term investments & advances	2,360	255	303	124	128	132	136	141	315	150	155
Investments in loan redemption deposits	-	445	710	911	634	1,601	85	596	1,083	-	-
	2,360	700	1,013	1,035	763	1,733	221	736	1,398	150	155
Cash was applied to:											
Purchase of fixed assets	9,524	11,266	4,290	4,543	3,636	3,774	3,707	3,813	3,910	3,938	4,613
Term investments, shares & advances	2,360	255	120	124	128	132	136	141	315	150	155
Investments in loan redemption deposits	-	1,029	1,077	1,103	1,116	1,106	1,106	1,019	913	683	683
	11,884	12,551	5,487	5,770	4,881	5,012	4,949	4,973	5,138	4,772	5,451
Net cash flow from investing activities	(9,524)	(11,851)	(4,474)	(4,735)	(4,118)	(3,279)	(4,728)	(4,237)	(3,739)	(4,622)	(5,297)
CASH FLOWS FROM FINANCING ACTIVITIES											
Cash was received from:											
Drawdown of public debt	1,214	2,036	628	945	176	-	-	-	-	-	559
	1,214	2,036	628	945	176	-	-	-	-	-	559
Cash was applied to:											
Repayment of public debt	899	445	710	911	344	1,601	85	596	1,083	-	-
	899	445	710	911	344	1,601	85	596	1,083	-	-
Net cash flow from financing activities	316	1,591	(81)	34	(169)	(1,601)	(85)	(596)	(1,083)	-	559
Net increase/(decrease) in cash held	(3,749)	(177)	2,682	2,660	3,661	2,319	3,947	3,337	2,768	3,805	3,816
Add cash at start of year (1 July)	11,365	13,661	13,484	16,166	18,827	22,488	24,807	28,755	32,092	34,860	38,665
BALANCE AT END OF YEAR (30 June)	7,616	13,484	16,166	18,827	22,488	24,807	28,755	32,092	34,860	38,665	42,481
REPRESENTED BY:											
Cash and cash equivalents	444	222	222	222	222	222	222	222	222	222	222
Short term deposits and investments	3,116	6,894	8,973	11,186	14,097	16,618	19,257	21,845	24,437	27,213	29,968
Investments in loan redemption deposits	4,056	6,367	6,971	7,419	8,168	7,967	9,275	10,025	10,201	11,230	12,291
	7,616	13,484	16,166	18,827	22,488	24,807	28,755	32,092	34,860	38,665	42,481

SCHEDULE OF PROSPECTIVE CAPITAL EXPENDITURE FOR THE YEARS ENDING 30 JUNE 2018- 30 JUNE 2021

SCHEDULE OF PROSPECTIVE CAPITAL EXPENDITURE FOR THE YEARS ENDED 30 JUNE 2018-2021						
TOTAL CAPITAL ANNUAL PLAN 30 JUNE 2018 \$ 000		CARRIED FORWARD CAPITAL EXPENDITURE 30 JUNE 2019 \$ 000	NEW CAPITAL EXPENDITURE 30 JUNE 2019 \$ 000	TOTAL CAPITAL EXPENDITURE 30 JUNE 2019 \$ 000	TOTAL ESTIMATED EXPENDITURE 2019/20 \$ 000	TOTAL ESTIMATED EXPENDITURE 2020/21 \$ 000
	GOVERNANCE, LEADERSHIP & ADVOCACY					
	Motor vehicles	-	-	-	40	-
-		-	-	-	40	-
	PUBLIC PROTECTION					
60	Motor vehicles		30	30		
	IT software		10	10		
13	Equipment/Furniture		1	1		1
	Dog pound		120	120		
73			161	161	-	1
	AMENITIES					
232	Playgrounds		26	26	62	90
95	Parks & reserves		129	129	99	266
15	Campgrounds		10	10	10	11
	Swimming pools		154	154	31	133
30	Toilets			-	50	51
-	Cemeteries	27	31	58	47	35
54	Property improvements			-		
37	Community housing		46	46	31	32
11	Community buildings		66	66	182	11
39	Investment buildings		33	33	36	11
	Featherston stadium			-		
281	Greytown town centre	214	5	219	5	5
3,600	Waihinga centre			-		
96	Library books		98	98	100	102
	Town centres			-		
11	Libraries		-	-		
10	Featherston town square development			-		
4,511		241	597	838	655	746
	LAND TRANSPORT					
44	Signs & guardrails (Other Roads)		29	29	30	31
126	Seal extensions (Other Roads)		126	126	126	126
444	Reseals (Other Roads)		435	435	446	457
99	Reseals (SPRs)		49	49	50	51
116	Rehabilitation (Other Roads)		205	205	210	215
79	Rehabilitation (SPRs)		44	44	45	46
169	New footpath		90	90	90	90
121	Renewal footpaths		45	45	45	45
80	Drainage		103	103	106	108
12	Drainage (SPR)		9	9	9	9
151	Minor safety works (Other Roads)		337	337	337	337
18	Minor safety works (SPRs)		221	221	131	122
7	Traffic services (SPRs)		5	5	5	5
27	Structures		20	20	20	21
248	Road metalling		303	303	311	319
23	Road metalling (SPRs)		16	16	16	17
800	Resilience Improvements			-		
80	New bridges		4,539	4,539		
357	LED conversion program			-		
3,002		-	6,575	6,575	1,977	1,999

SCHEDULE OF PROSPECTIVE CAPITAL EXPENDITURE FOR THE YEARS ENDING 30 JUNE 2018- 30 JUNE 2021 CONTINUED

SCHEDULE OF PROSPECTIVE CAPITAL EXPENDITURE FOR THE YEARS ENDED 30 JUNE 2018-2021						
TOTAL CAPITAL ANNUAL PLAN 30 JUNE 2018 \$		CARRIED FORWARD CAPITAL EXPENDITURE 30 JUNE 2019 \$	NEW CAPITAL EXPENDITURE 30 JUNE 2019 \$	TOTAL CAPITAL EXPENDITURE 30 JUNE 2019 \$	TOTAL ESTIMATED EXPENDITURE 2019/20	TOTAL ESTIMATED EXPENDITURE 2020/21
	WATER SUPPLY					
322	Investigation underground assets		-	-	-	-
678	Cyclical renewal	300	333	633	342	350
	Featherston supply supplementation			-		
49	Water race up grade			-		
	Storage tank Greytown/Featherston supply		307	307		
	Greytown/Featherston supply		161	161	126	
	Martinborough supply					430
1,049		300	801	1,101	468	780
	SOLID WASTE MANAGEMENT					
15	Development work			-	125	
5	Resource consents			-		
	Transfer station upgrade		75	75		
20		-	75	75	125	-
	WASTE WATER					
214	Reticulation renewals	66	307	373	315	322
600	Irrigation			-		
100	Investigation underground assets			-		
1,066	Alternative disposal systems (Greytown)	300	767	1,067		
467	Alternative disposal systems (Martinborough)			-		
331	Alternative disposal systems (Featherston)		409	409	504	516
50	Papawai farm - tilson creek culvert			-		
1,150	New pipeline			-		
	New gravity main Greytown		588	588		
	New gravity main Featherston		204	204		
3,979		366	2,274	2,640	818	838
	STORMWATER DRAINAGE					
54	Reticulation upgrade		55	55	56	58
54			55	55	56	58
	CORPORATE SERVICES					
11	Council offices		511	511	10	11
12	Furniture		21	21	11	12
47	IT hardware		105	105	46	47
34	IT software		33	33	33	34
9	Office equipment		18	18	8	8
	GIS		10	10	10	11
113		-	698	698	120	122
	PROFESSIONAL SERVICES					
25	Motor vehicles		30	30	30	
15	GIS			-		
	Miscellaneous			-		
40		-	30	30	30	-
12,840	Total Capital Expenditure	907	11,266	12,174	4,289	4,543

PROSPECTIVE STATEMENT OF SPECIAL AND SEPARATE FUNDS FOR THE YEARS ENDING 30 JUNE 2019-30 JUNE 2028

PROSPECTIVE STATEMENT OF SPECIAL AND SEPARATE FUNDS FOR THE YEARS ENDING JUNE 2019-2028				
	OPENING BALANCE 18/19 \$ 000	TRANSFERS IN \$ 000	TRANSFERS OUT \$ 000	CLOSING BALANCE 27/28 \$ 000
District Property	601	(143)	-	458
To be used for Town Centre Development				
Asset Realisation	128	47	-	174
Capital gains from the sale of Council Assets that have been realised overtime.				
Plantation Reserve	5		(5)	-
For road protection schemes and seal extensions in the future.				
Community Board Reserves				
<i>Community Board funds Carried over:</i>				
Featherston	8	864	(864)	8
Greytown	12	864	(864)	12
Martinborough	8	864	(864)	8
Restricted Reserves				
To provide for the acquisition and development of reserves and open spaces in response to the needs arising from subdivision and development, to protect conservation values, To provide opportunities for public access to and along water bodies, to provide recreational opportunities near water bodies	452	4,752	-	5,204
Water Race Reserves				
Featherston/Longwood Water race	(25)	798	(762)	11
Moroa	219	798	(762)	254
Trusts				
Campground Memorial:	7	-	-	7
Pain Farm	95	492	7	593
Pain Farm: maintaining and improving the Borough's parks, sports grounds, camping ground, swimming baths, providing, equipping and maintaining sports facilities and a children's playground.				
Infrastructure Contributions	1,881	11,935	(4,639)	9,177
To provide a potable water supply, to safeguard the health of inhabitants and protect the natural environment for inappropriate disposal of sewage, to prevent damage to property or amenity from the indiscriminate and uncontrolled runoff of Stormwater, to ensure sufficient water is available for fire fighting purposes. To provide for the safe and convenient movement on roads of motor vehicles, bicycles and pedestrians within and through the Wairarapa.				
Combined District Plan Reserve	(38)	38	-	-
To Spread the costs of the District plan over the life of the plan				
Wastewater Reserve	333	-	(196)	137
To Spread the initial costs of the Wastewater project - Land				
Maintenance Reserve	(75)	325	(104)	146
To Spread the initial costs of building maintenance				
Roading Reserve	600	4,585	(2,228)	2,957
To fund shortfall in SPR NZTA funding				
Housing Reserve	(41)	(22)	(351)	(414)
To fund shortfall and capital works				
Water race Reserve	-	95	(329)	(234)
To spread the costs of the water race consents over the life of the consent				
Loan Redemption Reserve - internal loans	290	-	(290)	-
Loan Redemption Reserve	1,893	11,433	(6,064)	7,262
Depreciation Reserves	19,205	72,796	(47,492)	44,510
To fund new capital projects				
	25,556	110,469	(65,806)	70,270

FUNDING IMPACT STATEMENT (RATING) FOR THE YEARS ENDING 30 JUNE 2018-2028

The revenue and financing mechanisms to be used to cover the estimated expenses of the Council for the Year ended 30 June 2019 are described in the Revenue and Financing Policy.

The method and impact of both general and targeted rates is covered in "The Rating System" section which follows. The specific rating details given in the following pages have been drawn from and are consistent with Council's LTP.

1. RATING SYSTEM

Introduction

Schedule 101(3) of the Local Government Act 2002 requires Council to include a funding impact statement in its Annual Plan. The following matters cover the specific statements to be provided as set out in Schedule 101(3).

This Funding Impact Statement should be read in conjunction with Council's Revenue and Financing Policy.

All figures for rates and charges in this Funding Impact Statement are inclusive of GST.

General Rates

The Council proposes to set a general rate based on the land value of each rating unit in the district.

The general rate will be set on a differential basis over three rating groups:

- **Group 1 Commercial.** A rate of 0.0041276 per dollar of rateable land value. The total we anticipate to raise from this rate is \$255,728.
- **Group 2 Urban.** A rate of 0.0020638 per dollar of rateable land value. The total we anticipate to raise from this rate is \$1,265,725.
- **Group 3 Rural.** A rate of 0.0019441 per dollar of rateable land value. The total we anticipate to raise from this rate is \$3,913,373.

In addition, the Council has set a Uniform Annual General Charge on each rating unit of \$517. The total we anticipate to raise from this rate is \$3,103,159. Council's UAGC has not exceeded the 30% rating cap requirement specified in Section 21 of the Local Government (Rating) Act 2002.

The General Rate, the Uniform Annual General Charge and the Amenities Charge will be used to fund, or assist with funding, all Council activities

other than those funded by way of targeted rates for water supply, wastewater disposal and refuse collection and disposal.

Differential Matters and Categories

The Council proposes to differentiate the General Rate based on land valuation (Schedule 2 Local Government (Rating) Act 2002).

The differential categories are:

- **Group 1 Commercial** – all rating units that are used (or available) primarily for any commercial or industrial purpose.
- **Group 2 Urban** – all rating units used for residential and related purposes within the urban areas of the District Plan.
- **Group 3 Rural** – all rating units within the rural area in the District Plan.

Separately Used or Inhabitable Part of a Rating Unit

The following definition applies to the levying of all targeted rates by the South Wairarapa District Council where the Council has determined that the rate shall apply to each separately used or inhabitable part of a rating unit.

A separately used or inhabitable part of a rating unit includes any portion of any separate rating unit used or inhabitable by any person, other than the ratepayer (as defined by clause 11 of the Local Government (Rating) Act 2002), having the right to use or inhabit that portion by virtue of a tenancy, lease, license or other agreement.

Water Races

Council proposes to set a targeted rate based on land value for each rating unit in the Featherston-Longwood water race rating district and separately for each rating unit in the Moroa Water Race rating district that have access to the races.

The Featherston-Longwood rate will be 0.0015784 per dollar of land value. The total we anticipate to raise from this rate is \$74,750.

The Moroa rate will be 0.0003838 per dollar of land value. The total we anticipate to raise from this rate is \$80,500.

No lump sum contributions will be invited in respect of this targeted rate.

Wastewater Disposal

Council proposes to set a uniform targeted rate for wastewater disposal based on each separately used or inhabitable part of a rating unit which is serviced by a connection to the system of \$546 per serviced connection. Serviceable rating units, which are those which could be connected to the system but are not at this time, will be 50% of this charge or \$273 per serviceable connection.

The uniform targeted rate covers the first two toilet pans for each separately used or inhabitable part of a rating unit and the same charge is made for each additional pan.

No lump sum contributions will be invited in respect of this targeted rate.

The total we anticipate to raise from this rate is \$2,320,355.

Water Supply

Council proposes to set a uniform targeted rate for water supply based on each separately used or inhabitable part of a rating unit for all urban, rural or commercial rating units which are serviced by a connection to the system of \$563 per serviced connection. Serviceable rating units which are those who could be serviced but are not at this time will be 50% of this charge or \$282 per serviceable connection.

The uniform targeted rate will apply to each connection. The total we anticipate to raise from this rate is \$2,318,179.

An additional targeted rate is proposed where the volume exceeds 350m³ per year for all metered connections. This charge will be \$1.84 per m³, for the 2018/19 year. The aforesaid volume will be reviewed as and when required in future.

No lump sum contributions will be invited in respect of this targeted rate.

Amenities

Council proposes a uniform targeted rate for all rating units in the urban areas of Featherston, Greytown and Martinborough for the provision of amenity facilities of \$426 per urban rating unit. The total we anticipate to raise from this rate is \$1,408,261.

Council proposes a different uniform targeted rate for all rating units in the rural area of the district for

the provision of amenity facilities of \$224 per rural rating unit. The total we anticipate to raise from this rate is \$603,540.

The amenity facilities include parks and reserves, swimming baths, community buildings (including public halls) and other civic amenities.

Refuse Collection

The Council proposes to set a uniform, targeted rate for rubbish collection and disposal, of \$185 this will apply to rating units and separately inhabitable parts of rating units where the Council provides refuse collection or use of disposal facilities. The total we anticipate to raise from this rate is \$805,376.

Overall Rating Levels

The combined effect on individual rating units of 5.99% increase in total rates will vary considerably from rating unit to rating unit depending on the different types of rates and valuations applicable.

2. RATES EXAMPLES

The following tables show the typical rates increase for commercial, urban and rural properties.

The three yearly revaluation of the district's properties can have a significant impact on how the general rate is paid for. During the valuation, properties have their current land value reviewed by Quotable Value NZ (QV) based on a number of factors. The revaluation also determines the total district wide land value.

The table below shows the average land value change in our district for the 2017 revaluation for different types of properties.

REVALUATION 2017 – CHANGE IN AVERAGE LAND VALUES			
	AVERAGE LV 2015	AVERAGE LV 2017	% CHANGE
Featherston average residential	\$61,353	\$127,000	107.0%
Greytown average residential	\$178,571	\$250,000	40.0%
Martinborough average residential	\$138,806	\$197,000	44.0%
Commercial average	\$150,815	\$222,000	47.2%
Lifestyle average	\$262,467	\$300,000	14.3%
Rural dairy average	\$2,139,918	\$2,600,000	21.5%
Rural pastoral average	\$1,623,213	\$1,930,000	18.9%

RATES EXAMPLES (INCLUDING GST)

	OLD VALUE/OLD RATES 2017/18	NEW LV/NEW RATES 2018/19	% INCREASE
Featherston Average Residential			
Land Value	\$61,353	\$127,000	107.0%
General Rate	\$145	\$262	80.4%
Targeted rates	\$2,187	\$2,237	2.3%
	\$2,332	\$2,499	7.2%
<i>Estimated increase per week:</i>		\$3.21	
Greytown Average Residential			
Land Value	\$178,571	\$250,000	40.0%
General Rate	\$423	\$516	22.0%
Targeted rates	\$2,187	\$2,237	2.3%
	\$2,610	\$2,753	5.5%
<i>Estimated increase per week:</i>		\$2.75	
Martinborough Average Residential			
Land Value	\$136,806	\$197,000	44.0%
General Rate	\$324	\$407	25.5%
Targeted rates	\$2,187	\$2,237	2.3%
	\$2,511	\$2,644	5.3%
<i>Estimated increase per week:</i>		\$2.55	
Commercial Average			
Land Value	\$150,815	\$222,000	47.2%
General Rate	\$714	\$916	28.3%
Targeted rates	\$2,187	\$2,237	2.3%
	\$2,901	\$3,153	8.7%
<i>Estimated increase per week:</i>		\$4.84	
Lifestyle Average			
Land Value	\$262,467	\$300,000	14.3%
General Rate	\$558	\$583	4.5%
Targeted rates	\$705	\$741	5.1%
	\$1,263	\$1,324	4.8%
<i>Estimated increase per week:</i>		\$1.18	
Rural Dairy Average			
Land Value	\$2,139,918	\$2,600,000	21.5%
General Rate	\$4,549	\$5,055	11.1%
Targeted rates	\$705	\$741	5.1%
	\$5,254	\$5,796	10.3%
<i>Estimated increase per week:</i>		\$10.41	
Rural Pastoral Average			
Land Value	\$1,623,213	\$1,930,000	18.9%
General Rate	\$3,451	\$3,752	8.7%
Targeted rates	\$705	\$741	5.1%
	\$4,156	\$4,493	8.1%
<i>Estimated increase per week:</i>		\$6.48	

3. RATES AND CHARGES

The following table shows the changes in targeted rates from the 2017/18 year to the 2018/19 year.

Targeted Rates (including GST)				
	2017/18 \$	2018/19 \$	CHANGE %	CHANGE \$
Targeted Rates - Urban:				
Uniform Annual General Charge (UAGC)	\$ 495	\$ 517	4.4%	\$ 22
Reserves & Civic Amenities – Urban	\$ 402	\$ 426	6.0%	\$ 24
Water Charge	\$ 562	\$ 563	0.2%	\$ 1
Wastewater Charge	\$ 546	\$ 546	0.0%	\$ -
Refuse Collection Levy	\$ 182	\$ 185	16%	\$ 3
Total Urban Targeted Rates:	\$ 2,187	\$ 2,237	2.3%	\$ 50
Targeted Rates - Rural:				
Uniform Annual General Charge (UAGC)	\$ 495	\$ 517	4.4%	\$ 22
Reserves & Civic Amenities – Rural	\$ 210	\$ 224	6.7%	\$ 14
Total Rural Targeted Rates:	\$ 705	\$ 741	5.1%	\$ 36

4. STATEMENT OF FUNDING SOURCES

The High Level Financial Information table on the next page shows a summary of the funding sources for the AP. Council's Revenue and Financing Policy and work programmes form the basis of the funding forecast. The table is produced on a "plus GST" basis.

FUNDING IMPACT STATEMENT – HIGH LEVEL FINANCIAL INFORMATION FOR THE YEARS ENDING 30 JUNE 2018- 30 JUNE 2028

FUNDING IMPACT STATEMENT FOR THE YEARS ENDED 30 JUNE 2018-2028											
	30 JUNE 2018 Annual Plan \$000	30 JUNE 2019 \$000	30 JUNE 2020 \$000	30 JUNE 2021 \$000	30 JUNE 2022 \$000	30 JUNE 2023 \$000	30 JUNE 2024 \$000	30 JUNE 2025 \$000	30 JUNE 2026 \$000	30 JUNE 2027 \$000	30 JUNE 2028 \$000
Sources of operating funding											
General rates, Uniform Annual General charges, Rates penalties	9,041	9,965	10,324	10,490	10,640	10,807	10,999	11,105	11,270	11,335	11,437
Targeted rates	4,112	4,377	4,727	5,194	5,287	5,344	5,361	5,360	5,396	5,465	5,581
Subsidies and grants for operating purposes	3,302	6,639	2,273	2,257	2,220	2,251	2,286	2,363	2,419	2,477	2,537
Fees and charges	1,512	1,468	1,498	1,530	1,562	1,596	1,633	1,671	1,711	1,752	1,796
Interest and Dividends from investments	287	445	487	575	668	781	856	978	1,080	1,164	1,284
Local authorities fuel tax, fines, infringement fees, and	1,290	1,052	1,075	1,097	1,100	1,125	1,152	1,180	1,209	1,203	1,274
Total operating funding (A)	19,544	23,947	20,384	21,143	21,476	21,904	22,287	22,657	23,085	23,396	23,908
Applications of operating funding											
Payments to staff and suppliers	12,351	13,076	13,279	13,304	13,434	13,728	14,128	14,457	14,735	15,094	15,424
Finance costs	1,025	1,132	1,218	1,307	1,270	1,285	1,289	1,240	1,221	1,247	1,231
Other operating funding applications	288	355	398	404	411	417	424	432	440	448	456
Total applications of operating funding (B)	13,664	14,563	14,895	15,015	15,115	15,430	15,841	16,128	16,396	16,789	17,111
Surplus (deficit) of operating funding (A - B)	5,881	9,384	5,490	6,129	6,361	6,473	6,446	6,528	6,689	6,607	6,797
Sources of Capital funding											
Subsidies and grants for capital expenditure	420	-	-	-	-	-	-	-	-	-	-
Development and financial contributions	283	795	861	888	899	994	1,039	985	868	889	889
Increase (decrease) in debt	365	1,007	(449)	(158)	(941)	(1,106)	(1,106)	(1,019)	(913)	(683)	(125)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	170	242	254	259	263	287	294	278	244	249	249
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding (C)	1,238	2,043	665	989	222	175	227	244	199	454	1,013
Applications of capital funding											
Capital Expenditure											
- to meet additional demand	1,192	1,120	72	73	74	74	75	75	76	76	77
- to improve the level of service	1,983	1,741	970	1,161	410	240	246	250	256	262	827
- to replace existing assets	4,150	8,406	3,248	3,308	3,152	3,460	3,387	3,488	3,578	3,600	3,710
Increase (decrease) in reserves	(207)	161	1,866	2,575	2,947	2,875	2,965	2,959	2,978	3,123	3,197
Increase (decrease) of investments	-	-	-	-	-	-	-	-	-	-	-
Total applications of capital funding (D)	7,119	11,427	6,156	7,118	6,583	6,649	6,673	6,772	6,888	7,061	7,810
Surplus (deficit) of capital	(5,881)	(9,384)	(5,490)	(6,129)	(6,361)	(6,473)	(6,446)	(6,528)	(6,689)	(6,607)	(6,797)
Funding Balance	0	0	0	0	0	0	0	0	0	0	0