Part Three: Financial Information and Rates

MDC LTP 2024 -2034 index

Financial Overview

Our Long-Term Plan and its supporting documents are based on assumptions for projected changes in our district.

All assumptions carry uncertainty and the level of this is determined by the likelihood of occurrence and the financial materiality. This means that there will be a variation in the levels of reliability in the forecasting of ourLong-Term Plan.

Financial information has been prepared on best estimate assumptions regarding the potential for future events and economic climate shifts both domestically and globally.

Forecast cost indices have been prepared from Business and Economic Research Limited (BERL) and Infometrics which forecast price level change indices adjustors for councils to use in Long_term plans. These indices adjustors are used for both operating and capital budgets.

Borrowing and investing interest rates were based on advice from Council's finance advisor (Bancorp Treasury).

Financial Summary

Our projections for the next ten years show the following picture for 2034:

- Total assets are forecast to be $595 million (2023/24: $394 million).
- Total equity is forecast to be $572 million (2023/24: $367 million).
- Liabilities are forecast to be $22.8 million (2023/24: $ 27.2 million) & 3.8% of total assets (2023/24: 6.9%).
- Rates revenue is budgeted to contribute $70.0% of total income (2023/24: 53.2%).
- At no time over the period 2024/25 – 2033/34 do we expect to breach our debt ratio limits.
- Council will retain its strong position.

Cost savings

We have taken the following steps to reduce costs and hold the rate increase to as low as possible;

- Where possible reduced our reliance on contractors and brought the work in-house
- Conducted a line-by-line review of every item of expenditure and eliminated or reduced cost where possible
- Focused on critical projects
- Encouraged community led developments to help drive community projects forward and sourced external funds for key township projects
- Funded the District Plan Review through borrowing, repaid over a period of time that aligns with the life of the Plan
- Used reserves where possible to reduce the borrowing
- Extended our borrowing term from 20 to 25 years where applicable
- Initiated discussions with neighbouring councils looking for opportunities to reduce costs by aligning project deliveries

Balanced Budget Statement

The Council is required under the Local Government Act 2002 to ensure that each year's projecting operating revenues are set at a level sufficient to meet that year's projected operating expenses.

Section 100 (1) of the Local Government Act 2002 states that a local authority must ensure that each year's projected operating revenues are set at a level sufficient to meet that year's projected operating expenses.

Section 100 (2) provides, however, that "Despite subsection (1), a local authority may set projected operating revenues at a different level from that required by that subsection if the local authority resolves that it is financially prudent to do so, having regard to —

a) the estimated expenses of achieving and maintaining the predicted levels of service provision set out in the long-term plan, including the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
b) the projected revenue available to fund the estimated expenses associated with maintaining the service capacity and integrity of assets throughout their useful life; and
c) the equitable allocation of responsibility for funding the provision and maintenance of assets and facilities throughout their useful life; and
d) the funding and financial policies adopted under section 102.

Council may set projected operating revenues at a different level from that required, if Council resolves that it is financially prudent to do so.

For years one, two, three and four our revenue is less than our operating expenses. We are increasing our levels of service and spending more money on renewing and upgrading assets and have instead utilised debt in the short term. We've done this to avoid increasing rates any further as this would be unaffordable for our community.

Depreciation funding

To balance costs, the Council has resolved it is prudent to continue with our current depreciation policy of not fully cash-funding the depreciation on certain assets. We consider that, in most instances, where an asset needs to be replaced, we will have the capacity to borrow if required.

The most significant of these is where we believe we will receive money from third parties to help fund any asset replacement.

The other major reason depreciation is not funded is when we do not expect to renew or replace an asset at the end of its useful life.

- The Council owns and operates a number of small rural water supplies which are largely self-managed by committees of users. They have been content to meet capital expenditure as it is required and not fund depreciation year by year. Council has raised no objection to this and notes the amounts of depreciation are relatively small. There were low numbers of users on each supply and they understood the consequences and rationale for not funding depreciation. These rural schemes include Albury, School Road and Kimbell.
- The Council also does not fully fund depreciation on its township parks and reserve assets, halls and swimming pools as Council assumes that we will either receive external grants or loan for the balance.

We have though made some key changes to our approach:

- **Transportation:** to fund the proposed roading programme, we are increasing our funding of depreciation over the life of the plan (from 20% to 100%).
- **Swimming Pools:** we are planning to increase our depreciation funding (currently 50%) to 100% over our plan.
- **District, Rural and Township Maintenance:** we are planning to increase our depreciation funding (currently 0%) to 80% over our plan.
- **Allandale Water Supply:** transitioning from funding 40% for the first three years to fully funding depreciation after the proposed upgrade (subject to user consultation).

Prospective Statement of Comprehensive Revenue and Expense

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Revenue											
Rates	15,944	18,287	20,265	21,645	23,108	24,203	25,342	26,372	27,332	28,520	29,768
Fees, charges and metered rates for water supply	1,959	2,942	3,039	3,106	3,165	3,250	3,322	3,378	3,459	3,529	3,581
Subsidies and grants	5,957	2,976	2,992	3,187	2,830	2,908	5,172	3,248	3,328	3,440	3,444
Finance revenue	400	462	464	465	467	468	470	471	473	474	475
Dividend Revenue	124	-	-	-	-	136	139	142	145	148	151
Other Revenue	2,712	3,665	2,669	2,974	1,808	1,590	1,373	1,113	1,540	1,995	1,795
Development and Financial Contributions	1,162	1,000	1,030	1,053	1,078	1,103	1,127	1,151	1,175	1,199	1,223
Vested Assets	1,700	160	165	289	592	1,211	1,912	1,952	1,991	2,031	2,070
Other gains / (losses)	31	25	26	24	23	23	23	23	23	23	23
Total operating revenue	**29,988**	**29,517**	**30,650**	**32,743**	**33,071**	**34,892**	**38,880**	**37,850**	**39,466**	**41,359**	**42,530**
Expenditure											
Personnel costs	6,491	7,109	7,240	7,399	7,569	7,743	7,913	8,079	8,241	8,406	8,566
Other expenses	17,656	16,044	15,890	16,228	15,251	15,592	16,349	15,966	16,815	17,982	17,492
Finance costs	650	1,032	1,033	1,065	1,285	1,277	1,237	1,275	1,160	1,031	883
Depreciation and amortisation expense	5,970	6,727	6,789	6,899	7,542	7,628	7,734	8,197	8,232	8,316	8,774
Total operating expenditure	**30,768**	**30,912**	**30,952**	**31,591**	**31,647**	**32,240**	**33,233**	**33,517**	**34,448**	**35,735**	**35,715**
Operating surplus (deficit) before tax	**(780)**	**(1,395)**	**(302)**	**1,152**	**1,424**	**2,652**	**5,647**	**4,333**	**5,018**	**5,624**	**6,815**
Income Tax Expense	-	-	-	-	-	-	-	-	-	-	-
Operating surplus (deficit) after tax	**(780)**	**(1,395)**	**(302)**	**1,152**	**1,424**	**2,652**	**5,647**	**4,333**	**5,018**	**5,624**	**6,815**
Other comprehensive revenue and expense											
Items that could be reclassified to surplus(deficit)											
• Financial assets at fair value through other comprehensive revenue and expense	434	581	604	628	652	678	704	732	760	790	821
Items that will not be reclassified to surplus(deficit)											
• Gain on revaluation of property, plant and equipment	-	-	1,803	31,562	-	3,917	24,975	-	3,948	24,658	-
Total other comprehensive revenue and expense	**434**	**581**	**2,407**	**32,190**	**652**	**4,595**	**25,679**	**732**	**4,708**	**25,448**	**821**
Total comprehensive revenue and expense	**(346)**	**(814)**	**2,105**	**33,342**	**2,076**	**7,247**	**31,326**	**5,065**	**9,726**	**31,072**	**7,636**

Prospective Statement of Movement in Equity

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Equity balance at 1 July	367,342	442,960	442,148	444,249	477,590	479,718	487,626	518,998	524,063	533,789	564,906
Comprehensive income for year	(346)	(814)	2,105	33,342	2,129	7,907	31,374	5,065	9,726	31,118	7,636
Equity Balance 30 June	**366,996**	**442,146**	**444,251**	**477,592**	**479,665**	**487,625**	**519,000**	**524,063**	**533,789**	**564,907**	**572,542**
Components of equity											
Retained earnings at 1 July	103,835	194,593	194,006	193,371	193,041	192,278	193,311	199,463	202,092	204,731	207,839
Transfers to/(from) retained earnings	3,343	(111)	(333)	(1,481)	(2,238)	(2,278)	505	(1,703)	(2,378)	(2,517)	(3,911)
Net surplus/(deficit)	(780)	(1,395)	(302)	1,152	1,477	3,312	5,646	4,333	5,018	5,624	6,815
Retained earnings 30 June	106,398	194,006	193,371	193,041	192,278	193,311	199,463	202,092	204,731	207,839	210,742
Asset revaluation reserves at 1 July	232,492	237,312	239,479	241,886	274,076	274,728	279,323	305,051	305,782	310,491	335,984
Revaluation gains	434	581	2,407	32,190	652	4,595	25,728	732	4,708	25,494	821
Revaluation reserves 30 June	232,926	239,479	241,886	274,076	274,728	279,323	305,051	305,782	310,491	335,984	336,805
Special fund reserves at 1 July	13,677	12,741	12,431	12,457	12,562	12,670	12,731	12,505	12,620	12,738	12,258
Transfers to / (from) reserves	(925)	(310)	26	105	108	61	(226)	115	118	(480)	123
Special fund reserves 30 June	12,753	12,431	12,457	12,562	12,670	12,731	12,505	12,620	12,738	12,258	12,381
Activity reserves at 1 July	17,336	(4,191)	(3,770)	(3,463)	(2,087)	43	2,260	1,981	3,569	5,829	8,826
Transfers to / (from) reserves	(2,418)	421	307	1,376	2,130	2,217	(279)	1,588	2,260	2,997	3,788
Activity reserves 30 June	14,919	(3,770)	(3,463)	(2,087)	43	2,260	1,981	3,569	5,829	8,826	12,614
Equity at 30 June	**366,996**	**442,146**	**444,251**	**477,592**	**479,665**	**487,625**	**519,000**	**524,063**	**533,789**	**564,907**	**572,542**

Prospective Statement of Financial Position

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
ASSETS											
Current assets											
Cash and cash equivalents	5,368	3,186	3,217	3,322	3,727	4,407	5,038	5,669	6,451	7,183	8,966
Receivables	4,003	4,172	4,277	4,375	4,471	4,570	4,670	4,773	4,878	4,985	5,095
Prepayments	117	456	456	456	456	456	456	456	456	456	456
Inventories	74	21	21	21	21	21	21	21	21	21	21
Short Term Investments	8,400	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018	8,018
Total current assets	**17,962**	**15,853**	**15,989**	**16,192**	**16,693**	**17,472**	**18,203**	**18,937**	**19,824**	**20,663**	**22,556**
Non-current assets											
Plant, property and equipment	351,657	424,518	426,461	463,710	464,661	470,308	501,347	502,759	508,399	535,056	536,686
Intangible assets	1,719	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218	3,218
Forestry	5,212	4,853	4,865	4,876	4,887	4,898	4,909	4,919	4,930	4,941	4,952
Investment Property	5,386	5,348	5,361	5,373	5,385	5,397	5,409	5,421	5,433	5,445	5,457
Inventory term	342	342	342	342	342	342	342	342	342	342	342
Investment in CCOs and other similar entities	1	1	1	1	1	1	1	1	1	1	1
Other financial assets	11,968	15,769	16,373	17,001	17,653	18,331	19,035	19,766	20,526	21,316	22,137
Total non-current assets	**376,285**	**454,049**	**456,621**	**494,521**	**496,147**	**502,495**	**534,261**	**536,426**	**542,849**	**570,319**	**572,793**
TOTAL ASSETS	**394,247**	**469,902**	**472,610**	**510,713**	**512,840**	**519,967**	**552,464**	**555,363**	**562,673**	**590,982**	**595,349**
LIABILITIES											
Current liabilities											
Payables	6,045	6,773	6,907	7,036	7,163	7,292	7,421	7,555	7,691	7,830	7,973
Employee benefit liabilities	308	360	360	360	360	360	360	360	360	360	360
Provisions	2	3	3	3	3	3	3	3	3	3	3
Borrowings	3,006	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000	3,000
Total current liabilities	**9,361**	**10,136**	**10,270**	**10,399**	**10,526**	**10,655**	**10,784**	**10,918**	**11,054**	**11,193**	**11,336**
Non-current liabilities											
Provisions	26	38	38	38	38	38	38	38	38	38	38
Employee benefit liabilities	32	35	35	35	35	35	35	35	35	35	35
Borrowings	17,832	17,547	18,016	22,649	22,522	21,614	22,607	20,309	17,757	14,809	11,398
Total non-current liabilities	**17,890**	**17,620**	**18,089**	**22,722**	**22,595**	**21,687**	**22,680**	**20,382**	**17,830**	**14,882**	**11,471**
TOTAL LIABILITIES	**27,251**	**27,756**	**28,359**	**33,121**	**33,121**	**32,342**	**33,464**	**31,300**	**28,884**	**26,075**	**22,807**
NET ASSETS	**366,996**	**442,146**	**444,251**	**477,592**	**479,719**	**487,625**	**519,000**	**524,063**	**533,789**	**564,907**	**572,542**
EQUITY											
Retained earnings	106,398	194,006	193,371	193,041	192,278	193,311	199,463	202,092	204,731	207,839	210,742
Asset revaluation reserves	232,926	239,479	241,886	274,076	274,728	279,323	305,051	305,782	310,491	335,984	336,805
Special fund reserves	12,753	12,431	12,457	12,562	12,670	12,731	12,505	12,620	12,738	12,258	12,381
Activity reserves	14,919	(3,770)	(3,463)	(2,087)	43	2,260	1,981	3,569	5,829	8,826	12,614
TOTAL EQUITY	**366,996**	**442,146**	**444,251**	**477,592**	**479,719**	**487,625**	**519,000**	**524,063**	**533,789**	**564,907**	**572,542**

Prospective Statement of Cash Flows

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Cash flows from operating activities											
Receipts from rates revenue	15,944	18,287	20,162	21,547	23,012	24,105	25,241	26,270	27,227	28,414	29,659
Subsidies and grants received	5,957	2,976	2,992	3,187	2,830	2,908	5,172	3,248	3,328	3,440	3,444
Receipts from other revenue	4,825	6,607	5,707	6,079	4,972	4,838	4,695	4,491	4,998	5,524	5,376
Interest received	276	462	464	465	467	469	470	472	473	474	475
Dividend Revenue received	124	-	-	-	-	136	139	142	145	148	151
Financial and development contributions received	1,162	1,000	1,030	1,053	1,078	1,103	1,127	1,151	1,175	1,199	1,223
Payments to suppliers and employees	(24,147)	(23,147)	(22,995)	(23,499)	(22,695)	(23,207)	(24,131)	(23,912)	(24,919)	(26,250)	(25,916)
Interest paid	(650)	(1,032)	(1,033)	(1,065)	(1,285)	(1,277)	(1,237)	(1,275)	(1,160)	(1,031)	(883)
Net cash flow from operating activities	**3,489**	**5,153**	**6,327**	**7,767**	**8,379**	**9,075**	**11,476**	**10,587**	**11,267**	**11,918**	**13,529**
Cash flow from investing activities											
Receipts from sale of investments	10,000	-	-	-	-	-	-	-	-	-	-
Receipts from sale of property, plant and equipment	-	-	-	-	-	-	-	-	-	-	-
Purchase of investments	(10,000)	-	-	-	-	-	-	-	-	-	-
Purchase of property, plant and equipment	(12,571)	(5,158)	(6,765)	(12,296)	(7,847)	(7,487)	(11,838)	(7,657)	(7,933)	(8,238)	(8,334)
Net cash flow from investing activities	**(12,571)**	**(5,158)**	**(6,765)**	**(12,296)**	**(7,847)**	**(7,487)**	**(11,838)**	**(7,657)**	**(7,933)**	**(8,238)**	**(8,334)**
Cash flow from financing activities											
Proceeds from borrowings	9,412	3,010	3,461	7,529	2,749	1,962	3,993	701	439	52	(9)
Repayment of borrowings	-	(3,000)	(2,992)	(2,895)	(2,876)	(2,870)	(3,000)	(3,000)	(2,991)	(3,000)	(3,403)
Net cash flow from financing activities	**9,412**	**10**	**469**	**4,634**	**(127)**	**(908)**	**993**	**(2,299)**	**(2,552)**	**(2,948)**	**(3,412)**
Net increase (decrease) in cash held	331	5	32	106	404	681	630	632	781	733	1,784
Add opening cash bought forward	5,037	3,181	3,186	3,217	3,322	3,727	4,407	5,038	5,669	6,451	7,183
Closing cash balance	**5,368**	**3,186**	**3,217**	**3,322**	**3,727**	**4,407**	**5,038**	**5,669**	**6,451**	**7,183**	**8,966**
Closing balance made up of cash and cash equivalents	**5,368**	**3,186**	**3,217**	**3,322**	**3,727**	**4,407**	**5,038**	**5,669**	**6,451**	**7,183**	**8,966**

Prospective Funding Impact Statement (Whole of Council)

The funding impact statement is required under the Local Government Act 2002 and conforms to the Local Government Financial Reporting Regulations 2014. The funding impact statement has been prepared in accordance with Part 1, Clause 15 of Schedule 10 of the Local Government Act 2002.

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Sources of operating funding											
General rates, uniform annual general charges, rates penalties	7,585	8,470	9,764	10,402	10,714	11,002	11,401	11,176	11,534	11,920	12,686
Targeted rates	8,359	9,817	10,501	11,243	12,394	13,2018	13,941	15,196	15,798	16,600	17,082
Subsidies and grants for operating purposes	3,220	1,654	1,588	1,511	1,361	1,405	1,480	1,452	1,496	1,572	1,540
Fees and charges	1,986	2,127	2,188	2,236	2,288	2,340	2,392	2,442	2,491	2,541	2,589
Interest and dividends from investment	524	462	464	465	467	605	609	614	618	622	626
Local authorities fuel tax, infringement fees, and other receipts	2,685	4,480	3,519	3,843	2,685	2,498	2,303	2,049	2,507	2,983	2,787
Total operating funding	**24,358**	**27,010**	**28,024**	**29,700**	**29,909**	**31,051**	**32,126**	**32,929**	**34,444**	**36,238**	**37,310**
Applications of operating funding											
Payments to staff and suppliers	24,148	23,153	23,129	23,625	22,821	23,335	24,263	24,045	25,057	26,387	26,058
Finance costs	650	1,032	1,033	1,065	1,285	1,277	1,237	1,275	1,160	1,031	883
Other operating funding applications	-	-	-	-	-	-	-	-	-	-	-
Total applications of operating funding	**24,798**	**24,185**	**24,162**	**24,690**	**24,106**	**24,612**	**25,500**	**25,320**	**26,217**	**27,418**	**26,941**
Surplus (deficit) of operating funding	**(440)**	**2,825**	**3,862**	**5,010**	**5,803**	**6,439**	**6,626**	**7,609**	**8,227**	**8,820**	**10,369**
Sources of capital funding											
Subsidies and grants for capital expenditure	2,736	1,323	1,404	1,675	1,469	1,503	3,692	1,796	1,832	1,868	1,904
Development and financial contributions	1,162	1,000	1,030	1,053	1,078	1,103	1,127	1,151	1,175	1,199	1,223
Increase (decrease) in debt	9,412	6	459	4,634	(127)	(908)	993	(2,299)	(2,552)	(2,948)	(3,412)
Gross proceeds from sale of assets	-	-	-	-	-	-	-	-	-	-	-
Lump sum contributions	-	-	-	-	-	-	-	-	-	-	-
Other dedicated capital funding	-	-	-	-	-	-	-	-	-	-	-
Total sources of capital funding	**13,310**	**2,329**	**2,893**	**7,362**	**2,420**	**1,698**	**5,812**	**648**	**455**	**119**	**(285)**
Applications of capital funding											
Capital expenditure											
• to meet additional demand	1,200	623	386	5,293	2,914	3	43	234	1,954	2,317	2,693
• to improve the level of service	13,613	1,544	2,790	2,992	1,286	3,797	2,291	993	1,519	1,370	786
• to replace existing assets	4,527	2,991	3,589	4,012	3,648	3,687	9,504	6,430	4,460	4,552	4,855
Increase (decrease) in reserves	(6,470)	(4)	(9)	-	-	-	-	-	-	-	-
Increase (decrease) of investments	-	-	-	75	375	650	600	600	750	700	1,750
Total applications of capital funding	**12,871**	**5,154**	**6,756**	**12,372**	**8,223**	**8,137**	**12,438**	**8,257**	**8,683**	**8,939**	**10,084**
Surplus (deficit) of capital funding	**440**	**(2,825)**	**(3,862)**	**(5,010)**	**(5,803)**	**(6,439)**	**(6,626)**	**(7,609)**	**(8,227)**	**(8,820)**	**(10,369)**
Funding balance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

Prospective Reconciliation of Funding Impact Statement to Comprehensive Revenue and Expense

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Surplus (deficit) of operating funding	**(440)**	**2,825**	**3,862**	**5,010**	**5,803**	**6,439**	**6,626**	**7,609**	**8,227**	**8,820**	**10,369**
Add / (deduct)											
Subsidies and grants for capital	2,736	1,323	1,404	1,675	1,469	1,503	3,692	1,796	1,832	1,868	1,904
Development and financial contributions	1,162	1,000	1,030	1,053	1,078	1,103	1,127	1,151	1,175	1,199	1,223
Vested assets	1,700	160	165	289	645	1,871	1,912	1,952	1,991	2,031	2,070
Other gains / (losses)	32	24	26	25	25	23	24	22	25	22	23
Depreciation expense	(5,970)	(6,727)	(6,789)	(6,899)	(7,542)	(7,628)	(7,734)	(8,197)	(8,232)	(8,316)	(8,774)
Surplus / (deficit) Statement of comprehensive Income	**(780)**	**(1,395)**	**(303)**	**1,152**	**1,477**	**3,312**	**5,647**	**4,333**	**5,017**	**5,624**	**6,816**

Prospective Summary of Depreciation by Activities

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Governance and Corporate Services	328	474	476	478	481	483	484	489	491	494	496
Transportation	3,399	3,408	3,414	3,426	3,742	3,752	3,762	4,027	4,037	4,047	4,304
Water Supplies	930	1,225	1,248	1,293	1,471	1,477	1,490	1,613	1,629	1,651	1,765
Wastewater	603	649	664	672	807	841	841	898	903	917	973
Stormwater	85	92	92	92	102	103	104	111	111	111	130
Regulatory Services	1	3	3	3	3	3	3	3	3	3	3
Emergency Management	10	22	22	22	22	22	22	22	22	22	22
Parks and Community Facilities	499	700	715	758	759	792	873	879	881	916	926
Waste Management and Minimisation	46	67	67	67	67	67	67	67	67	67	67
Tourism, Economic Development and Commercial Activities	69	87	88	88	88	88	88	88	88	88	88
Total depreciation	**5,970**	**6,727**	**6,789**	**6,899**	**7,542**	**7,628**	**7,734**	**8,197**	**8,232**	**8,316**	**8,774**

Prospective Summary of Capital Expenditure by Activities

	AP 2023/24 $000's	Budget 2024/25 $000's	Forecast 2025/26 $000's	Forecast 2026/27 $000's	Forecast 2027/28 $000's	Forecast 2028/29 $000's	Forecast 2029/30 $000's	Forecast 2030/31 $000's	Forecast 2031/32 $000's	Forecast 2032/33 $000's	Forecast 2033/34 $000's
Governance and Corporate Services	1,321	270	248	203	242	202	237	190	273	199	257
Transportation	2,339	2,028	2,783	3,315	3,108	2,981	7,283	3,766	3,633	3,706	4,000
Water Supplies	8,226	774	2,505	2,815	306	824	2,075	1,152	1,950	1,781	1,878
Wastewater	1,750	578	615	5,680	3,337	437	507	1,161	1,922	582	2,000
Stormwater	-	252	204	-	54	276	1,121	1,088	-	1,115	-
Regulatory Services	10	-	-	-	-	-	-	-	-	-	-
Emergency Management	99	22	29	25	32	24	20	24	24	22	68
Parks and Community Facilities	3,445	850	334	240	750	2,724	574	256	108	813	109
Waste Management and Minimisation	47	54	46	19	19	20	20	21	21	22	22
Tourism, Economic Development and Commercial Activities	2,105	331	-	-	-	-	-	-	-	-	-
Total capital expenditure	**19,340**	**5,158**	**6,765**	**12,297**	**7,848**	**7,487**	**11,838**	**7,657**	**7,933**	**8,239**	**8,334**

Financial Reserves – Statement of Movements

Reserve	Activity reserve relates to	Purpose of reserve	Opening balance 1 July 2024 $000's	Movement into reserve $000's	Movement from reserve $000's	Closing balance 30 June 2024 $000's
Special Reserves						
Albury War Memorial	Public Facilities, Parks and Places	To fund maintenance of war memorial	5	-	-	5
Albury Water Supply	Three Waters	To fund capital requirement of water supply	40	-	-	40
Ashwick/Allandale War Memorial	Public Facilities, Parks and Places	To fund maintenance of war memorial	7	-	-	7
Carpark Development	Transportation	To future development of carparking in the district	256	-	-	256
Davidson Bequest - Cemetery	Public Facilities, Parks and Places	To fund cemetery maintenance	2	-	-	2
Emergency Management	Emergency Management	To fund Council's share of EOC costs during an emergency event	60	-	-	60
Enid Hutt Fairlie Beautifying Fund	Public Facilities, Parks and Places	To fund expenditure in the Fairlie township	33	-	-	33
Gillingham Bequest - Library	Public Facilities, Parks and Places	To fund the purchase of library books	0	-	-	0
Gould Bequest - Cemetery	Public Facilities, Parks and Places	To fund cemetery maintenance	2	-	-	2
Heritage Fund	Regulatory and Building Services	To fund heritage projects within the district	9	-	-	9
Housing Replacement	Public Facilities, Parks and Places	To fund district housing	7	-	-	7
Insurance	Governance and Corporate Services	To fund disaster cover	3,200	-	-	3,200
Land Subdivision	Public Facilities, Parks and Places	To fund district wide projects	1	-	-	1
Land Subdivision - Opuha	Public Facilities, Parks and Places	To fund projects within the Opuha ward of the district	229	223	-	450
Land Subdivision - Pukaki	Public Facilities, Parks and Places	To fund projects within the Pukaki ward of the district	2,167	445	(1,279)	1,334
Land Subdivision - Tekapo	Public Facilities, Parks and Places	To fund projects within the Tekapo ward of the district	1,901	445	(196)	2,150
Mackenzie County Scholarship Trust	Governance and Corporate Services	Held on behalf of the Mackenzie County Scholarship Trust	87	-	-	87
Masonic Lodge Scholarship	Governance and Corporate Services	Held on behalf of the Masonic Scholarship Fund	40	-	-	40
Paterson's Ponds	Public Facilities, Parks and Places	To fund maintenance at Paterson Ponds	10	-	-	10
Pensioner Housing Amenities	Public Facilities, Parks and Places	To fund pensioner housing amenities	2	-	-	2
Real Estate Investment	Tourism, Economic Development and Commercial Activities	Holds accumulated proceeds of property disposals	4,638	-	-	4,638
Sherwood Downs Sports Trust	Public Facilities, Parks and Places	Held on behalf of the Sherwood Downs Sports Trust				
Strathconan Pool Capital	Public Facilities, Parks and Places	To fund Strathconan pool capital	1	-	-	1
Watertight Building	Governance and Corporate Services	Held to cover increased insurance costs of Riskpool	44	-	-	44
			12,741	**1,114**	**(1,474)**	**12,381**
Separate Reserves						
Administration - Capital Reserve	Governance and Corporate Services	Fund capital replacement of administration assets	(5)	1	-	(3)
Administration - Internal Loan	Governance and Corporate Services	Internal loan for funding administration assets	(31)	-	17	(14)
Albury Hall	Public Facilities, Parks and Places	To fund operations of the Albury hall	6	-	-	6
Albury Water Supply	Three Waters	Accumulate surpluses/(deficits) from Albury water supply activities	(9)	-	(24)	(33)
Allandale/Spur Road Water	Three Waters	Accumulate surpluses / (deficits) from Allandale / Spur Road water activities	(96)	4,388	(4,597)	(305)
Allandale/Spur Road Water - Internal Loan	Three Waters	Internal loan for funding Allandale / Spur Road water assets	(237)	(3,438)	1,160	(2,514)
Animal Control	Regulatory and Building Services	Accumulate surpluses/(deficits) from Animal control activities	90	24	(3)	111
Animal Control - Internal Loan	Regulatory and Building Services	Internal loan for the funding of animal control assets	(3)	-	3	0

Reserve	Activity reserve relates to	Purpose of reserve	Opening balance 1 July 2024 $000's	Movement into reserve $000's	Movement from reserve $000's	Closing balance 30 June 2024 $000's
Separate Reserves continued						
Ashwick/Opuha Water	Three Waters	Accumulate surpluses / (deficits) from Ashwick / Opuha water supply activities	16	-	-	16
Cemeteries - Capital Reserve	Public Facilities, Parks and Places	To fund capital requirements of the district cemeteries	(89)	333	(297)	(53)
Cemeteries - Internal Loan	Public Facilities, Parks and Places	Internal loan for funding of cemetery assets	(150)	(273)	127	(296)
Civil Defence - Capital Reserve	Emergency Management	To fund capital requirements of civil defence	8	217	(289)	(64)
Civil Defence - Internal Loan	Emergency Management	Internal loan for funding of civil defence assets	(108)	-	56	(52)
Council Building - Fairlie - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building assets in Fairlie	(144)	723	(675)	(96)
Council Building - Fairlie - Internal Loan	Governance and Corporate Services	Internal loan for funding Fairlie administration building assets	(1,300)	-	675	(625)
Council Building - Twizel - Capital Reserve	Governance and Corporate Services	To fund replacement of Council's administration building assets in Twizel	22	279	(175)	126
Council Building - Twizel - Internal Loan	Governance and Corporate Services	Internal loan for funding administration building in Twizel assets	270	-	150	(120)
Depot - Tekapo	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from Tekapo Depot activity	0	9	-	9
Depot - Twizel	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from Twizel Depot activity	4	49	-	53
District Council – Capital Reserve	Governance and Corporate Services	To fund capital requirements of governance assets	(1)	-	-	(1)
District General – Capital Reserve	Public Facilities, Parks and Places	To fund capital requirements of district wide assets	(229)	12	-	(217)
District Wide Roading	Transportation	Accumulate surpluses/(deficits) from roading activities	(3,184)	45,316	(41,520)	612
District Wide Roading - Internal Loan	Transportation	Internal loan for funding roading assets	(5,475)	(2,209)	3,353	(4,331)
Downlands Water Supply	Three Waters	Council's share of a joint operation funding capital requirements of Downlands Water Scheme	44	-	-	44
Downlands Water Supply	Three Waters	Accumulate surpluses/(deficits) from Downlands Water Supply activities	887	-	-	887
Eversley Sewer	Three Waters	To fund capital requirements of Eversley wastewater scheme	0	1	-	0
Fairlie Camping Ground	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from Fairlie Camping Ground activity	11	243	(16)	239
Fairlie Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from Fairlie Community Board activity	27	-	-	27
Fairlie Medical Centre - Capital Reserve	Public Facilities, Parks and Places	To fund replacement of medical facilities in Fairlie	85	153	-	238
Fairlie Township	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from Fairlie township activity	(166)	23	(129)	(61)
Fairlie Township – Internal Loan	Public Facilities, Parks and Places	Internal loan for funding Fairlie township assets	-	(539)	129	(410)
Forestry	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's forestry activity	8,463	1,202	(1,072)	8,593
Information and Engagement - Capital Reserve	Governance and Corporate Services	To fund replacement of Information and Engagement assets	(176)	220	(318)	(274)
Information and Engagement - Internal Loan	Governance and Corporate Services	Internal loan for funding Information and Engagement assets	(72)	-	40	(32)
Investment Management	Tourism, Economic Development and Commercial Activities	To fund Council's treasury management function	11,007	29,560	(19,359)	21,208
IT Support - Capital Reserve	Governance and Corporate Services	To fund capital replacement of Council's IT assets	(49)	2,063	(1,201)	812
IT Support - Internal Loan	Governance and Corporate Services	Internal loan for the funding Council's IT assets	(144)	-	80	(64)

Reserve	Activity reserve relates to	Purpose of reserve	Opening balance 1 July 2024 $000's	Movement into reserve $000's	Movement from reserve $000's	Closing balance 30 June 2024 $000's
Separate Reserves continued						
Kimbell Water	Three Waters	To fund capital requirements of the Kimbell water scheme	27	11	-	38
Lake Tekapo Community Board	Governance and Corporate Services	Accumulate surpluses/(deficits) from the Lake Tekapo Community Board activity	49	-	-	49
Lake Tekapo Community Hall	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from the Lake Tekapo community hall activity	(5)	78	(50)	23
Lake Tekapo Township	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from the Lake Tekapo Township activity	(596)	389	-	(207)
Lake Tekapo Township - Internal Loan	Public Facilities, Parks and Places	Internal loan for funding Lake Tekapo township assets	(116)	-	65	(52)
Mackenzie Community Centre	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from the Mackenzie community centre activity	67	2,885	(3,003)	(51)
Mackenzie Community Centre – Internal Loan	Public Facilities, Parks and Places	Internal loan for funding Mackenzie community centre assets	-	(2,426)	485	(1,941)
Old Library Café	Tourism, Economic Development and Commercial Activities	Accumulate surpluses / (deficits) from the Old Library Café activity	133	119	(29)	222
Other Reserves - Lake Alexandrina	Public Facilities, Parks and Places	Accumulate surpluses from Lake Alexandrina and other reserves activities	869	614	(239)	1,243
Pensioner Housing	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of pensioner housing in Fairlie and Twizel	207	571	(473)	305
Plant Account	Governance and Corporate Services	Accumulate surpluses/(deficits) from Council's plant operations	(24)	1,558	(1,584)	(50)
Public Toilets – Capital Reserve	Public Facilities, Parks and Places	To fund replacement of district public toilets assets	(278)	650	(150)	221
Public Toilets - Internal Loan	Communities and Township Services	Internal loan for funding the district's public toilets assets	(270)	-	150	(120)
Pukaki Airport Board	Tourism, Economic Development and Commercial Activities	To fund the operations of Council's airport assets	1,773	-	(953)	820
Pukaki Visitor Centre	Tourism, Economic Development and Commercial Activities	Accumulate surpluses from the Pukaki Visitor Centre activity	57	112	-	169
Real Estate	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) from the Real Estate activity	1,196	121	(876)	441
Resource Planning – Internal Loan	Regulatory and Building Services	Internal loan to fund the District Plan Review	(6,626)	(1,104)	3,747	(3,983)
Responsible Camping – Capital Reserve	Regulatory and Building Services	To fund capital replacement of Responsible Camping assets	4	22	-	26
Rural Works and Services	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from Rural Works and Services activity	236	193	(194)	234
School Road Water	Three Waters	Accumulate surpluses/(deficits) from the School Road water supply activities	41	7	-	49
Sherwood Downs Hall and Recreation Reserve	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of the Sherwood Downs community hall and reserve	63	-	-	63
Skipton Hall	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of the Skipton Hall activity	(1)	-	-	(1)
Stormwater	Three Waters	Accumulate surpluses/(deficits) from stormwater activities	578	5,862	(5,940)	501
Stormwater – Internal Loanr	Three Waters	Internal loan to fund stormwater assets	-	(2,153)	301	(1,852)
Swimming Pool - Strathconan	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of the Fairlie Swimming Pool	(128)	186	(50)	8
Swimming Pool - Strathconan - Internal Loan	Public Facilities, Parks and Places	Internal loan to fund Fairlie Swimming Pool assets	(290)	-	150	(140)
Swimming Pool - Twizel	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of the Twizel Swimming Pool	(255)	185	(50)	(121)
Swimming Pool - Twizel - Internal Loan	Public Facilities, Parks and Places	Internal loan to fund Twizel Swimming Pool assets	(735)	-	400	(335)

Reserve	Activity reserve relates to	Purpose of reserve	Opening balance 1 July 2024 $000's	Movement into reserve $000's	Movement from reserve $000's	Closing balance 30 June 2024 $000's
Separate Reserves continued						
Tourism and Development	Tourism, Economic Development and Commercial Activities	Accumulate surpluses/(deficits) of the Tourism and Economic Development activity	(68)	510	(297)	145
Twizel Community Board		Accumulate surpluses/(deficits) from Twizel Community Board activity	22	-	-	22
Twizel Community Centre	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) of the Twizel Events Centre	(199)	838	(481)	158
Twizel Community Centre - Internal Loan	Public Facilities, Parks and Places	Internal loan to fund Twizel Events Centre assets	(305)	(105)	201	(204)
Twizel Township	Public Facilities, Parks and Places	Accumulate surpluses/(deficits) from Twizel Township activity	(508)	398	-	(110)
Twizel Township - Internal Loan	Public Facilities, Parks and Places	Internal loan to fund Twizel township assets	(64)	-	64	0
Urban Water	Three Waters	Accumulate surpluses/(deficits) from urban water activities	(3,882)	28,372	(21,098)	3,393
Urban Water - Internal Loan	Three Waters	Internal loan to fund urban water assets	(9,150)	(6,514)	5,546	(10,118)
Waste Management	Waste Management and Minimisation	Accumulate surpluses/(deficits) from waste operations	229	675	(264)	639
Wastewater	Three Waters	Accumulate surpluses/(deficits) from sewer activities	5,027	15,326	(16,087)	4,266
Wastewater – Internal Loan	Three Waters	Internal loan to fund wastewater assets	-	(8,174)	3,621	(4,554)
			(4,191)	**117,780**	**(100,976)**	**12,614**
Revaluation Reserves						
Share Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate changes in value of Council's share investments	10,587	6,949	-	17,536
Investment Revaluation	Tourism, Economic Development and Commercial Activities	Accumulate movements in Council's long- term investments	0	-	-	0
Land	Governance and Corporate Services	Accumulate changes in value of Council's land holdings	43,195	9,071	-	52,267
Water Supplies	Three Waters	Accumulate changes in value of Council's water infrastructure	26,992	18,274	-	45,266
Downlands Water Supply	Three Waters	Accumulate changes in value of Downlands water infrastructure	1,586	740	-	2,326
Wastewater Schemes	Three Waters	Accumulate changes in value of Council's wastewater infrastructure	21,788	12,001	-	33,789
Stormwater Schemes	Three Waters	Accumulate changes in value of Council's stormwater infrastructure	6,293	3,969	-	10,262
Roading	Transportation	Accumulate changes in value of Council's roading infrastructure	112,241	48,630	-	160,871
Plant	Public Facilities, Parks and Places	Accumulate changes in value of Council's plant assets	0	-	-	0
Buildings	Governance and Corporate Services	Accumulate changes in value of Council's buildings	14,630	-	(143)	14,487
			237,310	**99,634**	**(143)**	**336,805**
Total Reserves			**245,861**	**218,528**	**(102,593)**	**361,800**

Long Term Plan Disclosure Statement

What is the purpose of this statement?

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

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

Rates affordability benchmark

The Council meets the rates affordability benchmark if its planned rates' increases equal or are less than each quantified limit on rates increases.

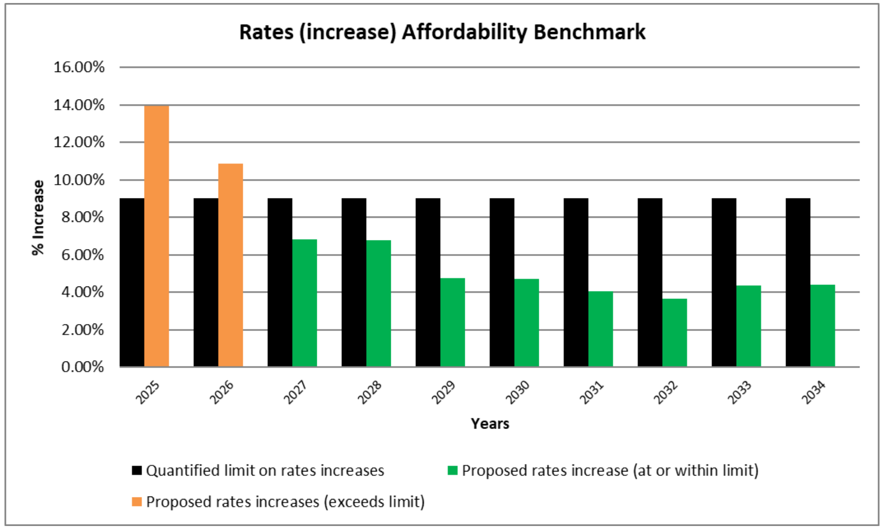
Rates (increase) affordability

The following graph compares the Council's planned rates' increase with the quantified limit on rates increases contained within the financial strategy included in this Long-Term Plan..

The quantified limit is that annual rates' increases will not be more than 9.00% (including LGCI).

Our first two years of proposed rates rises will exceed our limits but will drop within our target from year three onwards. We believe we need to increase rates for the first few years at a higher rate to address costs that have risen sharply due to cumulative inflation.

Over the 10 years of this LTP the average rates' increases are 6.50 % which is lower than the benchmark of 9% including the LGCI.



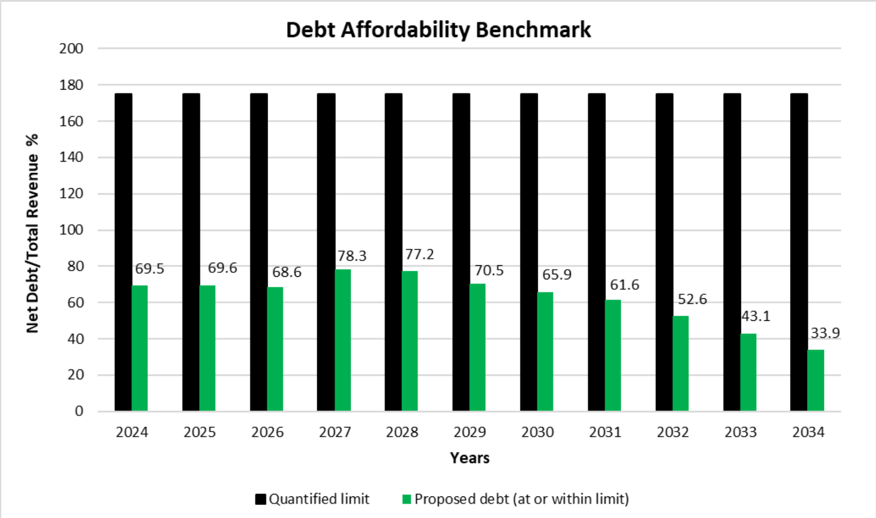
Debt affordability benchmark

The Council meets the debt affordability benchmark if its planned borrowing is within each quantified limit on borrowing.

The following graph compares the Council's planned debt with a quantified limit on borrowing contained within the financial strategy included in this Long-Term Plan.

The quantified limit is that debt will not exceed 175% of total revenue.

Across the ten years of this LTP is not expected to exceed 80% of total revenue.



Balanced budget benchmark

The following graph displays the Council's planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment) as a proportion of planned expenses (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

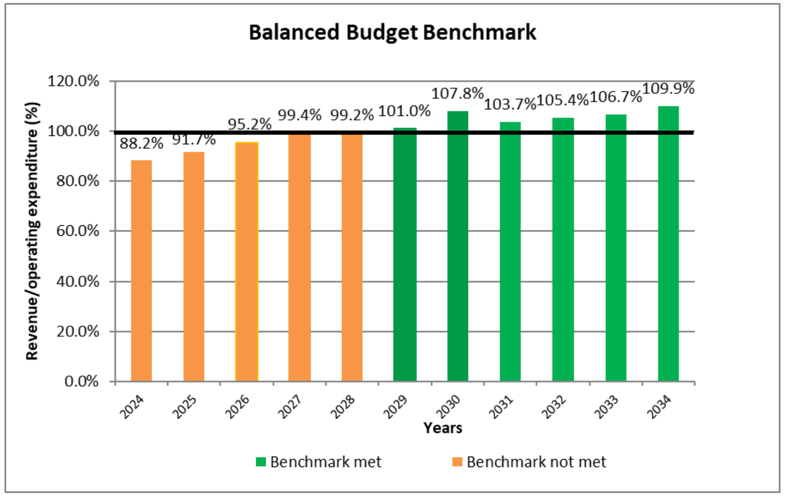
Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.

The balanced budget provisions of the Local Government Act 2002 (s100) allow a council to not fully fund all expenditure (which includes depreciation) provided it can demonstrate that it is financially prudent to do so. Our decision to do this contributes to the situation below.

For years one, two, three and four our revenue (when excluding the items above) is less than our operating expenses, Council does return to a balanced budget from year five onwards. We think that we need to do this to pay for everything that we need to do without further increasing rates and Council had made a conscious decision not to fully fund depreciation.

Depreciation is non-cash expense and so the amount of cash on hand that Council holds is not affected by this decision

For years three and four the balanced budget is closed to 100% (99.4% and 99.2% respectively).

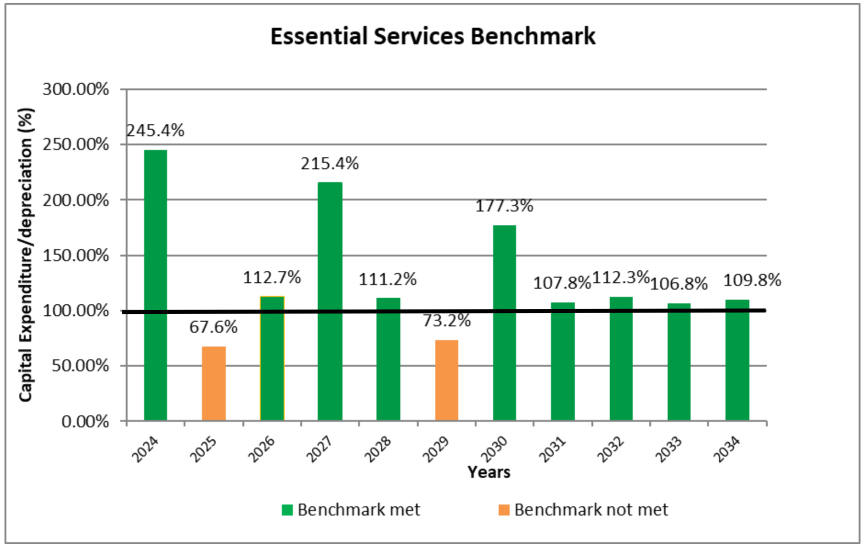


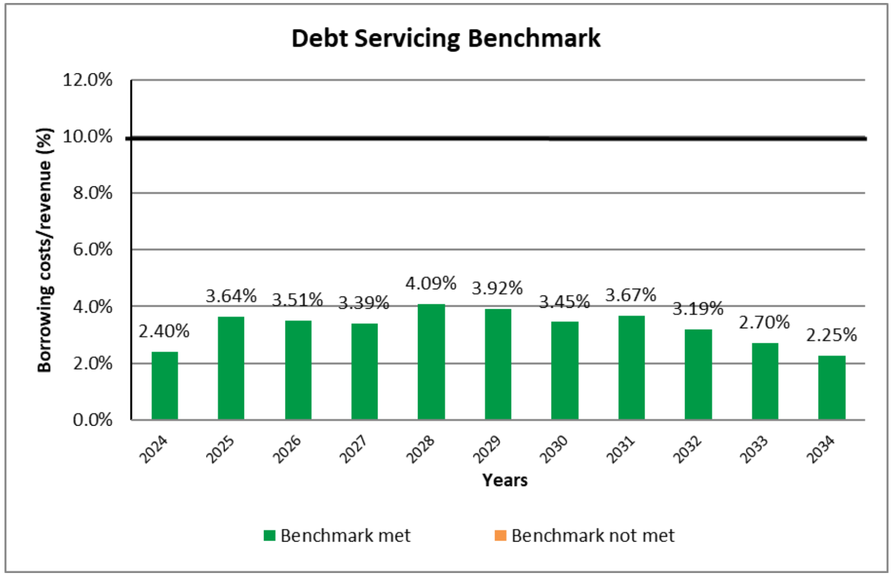
Essential services benchmark

The following graph displays Council's planned capital expenditure on network services as a proportion of expected depreciation on network services.

Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.

For years one and five, Council breaches the essential services benchmark, this is a result of significant capital programmes being undertaken either in the previous financial year or the next financial year/s. It allows the Council to either build back up capital reserves from funded depreciation to utilise in future years or plan and design and scope for the programmes budgeted in the following year.





Debt servicing benchmark

The following graph displays the Council’s planned borrowing costs as a proportion of planned revenue (excluding development contributions, financial contributions, vested assets, gains on derivative financial instruments, and revaluations of property, plant, or equipment).

Because Statistics New Zealand projects Council’s population will grow slower than the national population is projected to grow, it meets the debt servicing benchmark if its planned borrowing costs equal or are less than 10% of its planned revenue.

Rating Information for 2024/25

All rates are shown GST inclusive

Rating definitions

Separately Used or Inhabited Part of a Rating Unit (SUIP)

Where uniform annual general charges (UAGC) and targeted rates are assessed on each separately used or inhabited part (SUIP) of a rating unit, the following definition will apply.

A separately used or inhabited part of a rating unit includes any part of a rating unit that is used or inhabited by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence, or other agreement, or any parts or parts of a rating unit that can be separately used or inhabited by the ratepayer. This definition includes separately used parts, whether or not actually inhabited at any particular time, which are provided by the owner for rental (or some other form of occupation) on an occasional or long-term basis by someone other than the owner.

For the purposes of this definition, vacant land and vacant premises offered or intended for use or inhabitation by a person other than by the owner and usually used as such, are defined as “used”. For the avoidance of doubt, a rating unit that has a single use or occupation is treated as having one separately used or inhabited part.

Examples of properties which have separately used or inhabited parts include:

- Residential property that contains two or more units that can be separately inhabited, including flats or houses each of which is or can be separately inhabited
- Commercial or other non-residential property containing separate residential accommodation
- Commercial premises that contain separate shops, kiosks or other retail or wholesale outlets, each of which is operated as a separate business or is capable of operation as a separate business
- Farm property with more than one dwelling
- Council property with more than one lessee.

Council has recognised that there are certain instances where the above situations will occur, but in circumstances that do not give rise to separate uses or inhabitations.

These specific instances are:

- Where a residential property contains not more than one additional separately inhabited part and where members of the owner’s family inhabit the separate part on a rent-free basis
- Individual storage garages / partitioned areas of a warehouse
- Bed and breakfast home stays.

Differential Categories

All properties	All rateable properties in the Mackenzie District
Ohau A	All rating units in the former Twizel ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25320 00701A)
Tekapo A	All rating units in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 25300 15901)
Tekapo B	All rating units in the former Tekapo ward, used for hydroelectric power generation (as more particularly defined on valuation roll number 2530 18400)
All Other Properties	All rating unts in the Mackenzie District other than Ohau A, Tekapo A and Tekapo B
All Other Rural Properties	All rating unts in the Mackenzie District excluding the community areas of Twizel, Tekapo, Fairlie and Mount Cook Village and other than Ohau A, Tekapo A and Tekapo B
Rural Community	All rating units in the Mackenzie District excluding the community areas of Twizel, Tekapo, Fairlie and Mount Cook Village
Commercial Business	All rating units within the Mackenzie District identified as where the principal user of the land is identified as being a trading entity engaged in commercial business activities (excluding commercial accommodation providers)
Industrial Land Properties	All rating units within the Mackenzie District with a property category code beginning with I in the Council’s Rating Information Database. The property category code is the code given to a property when identifying the highest and best use of a property by Council’s valuation service provider

Commercial Accommodation Business	All rating units within the Mackenzie District identified as accommodation providers for short term (less than 30 consecutive days occupancy by the same occupier) paying guests and where the principal use of the land is commercial accommodation business
Secondary Accommodation Properties	All other rating units within the Mackenzie District identified by Council as accommodation providers for short term (less than 30 consecutive days occupancy by the same occupier) paying guests, but where the principal use of the land is not commercial accommodation business

General Rate

A general rate will be set on capital value under section 13 of the Local Government (Rating) Act 2002 on all rateable land.

The general rate will be set differentially using the following categories based on the use and location of the land:

- Tekapo A
- Ohau A
- Tekapo B
- All Other Properties

The relationship between the rates set in the differential categories are as follows:

Category	***Revenue Produced***
Ohau A	10% of the total rate requirement excluding UAGC requirement
Tekapo A	10% of the total rate requirement excluding UAGC requirement
Tekapo B	10% of the total rate requirement excluding UAGC requirement
All Other Properties	70% of the total rate requirement excluding UAGC requirement

The general rate is used to fund in whole or part, the general activities of Council, including but not limited to the following:

- Democracy (Council General)
- Health and Liquor Guidelines
- Animal Control
- Building Control
- District Planning
- Resource Consent Planning
- Responsible Camping
- Civil Defence
- Waste Management
- Pensioner Housing
- Public Toilets
- Cemeteries
- Medical Facilities
- Tourism and Economic Development

	Factor	**Estimated Revenue 2024/25**
Ohau A	0.0026320 per dollar of capital value	906,923
Tekapo A	0.0225884 per dollar of capital value	906,923
Tekapo B	0.0039830 per dollar of capital value	906,923
All Other Properties	0.0011623 per dollar of capital value	6,348,461
		$9,069,230

Uniform Annual General Charge (UAGC)

A uniform annual general charge will be set under section 15 of the Local Government (Rating) Act 2002 as a fixed amount per SUIP.

Its level is designed to obtain a balance between flat charges and rates on capital value that is acceptable to Council. It is not used to fund any special portion of the general expenditure of Council.

The uniform annual general charge is used to fund in whole or part, the general activities of Council, including but not limited to the following:

- Democracy (Council General)
- Health and Liquor Guidelines
- Animal Control
- Building Control
- District Planning
- Resource Consent Planning
- Responsible Camping
- Civil Defence
- Waste Management
- Pensioner Housing
- Public Toilets
- Cemeteries
- Medical Facilities
- Tourism and Economic Development

	Factor	**Estimated Revenue 2024/25**
Uniform Annual General Charge	$100.00 per SUIP	**$565,450**

Targeted Rates

Sections 16 to 19 of the Local Government (Rating) Act 2002 authorise Council to set targeted rates to fund functions that are identified in its Long Term Plan as being functions for which targeted rates may be set.

Schedule 3 of the Local Government (Rating) Act 2002 lists factors that may be used to calculate the liability of targeted rates and section 18 provides that rates may be set per rating unit. The Council may select one or more of these factors for each targeted rate. If differential rating is being used, the Council must use the matters contained in Schedule 2 of the Local Government (Rating) Act 2002 to define the differential categories.

Lump Sum Contributions – except in respect of the Eversley Reserve Sewerage Rate, the Council does not accept lump sum contributions for any targeted rates.

Works and Services Targeted Rates

The following targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund Council's works and services activities.

Council's swimming pools and community halls are 60% funded as part of this rate. The works and services that may be provided to each community include:

- Social services and information provision
- Village and township maintenance
- Parks and reserves
- Swimming pools
- Community halls

Twizel Works and Services Rate

This targeted rate will be assessed on every rating unit in the Twizel community area of benefit (as defined on a map held by Council) and will be:

- A fixed amount per SUIP of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate in the dollar based on capital value of the land to fund the balance of the targeted rate requirement.

Currently the 2024/25 split of the rate requirement is 10% fixed charges and 90% rate in the dollar of capital value.

	Factor	Estimated Revenue 2024/25
Fixed Charge	$41.60 per SUIP	96,062
Capital Value Rate	0.0005436 per dollar of capital value	864,558
		$960,620

Fairlie Works and Services Rate

This targeted rate will be assessed on every rating unit in the Fairlie community area of benefit (as defined on a map held by Council) and will be:

- A fixed amount per SUIP of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate in the dollar based on the capital value of the land to fund the balance of the targeted rate requirement.

Currently the 2024/25 split of the rate requirement is 10% fixed charges and 90% rate in the dollar of capital value.

	Factor	Estimated Revenue 2024/25
Fixed Charge	$98.30 per SUIP	60,208
Capital Value Rate	0.0018895 per dollar of capital value	541,870
		$602,078

Lake Tekapo Works and Services Rate

This targeted rate will be assessed on every rating unit in the Lake Tekapo community are of benefit (as defined on a map held by Council) and will be:

- A fixed amount per SUIP of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate in the dollar based on the capital value of the land to fund the balance of the targeted rate requirement.

Currently the 2024/25 split of the rate requirement is 48% fixed charges and 52% rate in the dollar based on capital value.

	Factor	Estimated Revenue 2024/25
Fixed Charge	$265.00 per SUIP	272,815
Capital Value Rate	0.0003100 per dollar of capital value	295,550
		$568,365

Rural Works and Services Rate

This targeted rate will be assessed on every rating unit in the rural community (as defined on a map held by Council, excluding Mount Cook Village) and will be:

- A fixed amount per SUIP of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the capital value of the land to fund the balance of the targeted rate requirement, set differentially using the following categories based on the use and location of the land:
    - Ohau A
    - Tekapo A
    - Tekapo B
    - All Other Rural Properties

The relationship between the rates set in the differential categories is as follows:

Category	***Factor***
Ohau A	20% of the total rate requirement
Tekapo A	20% of the total rate requirement
Tekapo B	20% of the total rate requirement
All Other Rural Properties	40% of the total rate requirement

Currently the 2024/25 split of the rate requirement is 40% fixed charges and 60% rate in the dollar based on capital value.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$24.30 per SUIP	39,117
Ohau A	0.0000341 per dollar of capital value	11,735
Tekapo A	0.0002923 per dollar of capital value	11,735
Tekapo B	0.0000515 per dollar of capital value	11,735
All Other Rural Properties	0.0000092 per dollar of capital value	23,470
		$97,792

Wastewater Rates

Sewage Treatment Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo communities and Burkes Pass township (as defined on maps held by Council) to fund the cost of sewage treatment.

The targeted rate will be:

- A fixed amount per SUIP of a rating unit which is connected to a community sewerage scheme
- An additional targeted rate will be assessed on every rating unit which is connected to a community sewerage scheme of a fixed amount per water closet or urinal after the first (rating units comprising a single household are treated as having one water closed or urinal). This rate will be set at 25% of the fixed amount.

Note*: For the purposes of the targeted rates for sewage treatment:*

a) The sewerage service is treated as being provided if the rating unit is connected to a public sewerage drain;

b) A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

Sewerage Infrastructure Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo communities and Burkes Pass township (as defined by maps held by Council) to fund the Council's sewerage infrastructure services. This includes sewer maintenance, depreciation and the servicing of loans.

The targeted rate will be:

- A fixed amount per SUIP of a rating unit which is connected or capable of being connected to a community sewerage scheme
- An additional targeted rate will be assessed on every rating unit connected to a community sewerage scheme of a fixed amount per water closet or urinal after the first (rating units comprising a single household are treated as having one water closet or urinal). This rate will be set at 25% of the fixed amount.

Note: *for the purposes of the targeted rate for sewerage infrastructure:*

a) The sewerage infrastructure service is treated as being provided if the rating unit is connected to or able to be connected to a public sewerage drain and is within 30 metres of such a drain;

b) A rating unit used primarily as a residence for one household is treated as having not more than one water closet or urinal.

	Factor	Estimated Revenue 2024/25
Treatment Fixed Charge	$81.43 per SUIP	265,650
Treatment Additional Charge	$20.35 for each additional water closet	16,869
Infrastructure Fixed Charge	$269.11 per connectable SUIP	1,074,302
Infrastructure Additional Charge	$67.28 for each additional water closet	55,774
		$1,412,595

Eversley Reserve Sewerage Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to repay a loan made by Council to Eversley Reserve ratepayers to fund on-property sewerage infrastructure for rating units in the Eversley Reserve area of benefit. excluding those rating units that opted to pay a lump sum contribution.

The targeted rate will be a fixed amount per rating unit in the Eversley Reserve (as defined on a map held by Council), excluding those rating units which have opted to pay the lump sum contribution.

	Factor	Estimated Revenue 2024/25
Eversley Reserve Fixed Charge	$938.30 per rating unit	**$11,260**

Urban Stormwater Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel and Lake Tekapo communities (as defined on maps held by Council) to fund the costs of Council's urban stormwater reticulation.

The targeted rate will be a fixed amount per SUIP of a rating unit which is within the communities of Fairlie, Twizel and Lake Tekapo.

	Factor	Estimated Revenue 2024/25
Fixed Charge	$59.12 per SUIP	**$233,478**

Urban Water Supply Rates

Water Treatment Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo communities and Burkes Pass township (as defined on maps held by Council) to fund the costs of Council's urban water treatment.

The targeted rate will be a fixed amount per SUIP of a rating unit which are connected to a Council community water supply (except those rating units receiving a metered water supply).

Water Infrastructure Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 on rating units located in the Fairlie, Twizel (including land encompassing and known as Pukaki Airport), Lake Tekapo communities and Burkes Pass township (as defined on maps held by Council) to fund the Council's urban water supply infrastructure services. This includes maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per SUIP of a rating unit which is connected or capable of connection to a council community water supply (except those rating units receiving a metered water supply).

Note*: any rating unit to which water can be but is not supplied (being a property situated within 100 metres of any part of an urban communities' waterworks) is treated as being capable of connection.*

Metered Water Rate

A targeted rate under section 16 of the Local Government (Rating) Act 2002. The targeted rate will be a fixed amount per metered supply on any separately used or inhabited part of a rating unit which receives a Council water metered supply.

- Fairlie community
- Twizel community
- Lake Tekapo community
- Burkes Pass community
- Rural community

	Factor	Estimated Revenue 2024/25
Treatment Fixed Charge	$95.39 per connected SUIP	306,016
Infrastructure Fixed Charge	$525.08 per connectable SUIP	2,071,978
Metered Water Fixed Charge	$620.48 per metered supply per SUIP	131,543
		$2,509,537

Rural Water Supply Rates

The following targeted rates will be assessed under the Local Government (Rating) Act 2002 to fund rural water supplies.

***Note**: rating units are considered to be supplied if the rating unit receives a water supply, or any part of the rating unit lies within the defined area of benefit for that supply (as defined on maps held by Council).*

Allandale Water Supply

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit supplied with water by the Allandale rural water supply, to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per unit of water supplied.

***Note**: For the purposes of the Allandale water supply, a unit of water allows for a supply of 1,820 litres per day.*

Fairlie Water Race

A targeted rate for a water supply under section 16 of the Local Government (Rating) Act 2002 assessed on every rating unit within the defined area of benefit for the Fairlie water race, to partly fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per rating unit.

An additional targeted rate will be a fixed amount per hectare within the rating unit.

Spur Road Water Supply

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit supplied with water by the Spur Road rural water supply, to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted will be a fixed amount per unit of water supplied.

***Note**: For the purposes of the Spur Road water supply, a unit of water allows for a supply of 1,820 litres per day.*

Downlands Water Supply

A targeted rate for water supply under section 16 of the Local Government (Rating) Act 2002 on every rating unit serviced by Downlands water supply within the Mackenzie District, to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per rating unit.

A targeted rate for water supply under section 19 of the Local Government (Rating) Act 2002 assessed on every rating unit serviced by Downlands water supply within the Mackenzie District, to fund the costs of maintenance, depreciation and the servicing of loans.

The targeted rate will be a fixed amount per unit of water.

***Note:** for the purposes of the Downlands water supply, a unit of water allows for a supply of 1,000 litres per day.*

	Factor	Estimated Revenue 2024/25
Allandale Water Supply	$299.80 per unit	152,297
Fairlie Water Race Fixed Charge	$30.00 per rating unit	870
Fairlie Water Race	$4.32 per hectare	3,001
Spur Road Water Supply	$437.62 per unit	29,320
Downlands Water Fixed Charge	$722.00 per rating unit	41,154
Downlands Water Supply	$289.00 per unit	62,424
		$289,066

District Roading Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the costs of all roading in the Mackenzie District, both subsidised and non-subsidised.

The targeted rate will be assessed on every rating unit in the Mackenzie District (excluding Mount Cook Village) and will be made up of two components:

- A fixed amount per SUIP of a rating unit to fund an annually defined percentage of the targeted rate requirement; and
- A rate based on the capital value of the land, to fund the balance of the targeted rate requirement, set differentially using the following categories based on the use and location of the land:

  a) Ohau A
  b) Tekapo A
  c) Tekapo B
  d) All Other Properties

The relationship between the rates set in the differential categories is as follows:

Category	***Revenue Produced***
Ohau A	10% of the total rate requirement
Tekapo A	10% of the total rate requirement
Tekapo B	10% of the total rate requirement
All Other Properties	70% of the total rate requirement

Currently the 2024/25 split of the rate requirement is 35% fixed charges and 65% rate in the dollar based on capital value.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$142.71 per SUIP	793,086
Ohau A	0.0004274 per dollar of capital value	147,287
Tekapo A	0.0036684 per dollar of capital value	147,287
Tekapo B	0.0006468 per dollar of capital value	147,287
All Other Properties	0.0001915 per dollar of capital value	1,031,012
		$2,265,959

Solid Waste Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to partly fund the cost of all solid waste activity undertaken by Council. It will be assessed on every rating unit to which the Council provides the service. These waste collection areas (as defined on maps held by Council) are:

- Twizel waste collection area
- Lake Tekapo waste collection area
- Fairlie waste collection area
- Those rating units within one kilometre of the collection route on State Highway 8 from Cave in the east to Twizel in the west that have opted to receive the service.

The targeted rate will be a fixed amount per SUIP of a rating unit to which the Council provides the service.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$364.34 per SUIP	**$1,182,114**

Tourism and Economic Development Rates

Targeted rates will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the costs of Mackenzie District tourism and promotion activities.

Fixed Amount
A targeted rate will be assessed as a fixed amount per SUIP of a rating unit on every rating unit in the Mackenzie District.

Differential Rate
Targeted rates will be assessed on rating units in the following categories (defined on the basis of the use to which the land is put), and set differentially:

The categories for the rate are:

- Commercial Business
- Industrial Land Properties
- Commercial Accommodation Business
- Secondary Accommodation Properties

The targeted rates will be:

- Commercial Business – a rate on the rateable capital value of the land on rating units in the commercial business category
- Industrial Land Properties – a fixed amount per rating unit for industrial land properties
- Commercial Accommodation Business – a rate on the rateable capital value of the land on rating units in the commercial accommodation category
- Secondary Accommodation Properties – a rate on the rateable capital value of the land on rating units in the secondary accommodation category.

The amount per dollar of capital value for secondary accommodation properties is half of that for commercial properties.

The relationship between the rates set is as follows:

Category	***Revenue Produced***
All Properties	10% of the total rate requirement
Commercial Business	29.14% of the total rate requirement
Industrial Land Properties	0.86% of the total rate requirement
Commercial Accommodation Business	27.73% of the total rate requirement
Secondary Accommodation Properties	32.27% of the total rate requirement

Currently the 2024/25 split of the rate requirement is 11% fixed charges and 89% rate in the dollar based on capital value.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$13.11 per SUIP	74,154
Commercial Business	0.0009366 per dollar of capital value	216,061
Industrial Land Properties	$100.00 per rating unit	6,400
Commercial Accommodation Business	0.0008107 per dollar of capital value	205,598
Secondary Accommodation Properties	0.0004054 per dollar of capital value	239,323
		$741,536

Rural Cattle Stop Maintenance Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund the cost of the maintenance and upgrade costs of cattle stop structures and approaches (10 metres either side of the transverse centre line running through the middle of the cattlestop) on Council road and the outer boundary of a rating unit.

The targeted rate will be a fixed amount per cattle stop, (or part thereof, if the cattlestop benefits more than one rating unit) on those rating units benefitting.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$125.00 per cattle stop	**$5,875**

Community Facilities Rate

A targeted rate will be assessed under section 16 of the Local Government (Rating) Act 2002 to fund 30% of the cost of the Twizel Events Centre, Twizel Swimming Pool, Lake Tekapo Community Hall, Mackenzie Community Centre, Strathconan Swimming Pool, Albury Hall, Skipton Hall, and Sherwood Hall.

The targeted rate will be a fixed amount per SUIP of a rating unit on every rating unit in the Mackenzie District.

	Factor	**Estimated Revenue 2024/25**
Fixed Charge	$65.05 per SUIP	**$367,827**

Due Date for payment of Rates

All rates will be payable in three instalments on the due dates as follows:

Instalment Number	**Due Date**
One	20 September 2024
Two	20 December 2024
Three	20 March 2025
Four	20 June 2025

Ratepayers may elect to pay on a more regular basis if they choose before the due date of any instalment. Rates may be paid utilising any payment methods acceptable to the Council, including quarterly direct debits, cash or eftpos at Council offices, direct credit or other bank transfer methods.

Penalties

A penalty of 10% of the amount of the rates assessed in the 2024/2025 financial year remaining unpaid will be added if not paid on or before the due date, on the following dates:

Instalment Number	**Penalty Date**
One	22 September 2024
Two	22 December 2024
Three	22 March 2025
Four	22 June 2025

A further penalty under section 58 of 10% of the amount of any rates for previous financial years remaining unpaid on the later of 5 working days after the date of resolution (8 August 2024) will be added.

A further penalty of 10% will be added to any unpaid rates from previous financial years that remain unpaid on 8 January 2025.

Rates examples

The following examples show how the adopted changes will affect properties in different areas. The examples show the rates proposed for 2024/25 compared with actual rates for 2023/24.

In the following examples the variables are used to demonstrate the potential impacts on rateable properties in different locations.

- Targeted rates for stormwater, wastewater, waste management and water have not been included for rural properties and where applicable will be additional to the rates identified.
- Extraordinary metered water charges are not included and where applicable will be additional to the rates identified.

Fairlie

Type	Last year's capital value	Actual 2023/24	New capital value	Proposed 2024/25	Rates change
Section mid value	145,000	1,635.40	185,000	1,872.49	**237.10**
House low value	260,000	2,572.41	325,000	2,867.72	**295.31**
House mid value	345,000	2,893.93	430,000	3,208.26	**314.33**
House high value	630,000	3,971.97	750,000	4,246.10	**274.13**
Commercial mid value	530,000	4,183.48	550,000	4,212.60	**29.12**
Commercial high value	1,130,000	7,007.50	1,200,000	6,929.53	**(77.97)**
Accommodation mid value	530,000	4,072.88	570,000	4,124.40	**51.52**
Accommodation high value	1,000,000	6,275.63	1,050,000	6,070.29	**(205.34)**
Secondary mid value	290,000	2,816.99	360,000	3,127.17	**310.18**
Secondary high value	750,000	4,764.96	750,000	4,550.15	**(214.81)**

Lake Tekapo

Type	Last year's capital value	Actual 2023/24	New capital value	Proposed 2024/25	Rates change
Section mid value	370,000	1,865.59	520,000	2,304.34	**438.75**
House low value	500,000	2,590.18	500,000	2,812.23	**222.06**
House mid value	800,000	3,103.81	850,000	3,394.54	**290.74**
House high value	1,200,000	3,788.65	1,260,000	4,076.68	**288.03**
Commercial mid value	1,150,000	4,865.76	1,200,000	5,200.81	**335.06**
Commercial high value	7,580,000	21,816.53	7,580,000	21,791.23	**(25.29)**
Accommodation mid value	770,000	3,748.60	740,000	3,811.43	**62.83**
Accommodation high value	5,800,000	16,908.09	6,640,000	18,410.50	**1,502.41**
Secondary mid value	750,000	3,357.28	750,000	3,532.21	**174.93**
Secondary high value	1,230,000	4,396.09	1,290,000	4,649.54	**253.45**

Twizel

Type	Last year's capital value	Actual 2023/24	New capital value	Proposed 2024/25	Rates change
Section mid value	265,000	1,583.84	300,000	1,785.00	**201.17**
House low value	365,000	2,278.65	490,000	2,686.67	**408.02**
House mid value	500,000	2,538.93	600,000	2,895.39	**356.45**
House high value	1,300,000	4,081.33	1,580,000	4,754.81	**673.48**
Commercial mid value	1,010,000	4,555.55	1,190,000	5,229.43	**673.88**
Commercial high value	3,480,000	11,600.24	4,600,000	14,893.39	**3,293.15**
Accommodation mid value	750,000	3,699.01	750,000	3,787.99	**88.99**
Accommodation high value	8,810,000	26,525.73	8,810,000	25,614.84	**(910.89)**
Secondary mid value	750,000	3,360.01	750,000	3,484.03	**124.03**
Secondary high value	1,300,000	4,669.06	1,300,000	4,750.55	**81.49**

Rural

Type	Last year's capital value	Actual 2023/24	New capital value	Proposed 2024/25	Rates change
Township section low value	50,000	476.24	50,000	413.32	**(62.92)**
Township low value house	175,000	1,023.40	301,000	1,119.78	**96.38**
Lifestyle low value	660,000	1,342.77	920,000	1,599.13	**256.36**
Lifestyle mid value	700,000	1,399.59	950,000	1,640.02	**240.42**
Lifestyle high value	930,000	1,726.32	1,200,000	1,980.76	**254.45**
Sheep/beef low value	940,000	1,740.52	940,000	1,626.39	**(114.14)**
Sheep/beef mid value	4,325,000	6,549.06	5,020,000	7,187.39	**638.33**
Dairy farm mid value	8,280,000	12,167.32	8,430,000	11,835.20	**(332.12)**
Cropping high value	14,500,000	21,003.10	14,500,000	20,108.56	**(894.54)**
Sheep/beef high value	18,800,000	27,111.44	18,800,000	25,969.43	**(1,142.01)**
Secondary mid value	750,000	1,809.70	750,000	1,671.46	**(138.24)**
Secondary high value	1,300,000	2,839.65	1,300,000	2,644.07	**(195.58)**

Significant Forecasting Assumptions 2024/2034

Growth Assumptions

Assumption	Level of Uncertainty (High/Medium/Low) H	M	L	Risk	Impact of variation to assumption	Management of risk
Population Growth It is assumed that growth in the district's population will generally be consistent with the medium projections developed for Mackenzie District Council in 2020 and reviewed in 2023. These indicate a growth rate of around two percent year on year, with population projections of 6,561 in 2030 and 9,050 in 2050. *Review of Mackenzie District Growth Projections – Sept 2023* *Mackenzie District Growth Projections – Aug 2020*		✓		Population change occurs within the district at a higher or lower rate than predicted.	A significant, consistent decline in population may adversely affect Council's ability to set rates at a level affordable to the community. A significant, consistent increase in population could adversely affect Council's ability to meet some service levels and placing increasing pressure on existing infrastructure.	Council will continue to monitor population measures within the district and respond to meet needs where possible.
Demographic Changes Population growth is expected to occur across all age groups in the district, with the largest growth occurring in the 35-60 year-old age range. Growth is primarily driven by younger workers (20-35 year-olds) who are attracted to the area by employment in the tourism market. It is expected that a portion of these workers will remain in the district as they grow older and have families. A smaller level of growth is expected to occur from people in their later working years or early retirement, moving to the district for lifestyle reasons. Growth in the other age groups is driven by aging, and natural increase. *Mackenzie District Growth Projections – Aug 2020*		✓		Demographic changes occur at a higher or lower rate than expected.	Changes to the projected demographics may place pressure on some Council services due to increasing demand, which may lead to a lower level of service in these areas or a requirement for additional investment.	Council will continue to monitor demographic changes within the district and respond to meet needs where possible.

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
Household Changes It is anticipated that the number of households will grow, reflecting the population projections. Household sizes are also expected to increase slightly as dwelling capacity constraints are reached. This is expected to create significant impacts on demand for infrastructure and services, given the increase in total population projected to occur. *Mackenzie District Growth Projections – Aug 2020*		✓		Household changes across the district occur at a higher or lower rate than expected.	A slower rate of household growth may mean that some service activities have overinvested in infrastructure (too much capacity too soon). A higher rate of growth may see increased demands on council infrastructure and services, impacting expected levels of service.	Council will continue to monitor household changes within the district. Where rapid growth occurs, this is likely to be within existing subdivisions where servicing provision has already been made or, where growth requires additional infrastructure, developers can be required to meet this demand through the payment of financial contributions.
Dwelling Numbers Dwelling numbers are expected to grow, driven by both population growth and by growth in demand for short-stay visitor accommodation and holiday homes. The expected increase in population will create an increase in occupied dwellings/households, as new residents in the district will require sufficient housing. It is also expected that the number of unoccupied dwellings will increase to account for growth in short-stay visitor accommodation and holiday homes. This is driven by year-on-year increases in both domestic and international visitor numbers to the district. Unoccupied dwellings currently make up a large portion of available housing, particularly in Twizel and Tekapo (both currently 52% unoccupied). This portion is expected to decrease slightly as dwelling constraints are reached in these areas, and the demand to house residents is filled from the supply of short-stay accommodation and holiday homes. *Mackenzie District Growth Projections*		✓		Dwelling changes across the district occur at a higher or lower rate than expected.	A higher or lower rate of dwelling growth may impact on provision of services, such as the issue of resource and building consents.	Council will continue to monitor dwelling growth in the district and adjust provision of supporting services as required.

Assumption	Level of Uncertainty *(High/Medium/Low)*			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
Distribution of development across the district The pattern of growth will be consistent with the spatial planning used to inform the District Plan Review. The pattern of growth will be guided by the residential zoning and provisions outlined in Plan Change 21, made operative in September 2023. Understanding of the growth pattern will be sufficient for infrastructure planning. *Mackenzie Spatial Plans – Sept 2021* *Mackenzie District Plan – Plan Change 21 (Spatial Plans Implementation) – Sept 2023*		✓		Development will be more focused in one area than another. Growth will occur at a rate that differs from infrastructure planning and provision.	Provision of infrastructure will not align with development.	Guide development through the district plan, and track development levels.
Tourism Numbers It is assumed that visitor numbers will return to pre-COVID numbers by 2024, and from that point visitors to Mackenzie District will be at least equivalent to the growth level experienced pre-COVID-19. *Review of Mackenzie District Growth Projections – Sept 2023* *Mackenzie District Growth Projections – Aug 2020*		✓		Change to tourism numbers and composition occurs at a rate significantly above or below the growth levels assumed. Note: Speed of recovery from Covid and the tourism mix post-Covid is still uncertain.	Increases in projected visitor numbers may place pressure on supporting services and infrastructure. Conversely, a drop in tourism to the district may mean that service activities have overinvested.	Council will continue to monitor tourism numbers to the country and district and respond to meet needs where possible.
COVID-19 COVID-19 will remain a constant presence in the community but natural immunity, vaccination levels and treatment options will contain it to the level of an endemic similar to the flu virus. Widespread social and economic disruption is not anticipated.			✓	There will be a re-occurrence of pandemic levels of the COVID-19 or another virus.	Economic activity and international migration and travel will be limited, affecting population and business growth.	Council will continue to track trends and provide for the wellbeing of the community.

Economic and Financial Assumptions

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
Economic environment, income levels and affordability This Plan assumes that the economic environment develops broadly in line with the Reserve Bank of New Zealand's Monetary Policy Statement (as current – the following is of August 2023), including: • Economic growth to slow in 2023 as tighter monetary policy dampens demand to more sustainable levels, possibly resulting in a mild recession. Annual consumer price index inflation to continue its decline from a peak of 7.3% (Jun-22) and current level of 5.6% (Sept-23), to be within the 1%- 3% target band by Sept-24. However, the inflationary impact of Cyclone Gabriel rebuild and strong inward migration remains uncertain. • Interest rates to remain around current high levels over the 2023/24 financial year, with a slow reduction in the Official Cash Rate not expected until at least the second half of calendar 2024. • Employment to slow to more sustainable levels as the economy slows, with unemployment rising from its trough of 3.2% (Mar-22) and current level of 3.9. Council has prepared this Plan on the assumption that inflation and interest rates will remain high in the short term – see assumptions for both – but that a significant economic recession will not occur in the 2023-24 year.		✓		If unexpected local, national, or international economic shocks occur and have a significant negative impact on the economic environment affecting Council costs and or revenue, then a range of risk factors may materialise including: • An unexpected increase in inflation • An increased incidence of supply chain interruptions and delays • An increase in late and non-payment of rates.	Council will not collect the amount of rates required to fund services and activities.	Economic activity is tracked and the funding impact strategy is reviewed in line with the economic circumstances. Regular review of revenue and financing policy. Debtor numbers and values are monitored.
Funding Sources Current Funding sources (including external funding sources) do not change over the first three years of this plan.	✓			Projected revenue from user charges or financial assistance is not achieved. Levels and sources of funding differ from those forecast.	Revenue could reduce without the ability to reduce expenditure proportionately. In this event, the account would run in deficit, with charges reviewed for the next financial	Levels of revenue from user charges have been set at realistic levels in accordance with the Revenue and Financing Policy. There is a concentration of risk associated with a small number of

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
Comment: Funding sources are specified in the Revenue and Financing Policy and Financial Strategy. This applies to user fees, charges and external funding towards projects and assets. It is assumed that Council will seek to develop and introduce a policy for the collection of Development Contributions. However Development Contributions income have not been budgeted.					year. Project and asset funding could result in projects being revised or alternative funding sources used.	industrial consumers for some revenue streams (e.g. extraordinary water charges and trade waste charges). Regular liaison is maintained with these consumers. Funding for projects and assets is considered before the commencement of each project or asset. A significant impact from changes in funding or funding sources may result in a revised capital work programme, or changes in the level of user fees and charges, borrowing or rating requirements.
Costs Costs will be consistent with those budgeted over the period of the Long Term Plan (refer also to inflation assumption). Note: Maintenance expenditure has been based on historical trends.		✓		Costs are higher or lower than anticipated.	Variability of prices, such as for oil, could cause variability in costs.	The Council and management will review its budget annually through the LTP / Annual Planning process and may adjust work programmes / budgets where necessary.
Inflation To develop a consistent approach for local government to account for inflation, Taituarā contracted Business and Economic Research Limited (BERL) to construct forecasts for inflation. It is assumed that long term inflation will be consistent with BERL's Local Government Cost Index (LGCI) forecasts.		✓		Inflationary costs in some areas may increase at a rate different to that forecast.	If inflation rates are higher than forecast in the financial model this will mean that either additional money will be required, or planned work is reduced to fit the fiscal envelope. If the work is not reduced this could mean using additional reserves, increasing debt, or increasing rates.	In preparing the LTP, Council is required to use best estimates in determining the level of costs to be budgeted and to account for the effect of price changes or inflation expected over the ten year period. Some types of costs (eg roading and transport costs) have been subject to fluctuations in recent years, so it is inherently difficult to predict trends with accuracy. However, these costs will be re-evaluated through subsequent annual plan budgeting.

Assumption	Level of Uncertainty *(High/Medium/Low)*			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
Interest Rates Borrowing costs are assumed to be as included in Financial Forecasts. We use internal and external loan funding to pay for most capital expenditure. The level of internal borrowing as a ratio of total borrowing, will depend on cash reserves available, and any risk management approaches considered prudent at the time of raising loans. The interest rate on all loans over the confirming ten years has been assumed to be 5.0%, in the middle of the forecast range. The interest rate on cash investments is assumed to be 5.0% over the ten years as our fixed interest rate investments mature and are reinvested.		✓		Forecast interest rates are higher or lower than forecast.	The movement in interest rates has a wide ranging effect on the Council. An additional 1% to interest rates for external borrowings would increase the cost of capital by approximately $10,000 per year, per $1 million of loans. The Council's cash investments have derived interest at the market rates and the Council's internal financing policy bases the interest paid to or charged to individual communities on the Official Cash Rate. The level of works and services rates levied is dependent in part on the interest rate used in Council's internal funding policy..	Our Treasury Management Policy provides for the use of interest rate management tools to minimise, as far as possible, any adverse interest rate movements. This includes the use of fixed term rates to reduce the exposure to interest rate movements.
Borrowing We can renew our current borrowing and access additional funding in the future. Generally loans are over a **20** year period.		✓		Council will not be able to borrow to meet our requirements	If we cannot renew our borrowing then funding may need to be increased or capital or renewals delayed. If we reach our debt levels and cannot borrow any additional funding, this may result in either project delays, reduced levels of service, or increased funding requirements.	We are well below our debt limit as we have had a policy of generally not borrowing for cyclical renewals or operating costs. We have bank loan facilities that are renewed two yearly and are able to borrow through the Local Government Funding Agency.
NZTA Financial Assistance The Long Term Plan assumes that the subsidy from New Zealand Transport Agency will be 51% across all activities for the life of the Long Term Plan, and that these subsidy rates will remain at this level until the Funding Assistance Rate is reviewed. The approved	✓			Council's risk is the roading programme may not align with the programme and funding in the NLTP, including a number of factors. These include:	The roading programme could be reduced from what is shown, due to limitations on the amount of work NZTA is prepared to financially support.	Include the basis of assumptions in LTP budgets. The Council will consider the impact of any change as part of the annual budget process and

Assumption	Level of Uncertainty (High/Medium/Low) H	M	L	Risk	Impact of variation to assumption	Management of risk
programme is assumed to match the programme in the LTP. (The Government Policy Statement on transport and the funding to Councils in the National Land Transport Programme (NLTP) will not be finalised by the date of the 2024/34 Long Term Plan adoption).				1. a further change in subsidy rates and/or size of the programme in years 4-10. This plan assumes Council will maintain or expand its spend through additional unsubsidised work. 2. the NZTA subsidy programme may differ in years 1-3 from what has been assumed, which may impact the Council's spend and also the level of rates forecast for future years and the level of rates set for year 1 in particular. 3. We do not know what Government funding will be available	Expenditure may differ in any year from that forecast. If Council wanted to continue its roading programme, other funding sources such as rates would need to be utilised. Uncertainty if budgeted income from Waka Kotahi will be received.	consider the funding implications of any cost changes. The programme for years 1-3 of the LTP has been weighted towards years 2 and 3 to mitigate the effect of variations when the NLTP is known.
Dividends received – Alpine Energy Ltd It has been forecast that the dividend based on Council's shareholding will be similar to current levels.		✓		The dividend could be less than that anticipated. This value could change from year to year based n Alpine Energy decisions and Commerce Commission decisions and regulatory settings.	A lower dividend would reduce this funding source, meaning greater reliance on other revenue sources or reduction in expenditure.	While a level of funding is expected, the financial strategy will consider options if this revenue stream is lost.
Development and Financial Contributions Costs associated with growth will be partially funded through development and/or financial contributions.		✓		Council does not recoup costs associated with meeting infrastructure costs associated with growth in particular.	The ability to fund infrastructure costs will fall on ratepayers alone.	Council is commencing a review of its Development Contributions and Financial Contributions in 2024.
Waste levy The mixed municipal waste levy will remain at $60/tonne from 1 July 2024, at the same time opportunity to receive funding for waste minimisation education and initiatives will level out.			✓	That the cost and revenue associated with the levy is inappropriate.	That increased waste levy costs will discourage responsible disposal of waste, and illegal dumping will increase. That funding of programmes will not be available for waste	Sufficient explanation to the community about the costs and benefits of waste management and minimisation across the district.

Assumption	Level of Uncertainty (High/Medium/Low) H	M	L	Risk	Impact of variation to assumption	Management of risk
					minimisation education and initiatives in Mackenzie District.	
Ownership of Assets **Council Assets (including Three Waters):** It is assumed throughout this plan that we will retain ownership of our significant assets and continue with the current Council Activities.			✓	That the objectives, whether financial or non-financial, of holding strategic assets are not achieved.	Should specified returns not be attainable, we would review our investment. Such a review may have a financial impact.	Any decision to sell or partially sell would be significant. A proposal with options would be provided to the community for feedback as part of a special consultation process. Council will continue to monitor and be involved in ongoing national discussions regarding 3 waters assets and activities.
Sources of Funds for the Future Replacement of Assets It is assumed that funding for the replacement of existing assets will be obtained from the appropriate sources as detailed in Council's Revenue and Financing Policy.			✓	A particular funding source is not available.	Depreciation, where funded, is used for renewals and is funded mainly through rates and user charges. Should other sources of capital funding such as subsidies or development/financial contributions differ from levels forecast in a particular activity, Council is able to access borrowings through its central treasury function and LGFA.	LTP includes forecast funding – which will be reviewed as part of the Annual Plan process.
Timing & Level of Capital Expenditure The Long Term Plan assumes that the timing and cost of capital projects and associated operating costs are as determined through the Council's asset and activity management planning process.	✓			There is a risk that capital projects may not occur as planned, or actual costs may vary from the forecast and therefore may have an impact on the costs. High inflation rates and supply chain issues may lead to inability to get fixed prices at time of tendering. Transport projects seeking subsidy will need a Business Case approach to NZTA which	If projects are not delivered as planned, capital expenditure may differ from forecast. Delays may change the cost of individual projects and defer planned borrowing. This will impact on rates increases. Delayed renewals could lead to an increase in maintenance costs. Any significant delay will have a negative impact on the delivery of future capital programme	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes. High level of vigilance over capital delivery to Executive level, and timely corrective actions if required. Regular reporting to Council on the programme so Council has full visibility of the capital programme, milestones, and tracking.

Assumption	Level of Uncertainty *(High/Medium/Low)*			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
				may change originally anticipated outcomes. NZTA levels of financial assistance is uncertain as referred to above.	due to a limited number of resources Council has available to deploy in any one year.	Programme is prioritized by vulnerability and criticality to ensure projects that would lead to loss of service or additional costs are top of the list Regular market assessments undertaken including critical supply chains to ensure programme is realistic and deliverable Council has the ability to value engineer the project if it exceeds estimates.
Asset Revaluations Council has a policy of revaluing its buildings, land and infrastructural assets on a three yearly basis. The LTP assumes that the book values of the relevant assets as at the revaluation dates will be increased by inflation rates as per the inflation assumption.		✓		Inflationary costs in some areas may be different from that forecast. The condition of the assets may be different to that assumed and the value of the asset may differ accordingly.	There may be a higher or lower asset value and a lower or higher depreciation charge.	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.
Planning Horizons and Asset Lifecycles It is assumed that the planning horizon for growth (30-45 years) and asset lifecycles (30 years plus) are sufficient to inform the ten year forecasts included in the LTP.			✓	The planning horizon for growth and asset life services differ from that assumed.	There is insufficient planning to guide decision making and investment.	LTP and Infrastructure Strategy are thoroughly developed relevant to district issues.
Useful Lives of Assets The useful lives of assets have been assumed as set out in the following table, which matches the depreciation policy under the Statement of Accounting Policies:		✓		Assets last longer than the lives assumed, or assets deteriorate at a faster rate that the lives assumed.	Assets require replacement earlier or later in their life cycle.	Ongoing assessment of the quality of assets means this information is updated regularly and work programmes adjusted to minimise the chance of asset failure. In the event of assets wearing out earlier than anticipated, capital projects could be brought forward. This may affect borrowing and depreciation expenses. Negative impacts are likely to be at least partially offset by some assets

Assumption	Level of Uncertainty (High/Medium/Low) H M L	Risk	Impact of variation to assumption	Management of risk
				lasting longer than estimated. Mitigation may also involve reprioritisation of the capital expenditure programme.

Useful lives of assets table

Assets	Depreciation method	Life (years)	Assets	Depreciation method	Life (years)
Buildings	Straight line	13-80	**Alps 2 Ocean Trail**		
Computer hardware	Straight line	3-10	**Cycleway**	Straight line	50
Computer network cabling	Straight line	10	Formation	Not depreciated	-
Furniture and fittings	Straight line	10	Surfacing	Straight line	0-17
Heritage assets	Straight line	60-150	Land under roads	Not depreciated	-
Land	Not depreciated	-	**Roads and footpaths**		
Motor vehicles	Straight line	5	Formation	Not depreciated	-
Office equipment	Straight line	5-10	Sub-base – sealed rural	Not depreciated	-
Light plant and machinery	Straight line	10-25	Sub-base – sealed	Straight line	100
Plant and machinery	Straight line	10-25	Base course	Straight line	75-125
Solid Waste			Surfacing	Straight line	0-17
Resource recovery parks	Straight line	30-80	Kerb and channelling	Straight line	40-80
Landfills	Straight line	30-50	Street signs	Straight line	20
Litter bins	Straight line	10	Street lighting	Straight line	20-40
Village projects	Straight line	5-80	¤ Bridges	Straight line	80-100
Resource consents	Straight line	10-33	Shoulders	Straight line	100
Stormwater			**Footpaths**		
Lines	Straight line	60-150	Surface	Straight line	25-75
Manholes	Straight line	150	Base	Straight line	30-75
Open drains	Not depreciated	-	Formation	Not depreciated	-
Wastewater			Sub Base	Not depreciated	-
Mains	Straight line	10-100	**Water supplies**		
Pumps	Straight line	15-20	Piping mains	Straight line	10-80
Oxidation ponds	Not depreciated	-	Pumps	Straight line	15-20
Box culverts	Straight line	100	Service lines	Straight line	60-80
Manholes	Straight line	100	Hydrants	Straight line	80
			Valves and air valves	Straight line	25-80
			Meters	Straight line	20-25
			Reservoirs	Straight line	40-80

Government, Legislation And Regulation Assumptions

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
Legislative Change and Regulatory Reform As an organisation that is created and derives its powers from statute, changes to legislation have a direct impact on the way we conduct our business. The speed and scale of legislation review depends largely on the policy direction and priorities of the government of the day. **Assumption** – that there will be no major legislative change materially affecting the ownership of assets nor the delivery of activities over the next 10 years. (As there is currently no certain legislative reform to the status quo).		✓		The local government sector is potentially going through once-in-a-generation change. It is possible that the reforms could significantly change what councils do and how they do it with consequential impacts on funding requirements. The change programmes in play include: - Three waters reform – the National-led Government has repealed the current Water Services legislation, returning future asset ownership and infrastructure investment to local government. - Resource management change – the National-led Government has repealed legislation which significantly changed how councils undertake resource management functions. - Future for Local Government review – an independent review panel looked at what councils do and how they do it and produced a report containing 17 recommendations for change which include more services delivered via local government, central government and community partnership with mana whenua/Māori and recommended changes to local government is structured which favour fewer, bigger council in future. **Risk:** The impact of government legislation is more or less than expected. It is not clear how the new asset ownership and infrastructure ownership	Unrealised impacts of legislative changes may create greater impacts on Council operations, including operating budgets, workloads, time and resource availability. These pressures may lead to additional costs for ratepayers. Where legislative changes require Council to provide additional services or increased levels of services, this may impact fees and charges for cost-recovery activities.	Most changes to legislation are known in advance, giving councils the ability to prepare for implementation. Council will monitor existing and potential legislative changes as they move through parliamentary process. Where appropriate, Council will submit on legislation to encourage reduced or improved impacts on Council operations and limit costs to ratepayers.

Assumption	Level of Uncertainty *(High/Medium/Low)*			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
				will be structured, or what the eventual resource management framework will look like, and what impact it will have on how councils fund these activities. Similarly, if any of the recommendations of the Future for Local Government review are implemented, these reforms could mean local government looks quite different in future in terms of what it provides t communities and how it functions with consequential impacts on council funding.		
Resource Consents It is assumed that the conditions of resource consents held by Council will not be changed significantly and that the Council will be able to renew and obtain the necessary resource consents for its planned projects.		✓		Resource consents are changed through reviews, or applications for Council projects are not approved or have significant compliance or monitoring costs.	Projects will cost more if compliance requirements are significant, or may not proceed as planned if consents are not obtained.	The Council will consider the impact of any change as part of the annual budget process and consider the funding implications of any cost changes.

Environment Assumptions

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
Climate Change Climate change is already impacting how our communities live and function and these impacts are expected to increase in magnitude and extent over time. Impacts include increases to mean temperature, with corresponding reductions in snow and frost days. We also anticipate an increase in mean annual rainfall and the frequency and severity of extreme weather events.		✓		There is a risk that climate change effects are not understood and appropriate action taken. There is a risk that Council actions will not be consistent with community opinion. Risk that climate change effects accelerate significantly, requiring greater infrastructure works and expenditure than forecast in our LTP.	If climate change happens more quickly or in a different way to that projected; Council may need to carry out work on its infrastructure assets. Council's business units may not recognise climate change in the delivery of their services. Decisions made now without this consideration may have intergenerational effects on land use decisions, environmental policy and infrastructure decisions e.g. relying on undersized assets and resources in highly vulnerable areas.	Climate change assumptions are factored into Council strategies and plans including the District Plan Review and Infrastructure Strategy. Council currently has in progress work to develop a formal Climate Change Mitigation and Adaption Plan to guide future programmes. A literature review and stocktake specific to the District has already been completed. Council is actively participating in Climate Change palling across the region led by the Mayoral Forum. Council activities will build appropriate mitigation responses into resilient infrastructure development including the improved water storage in Fairlie, water metering, the establishment of the emergency operations centre planning and Council's risk management work through the Canterbury Emergency Management Group. Council will continue to monitor climate change science and the response of central government and

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
						adapt its response where required.
Natural Hazards / Local Natural Disasters The district is at risk from natural hazards such as flooding, earthquake, and storms. These events can occur at any time, without warning. It assumed that there will be no major adverse events during the period covered by this Long Term Plan beyond Council, Regional and National capabilities. While events may occur at any time, Council's planning will focus on operational resilience and Emergency Management.	✓			A major adverse event occurs resulting in a significant impact on the district and Council's services.	A disaster has the potential to cause significant, unbudgeted impact on the Council and the community. In the event of a major disaster, Council has assumed additional central government support will be forthcoming. Council would need to borrow additional funds to make repairs and meet the costs of restoration	Council seeks to mitigate this risk through its Civil Defence, Risk Management and Insurance Policies. Council keeps appropriate levels of head room in its borrowings to enable it to undertake emergency works. Central government has a role in disaster recovery after a natural disaster.
Earthquakes – Alpine Fault A significant earthquake in the region will cause major damage, displacement and disruptions across the district, including to Council assets and services within predicted probabilities. The Alpine Fault Magnitude 8 (AF8) Study, 2016 confirms a 30% probability of a magnitude 8.0 or above event within the next 50 years. Scientific modelling notes that a severe earthquake on the South Island Alpine Fault is likely within the lifetime of most of us, or our children. Planning for the effects of such an event needs to be included in this and future Long Term Plans.		✓		An Alpine Fault event occurs earlier or later than predicted.	If an event occurs earlier than predicted there is a risk that Council and the community are underprepared for the event, and not well placed for recovery.	In addition to mitigations outlined in Natural Hazards/Local Natural Disasters and Civil Defence and Emergency Management, Council will: continue to maintain CDEM readiness for response and recovery; adopt resilient infrastructure standards through asset management plans and practices; upgrade existing and above ground facilities to current building code requirements and ensure new facilities meet current code requirements; make appropriate District Plan provisions in relation to known active faults; provide for borrowing to cover recovery/resilience costs in the Financial Strategy;

Assumption	Level of Uncertainty *(High/Medium/Low)*			Risk	Impact of variation to assumption	Management of risk
	H	M	L			
						continue to work with the community on preparedness. Council is involved in the AF8 collaboration - planning and preparing a coordinated response across the South Island.
Civil Defence and Emergency Management CDEM functions will continue to be provided across the district, via the Canterbury Regional Group		✓		CDEM structures and planning are not appropriate for application to Mackenzie.	The response to an event would not be suitable.	Council employs an Emergency Management Officer and ensures staff are trained to run an Emergency Operations Centre (EOC) if required. Council has the capability to deploy an EOC anywhere in the District should the Fairlie council building be compromised. Risks are continually assessed, and plans drawn up in conjunction with agencies, stakeholders and communities where appropriate to mitigate those risks and inform a response when required. Exercises are held several times a year for both staff and key partner agencies and volunteer groups. Appropriate equipment is held in Fairlie, Tekapo and Twizel and accessible by the volunteer groups to enable an initial rapid response to any event.
Earthquake prone buildings There are no earthquake prone buildings affecting strategic transport routes.			✓	Actions required by Council have not been allowed for.	Processes are required, that would put additional workload on staff.	Actions assigned to staff.

Assumption	Level of Uncertainty (High/Medium/Low) H	M	L	Risk	Impact of variation to assumption	Management of risk
There are no unknown earthquake risks associated with Council owned buildings. Council's building control responsibilities can be delivered through normal management and operational processes.						

Levels of service and service delivery assumptions

Assumption	Level of Uncertainty (High/Medium/Low) H	M	L	Risk	Impact of variation to assumption	Management of risk
Level of Service The level of service expectations of the community are adequately provided for by the ten year programmes and budgets included in the LTP. For example, the provision of recreation and community facilities in our main centres.		✓		That there is change in expectations.	Service provision and financial capacity may not be able to be adapted quickly to meet changes.	On going customer satisfaction assessment is undertaken and consultation over service levels occurs through the LTP and Annual Plan processes.
Service Delivery Modes and Contracts It is assumed that there will be no significant changes to current modes of service delivery for each service area or variations in terms of contract prices (above inflation and inventory adjustments) for current operations and maintenance contracts. Council will continue to consider collaboration opportunities and assess changes to service delivery on a case by case basis.			✓	Maintenance contracts may be re-tendered during the plan period. If maintenance and service contracts are consolidated and/or re-tendered there is a possibility contract prices will be higher than anticipated.	This would require Council to either increase rates and/or operating revenue if efficiencies cannot be found or it may consider reducing levels of service.	Ongoing assessment, including through Annual Plan processes.

OTHER ASSUMPTIONS

Assumption	Level of Uncertainty *(High/Medium/Low)* H	M	L	Risk	Impact of variation to assumption	Management of risk
New Technologies There will be no new technologies deployed within the period covered by the Long Term Plan that will significantly change the demand for or provision of services.			✓	Technologies may become available which significantly change the demand for or provision of services.	Inefficient or ineffective provision of services in the traditional manner when other alternatives maybe available.	Council will regularly monitor existing and proposed technologies as they relate to service provision.
Collaboration and Shared Services Opportunities for joint initiatives will continue to be explored (e.g. Waste Management Service Delivery, Aoraki Roading Collaboration, Water Services review). District and Community Board Autonomy will remain similar to the current level.		✓		Council is not sufficiently represented in decision making.	Council is unable to provide services that are fit for purpose or efficiently.	Council will engage in and commit to combined initiatives for the benefit of Mackenzie residents.
Te Rūnanga o Ngāi Tahu and ngā papatipu rūnanga Council has established enduring relationships with Te Rūnanga o Ngāi Tahu (TRoNT) and the three papatipu rūnanga whose rōhe (area) include the Mackenzie District: Te Rūnanga o Arowhenua, Te Rūnanga o Waihao, and Te Rūnanga o Moeraki.			✓	Engagement and consultation is not effective and appropriate for the relationships.	Decision making does not include Māori as required under legislation; or as is appropriate for the wider Mackenzie community.	There is ongoing dialog and partnership/collaboration with Te Rūnanga o Ngāi Tahu and ngā papatipu Rūnanga.

Statement of Accounting Policies

Reporting Entity

Mackenzie District Council (Council) is a territorial local authority established under the Local Government Act 2002 (LGA) and is domiciled and operates in New Zealand. The relevant legislation governing the Council's operations includes the LGA and the Local Government (Rating) Act 2002.

The Council's principal activity is the provision of local authority services, including resource management, water, storm water, wastewater and roading services, hazard management, recreation and cultural services and building control to the community. The Council does not operate to make a financial return.

The Council has designated itself as a public benefit entity (PBE) for the purposes of complying with generally accepted accounting practice. The financial statements of the Council are for the periods ending 30 June 2024-34. The draft prospective financial statements were adopted by Council on 30 July 2024.

Purpose

It is a requirement of the Local Government Act 2002 to present prospective financial statements of the local authority for the financial year to which the Long-Term Plan relates. This provides an opportunity for ratepayers and residents to review the projected financial results and position of the Council. The reporting period for these prospective financial statements is the 10-year period ending 30 June 2034. Prospective financial statements are revised annually to reflect updated assumptions and costs.

Basis of Preparation

The prospective financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the Long-Term Plan.

Statement of Compliance

These financial statements have been prepared in accordance with the requirements of the LGA and the Local Government (Financial Reporting and Prudence) Regulations 2014 (LG(FRP)R), which include the requirement to comply with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and comply with Tier 1 Public Benefit Entity (PBE) Standards.

They have been prepared on an historical cost basis, except for land and buildings classified as property, plant and equipment, certain infrastructure assets, investment property, some investments and forestry.

Basis for assumptions, risks, and uncertainties

The Council and management of Mackenzie District Council are responsible for the preparation of the prospective financial statements, including the appropriateness of the assumptions underlying the financial statements and other required disclosures.

The prospective financial statements have been prepared on the basis of best estimate assumptions of future events which the Council expects to take place. The Council has considered factors that may lead to a material difference between information in the prospective financial statements and actual results. These factors, and the assumptions made in relation to the sources of uncertainty and potential effect, are outlined in this Long-Term Plan.

Presentation currency and rounding

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

Cautionary Note

The financial information is prospective. Actual results are likely to vary from the information presented and the variations may be material.

The prospective financial statements have been prepared in accordance with PBE financial reporting standard 42.

Joint Operation

A joint operation is a contractual agreement whereby two or more parties undertake an economic activity that is subject to joint control. Joint control exists when there is a binding agreement between the parties involved in the arrangement and this agreement requires the relevant activities of the arrangement to be decided by unanimous consent from all parties involved in the arrangement.

The Council has a joint arrangement with the Timaru District Council and Waimate District Council for the Downlands Rural Water Scheme. The Downlands Rural Water Scheme is a joint operation rather than a joint venture because the three Council's jointly own their specified share of the whole scheme and have rights to the assets and obligations for the liabilities relating to the arrangement, due to the structure of the arrangement not being through a separate vehicle. Council's share in this joint arrangement equates to 4%, with Timaru District Council's share being 82% and Waimate District Council's 14%.

The Council recognises its share of assets, liabilities, revenue and expenses relating to the operation in its financial statements.

Revenue Recognition

Revenue is measured 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 recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Revenue arising from late payment penalties is recognised as revenue when rates become overdue.
- Rates collected on behalf of the Environment Canterbury Regional Council (ECan) are not recognised in the financial statements, as the Council is acting as an agent for ECan.

New Zealand Transport Agency roading subsidies

Council receives government grants from NZTA which subsidise part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

Other grants received

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

Building and resource consent revenue

Revenue from building consents is recognised when payment of the consent is received. Revenue from fees charged for resource consent processing is recognised in proportion to the stage of completion. Work performed is invoiced monthly until completion.

Entrance Fees

Entrance fees are fees charged to users of the Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.

Provision of goods and services

Services provided to third parties on commercial terms are exchange transactions. Revenue from these 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.

Contributions

Development 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 and financial contributions are recognised as liabilities until such time as the Council provides, or is able to provide, the service.

Vested or donated physical assets

The fair value of vested or donated assets is usually determined by reference to the cost of constructing the asset. For assets received from property developments, the fair value is based on construction price information provided by the property developer.

For long-lived assets that must be used for a specific use (e.g. land must be used as a recreation reserve), the Council immediately recognises the fair value of the asset as revenue. A liability is recognised only if the Council expects that it will need to return or pass the asset to another party.

Landfill fees

Fees for disposing of waste are recognised as waste as disposed of by users.

Sale of Goods and Services

Revenue from the sale of goods and services is recognised when a product is sold or service provided to the customer.

Interest and dividends

Interest revenue is accrued on a time basis using the effective interest method, by reference to the principal outstanding and at the interest rate applicable. Interest revenue on an impaired financial asset is recognised using the original effective interest rate.

Dividends are recognised when the right to receive payment has been established. When dividends are declared from pre-acquisition surpluses, the dividend is deducted from the cost of the investment.

Donated and bequeathed financial assets

Donated and bequeathed financial assets are recognised as revenue unless there are substantive use or return conditions. A liability is recorded if these are substantive use or return conditions and the liability released to revenue as the conditions are met. (e.g. as the funds are spent for the nominated purpose).

Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term.

Expenditure

The specific accounting policies for significant expenditure items are explained below.

Superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in the surplus or deficit when incurred.

Borrowing costs

All 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 the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when approved by the Council and the approval has been communicated to the applicant. The Council's grants awarded have no substantive conditions attached.

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. Lease incentive received are recognised in the surplus or deficit as a reduction of rental expense over the lease term.

Contractual commitments

These are commitments for which a formal contract has been entered into at balance date. These commitments are based on the legal commitment outstanding under contracts. They do not take in account any additional work required due to emergency events or any adjustments to costs based on inflation.

Income tax

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, plus any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the statement of financial position and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at the tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects that tax consequences that would follow form the way the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences of tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the surplus or deficit for the period, except to the extent that it relates to a business combination, or to transactions recognised in other comprehensive revenue and expense or directly to equity.

Statement of Financial Position Items

Cash and cash equivalents

Cash and cash equivalents include cash on 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.

Trade and Other Receivables

Trade and other receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). The Council applies the simplified ECL model of recognising lifetime ECL for receivables. In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics.

Rates are “written-off”:

- when remitted in accordance with the Council’s rates remission policy; and
- in accordance with the write-off criteria of sections 90A (where rates cannot be reasonably recovered) and 90B (in relation to Māori freehold land) of the Local Government (Rating) Act 2002.

Other receivables are written-off when there is no reasonable expectation of recovery.

Financial assets/financial liabilities

The Council shall recognise a financial asset or a financial liability in its statement of financial position when, and only when, the Council becomes party to the contractual provisions of the instrument.

At initial recognition, the Council shall measure a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset, or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial Assets are classified as either: (1) Amortised Cost, (2) Fair value through Surplus or Deficit, or (3) Fair Value through other comprehensive income.

A financial asset shall be measured at amortised cost if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through other comprehensive revenue or expense if both of the following conditions are met:
(a) the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

(b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortised cost or at fair value through other comprehensive revenue and expense. However, an entity may make an irrevocable election at initial recognition for particular investments in equity instruments that would otherwise be measured at fair value through surplus or deficit to present subsequent changes in fair value in other comprehensive revenue and expense.

Subsequent measurement of financial assets at amortised cost

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include term deposits, community loans, and loans to subsidiaries and associates.

Subsequent measurement of financial assets at fair value through other comprehensive revenue and expense, (FVTOCRE).

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds with equity. The Council designates into their category all equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

Expected credit loss allowance (ECL)

The Council recognises an allowance for ECLs for all debt instruments not classified as Fair Value Through Surplus or Deficit. ECLs are the probability-weighted estimate of credit losses, measure at the present value of cash shortfalls, which is the difference between the cash flows due to Council in accordance with the contract and the cash flows it expect to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognised in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (a 12-month ECL). However, if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial asset (Lifetime ECL).

When determining whether the credit risk of a financial asset has increased significantly since initial recognition, the Council considers reasonable and supportable information that is relevant without undue cost or effort. This includes both quantitative and qualitative information and analysis based on the Council's historical experience and informed credit assessment and included forward-looking information.

The Council considers a financial asset to be in default when the financial asset is more than 90 days past due. The Council may determine a default occurs prior to this if internal or external information indicates the entity is unlikely to pay its credit obligations in full.

Financial Liabilities are classified as either:
(1) Amortised Cost,
(2) Fair value through Surplus or Deficit.

Financial liabilities are generally classified and measured at amortised cost unless they meet the criteria for classification at fair value through Surplus or Deficit.

A financial liability is classified as a financial liability at fair value through Surplus or Deficit if it meets one of the following conditions:
- It is held for trading, or
- It is designated by the entity as at fair value through Surplus or Deficit (note that such a designation is only permitted if specified conditions are met).

A financial liability is held for trading if it meets one of the following conditions:
- It is incurred principally for the purpose of repurchasing it in the near term
- On initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking, or
- It is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

Inventories

Inventories are held for distribution or for use in the provision of goods and services. The measurement of inventories depends on whether the inventories are held for commercial or non-commercial (distribution at no charge or for a nominal charge) distribution or use.

Inventories are measured as follows:
- **Commercial:** measured at the lower of cost and net realisable value.
- **Non-commercial:** measured at cost, adjusted for any loss of service potential.

Cost is allocated using the first-in-first-out (FIFO) method, which assumes the inventories that were purchased first are distributed or used first.

Inventories acquired through non-exchange transactions are measured at fair value at the date of acquisition.

Any write-down from cost to net realisable value or for the loss of service potential is recognised in the surplus or deficit in the year 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.

Property, plant and equipment

Operational assets

Operational assets are tangible assets that are able to be dealt with as part of the operating strategy. These include operational land, buildings and improvements, furniture and fittings, plant and equipment, computer hardware, motor vehicles, office equipment, resource recovery parks and heritage assets.

Restricted assets

Restricted assets are parks and reserves owned by Council, which provide a benefit or service to the community and cannot be disposed of because of legal or other restrictions. They include reserves vested under the Reserves Act, and endowments and other property held in trust for specific purposes.

Infrastructure assets

Infrastructure assets are the fixed utility systems owned by the Council. 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.

Unformed or paper roads

An unformed or paper road is a term for a road that is legally established and recorded in survey plans, but has not been formed, and that ownership of the land associated with the paper road resides with Council. Council does not recognise land under unformed paper roads in the financial statements because there is little or no service potential from the majority of these paper roads.

Valuing these assets is also difficult. It is difficult to measure the service benefit to the public from having access to these routes. There is also limited market data detailing recent sales of such small individual areas arguably due to the high cost of disposal.

Additions

The cost of an item of property, plant, or 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 Council and the cost of the item can be measured reliably.

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

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

Disposals

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

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 Council and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or deficit as they are incurred.

Revaluations

The carrying values of revalued items are assessed annually to ensure that their carrying amount does not differ materially from fair value and revalued at least every three years. If there is a material difference, then the off-cycle asset classes are revalued. Revaluations of property, plant, and equipment are accounted for on a class-of-asset basis.

The net revaluation results are credited or debited to other comprehensive revenue and expense and are accumulated to an asset revaluation reserve in equity for that class-of-asset. Where this would result in a debit balance in the asset revaluation reserve, this balance is not recognised in other comprehensive revenue and expense but is recognised in the surplus or deficit.

Any subsequent increase on revaluation that reverses a previous decrease in value recognised in the surplus or deficit will be recognised first in the surplus or deficit up to the amount previously expensed and then recognised in other comprehensive revenue and expense.

Operational assets	Is the class revalued	Valuation basis
Buildings	Yes	Fair value
Computer hardware	No	Depreciated historical cost
Furniture and fittings	No	Depreciated historical cost
Heritage assets	No	Deemed cost
Land	Yes	Fair value

Motor vehicles	No	Depreciated historical cost
Office equipment	No	Depreciated historical cost
Plant and machinery	No	Depreciated historical cost
Restricted assets	**Is the class revaluated**	**Valuation basis**
Land	Yes	Fair value
Flood protection and control works	No	Not applicable
Landfills	No	Not applicable
Village projects	No	Depreciated historical cost
Alps 2 Ocean cycleway	No	Deemed cost
Infrastructural assets	**Is the class revaluated**	**Valuation basis**
Land under roads	No	Not applicable
Roads and footpaths	Yes	Optimised depreciated replacement cost
Litter bins and landfills	No	Depreciated historical cost
Resource consents	No	Depreciated historical cost
Stormwater	Yes	Optimised depreciated replacement cost
Wastewater	Yes	Optimised depreciated replacement cost
Water supplies	Yes	Optimised depreciated replacement cost

Plantation Forestry

Standing forestry assets are independently revalued annually at fair value less estimated costs to sell for one growth cycle.

Gains or losses arising on initial recognition of forestry assets at fair value less costs to sell and from a change in fair value less costs to sell are recognised in the surplus/(deficit).

Forestry maintenance costs are recognised in the surplus or deficit when incurred.

Investment Property

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

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

After initial recognition, investment property is measured at fair value as determined annually by an independent valuer.

The valuation report for 30 June 2023 prepared by Patric Choda (B.Bus (Property), Registered Valuer) of Valuation Partners Limited has indicated that a greater degree of uncertainty is attached t the valuation as a result of COVID-19.

Gains or losses arising from a change in the fair value of investment property is recognised in the surplus/(deficit).

Impairment of property, plant and equipment

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

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

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

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

The reversal of an impairment loss on a revalued asset is credited to other comprehensive revenue and expenses and increases the asset revaluation reserve for that class of asset. However, to the extent that an impairment loss for that class of asset was previously recognised in the surplus/(deficit), a reversal of the impairment loss is also recognised in the surplus/(deficit).

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

Estimating the fair value of land, buildings and infrastructure

The most recent valuation of land and buildings was performed by an independent registered valuer, Valuation Partners Limited. The valuation is effective as at 30 June 2023. Future revaluations will be carried out on a three yearly basis or as required by the standard. The valuation report has indicated that a greater degree of uncertainty is attached to the valuation of its land and buildings due to severe market disruption and lack of transactional data as a result of COVID-19.

Plant and machinery includes the vertical composting unit. The vertical composting unit has been revalued as at 1 July 2022 by the registered valuer, AECOM Maunsell, using depreciated replacement cost. Subsequent additions have been valued at cost and depreciated.

Heritage assets have been recorded at cost less accumulated depreciation.

Other assets are valued at the lower of cost less accumulated depreciation.

Land operational, restricted and infrastructural

Land is valued at fair value using market-based evidence based on its highest and best use with reference to comparable land values.

Where there is a designation against the land or the use of the land is restricted because of reserve or endowment status, the valuation approach reflects the restriction in use. Such land is valued based on rural land value plus a location adjustment to reflect different zoning, which are based on the valuer's judgement.

Restrictions on the Council's ability to sell land would normally not impair the value of the land because the Council has operational use of the land for the foreseeable future and will substantially receive the full benefits f outright ownership.

Buildings (operational)

Buildings have been valued using market values where a market value exists for that asset, or at depreciated replacement cost. Each building has also been componentised into:

- Structure
- Services, and
- Internal fitout

Specialised buildings are valued at fair value using depreciated replacement cost because no reliable market data is available for such buildings.

Depreciated replacement cost is determined using a number of significant assumptions.

Significant assumptions used in the 30 June 2023 valuation include:

- The replacement costs of significant assets are adjusted where appropriate for optimisation due to over-design or surplus capacity. There have been no optimisation adjustments for the most recent valuations.
- The replacement cost is derived from recent construction contracts of modern equivalent assets and QV cost builder information. Construction costs based n a model rate of $3,250 per square metre (includes architectural and engineers fees component f 12.5%) plus a multiple range between 0.1 to 5.2, depending on the nature of the specific asset being valued, compared to last year construction costs of $3,110 per square metre.
- The remaining useful life of assets is estimated after considering factors such as the condition of the asset, future maintenance and replacement plans, obsolescence and experience with similar buildings.

Straight line depreciation has been applied in determining the depreciated replacement cost value of the asset.

Non-specialised buildings (for example, residential and office buildings) are valued at fair value using market based evidence. Significant assumptions in the 30 June 2023 valuation do not include market rents and capitalisation rates.

Classification of property – Pensioner housing

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

Infrastructural assets

Infrastructural assets include wastewater, stormwater, water supply, bridges and roading systems, and solid waste.

Council's infrastructural assets, except rural water races, village projects, resource consents, litter bins, and Alps2Ocean cycleway, have been included at their most recent valuation, plus additions at cost, less accumulated depreciation.

The most recent valuation of infrastructural assets was performed by an independent registered valuer. Mark Gordon (BE (Hons), MBA, SMEngNZ, CPEng) of AECOM, performed the roading revaluation with an effective dated of 30 June 2022. Miles Wyatt (DipBus (InfoSys), CMEngNZ, MIAM, REAcap) of AECOM performed the three waters and solid waste revaluations with an effective date f 30 June 2022. Subsequent additions have been valued at cost and depreciated.

Rural water races, landfills, village projects and Alps2Ocean cycleway are stated at their cost of deemed cost less depreciation.

Costs incurred in obtaining any resource consents are capitalised and depreciated over the life of the resource consent. If a resource consent application is declined, then all capitalised costs are written off.

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

- Determinisation of quantities and sizes of assets are optimised to relate to these acquired for current service delivery and foreseeable demand with the constraint that both sizes and quantities may only be reduced to reflect restrictions in need. Expansions are matters to be considered in capital improvement budgets.
- Estimating the replacement cost of the asset. The replacement cost of an asset is based on recent construction contracts in the region for modern engineering equivalent assets, from which unit rates are determined. Unit rates have been applied to components of the network based on size, material, depth and location. If recent contract cost information is considered out of date, it is indexed to Statistics New Zealand ad NZTA indices for civil construction to convert them to current dollar value at the valuation date.
- Estimates of the remaining useful life over which the asset will be depreciated. These estimates can be affected by the local conditions. For example, weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then the Council could be over or under estimating the annual depreciation charge recognised as an expense in the statement of comprehensive revenue and expense. To minimise this risk, infrastructural asset useful lives have been determined with reference to New Zealand Infrastructural Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition-modelling are also carried out regularly as part of asset management planning activities, which provides further assurance over useful life estimates.

The measurement basis for Downlands Water Scheme was changed from historical cost to the revaluation model for the 2019/20 financial year, in agreement with the joint arrangement parties being Waimate, Timaru and Mackenzie District Councils. Downlands water scheme assets were valued by Timaru District Council officers and peer reviewed by Brian Smith (CA), of Brian Smith Advisory Services Limited using a replacement cost basis and the valuation is effective at 30 June 2022.

Land under roads, includes under formed roads and subsequent additions vested to Council. The value is based on the average value of the land in the associated ward deemed by Quotable Value. These values have been adopted as deemed cost.

Value in use for non-cash generating assets
Non-cash generating assets are those assets that are not held with the primary objective of generating a commercial return.

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

Value in use for cash generating assets
Cash generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment, other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Operational Assets	Depreciation method	Life (years)
Buildings	Straight line	13 - 80
Computer hardware	Straight line	3 - 10
Computer network cabling	Straight line	10
Furniture and fittings	Straight line	10
Heritage assets	Straight line	60 - 150
Land	Not depreciated	-
Motor vehicles	Straight line	5
Office equipment	Straight line	5 - 10
Light plant and machinery	Straight line	10 - 25
Plant and machinery	Straight line	10 - 25

Infrastructural Assets	Depreciation method	Life (years)
Resource recovery parks and landfills	Straight line	30 - 80
Litter bins	Straight line	10
Village projects	Straight line	5 - 80
Alps 2 Ocean cycleway	Straight line	50
Formation	Not depreciated	-
Land under roads	Not depreciated	-
Roads		
Formation	Not depreciated	-
Sub-base	Straight line	100
Base course	Straight line	75 -125
Surfacing	Straight line	0 - 17
Kerb and channelling	Straight line	40 - 80
Street signs	Straight line	20
Street lighting	Straight line	20 - 40
Bridges	Straight line	80 - 100
Shoulders	Straight line	100
Footpaths		
Surface	Straight line	25 – 75
Base	Straight line	30 - 75
Formation	Not depreciated	-
Sub-base	Not depreciated	-
Resource Consents	Straight line	10 - 33
Stormwater		
Lines	Straight line	60 - 150
Manholes	Straight line	150
Open drains	Not depreciated	-
Wastewater		
Mains	Straight line	10 – 100
Pumps	Straight line	15 – 20
Oxidation ponds	Not depreciated	0 – 100
Box culverts	Straight line	100
Manholes	Straight line	100
Water supplies		
Piping mains	Straight line	10 - 80
Pumps	Straight line	15 - 20
Service lines	Straight line	60 - 80
Hydrants	Straight line	80
Valves and air valves	Straight line	25 - 80
Meters	Straight line	20 - 25
Reservoirs	Straight line	40 - 80

Distinction between capital and revenue expenditure

Capital expenditure is defined as all expenditure incurred in the creation of a new asset and any expenditure that results in a significant restoration or increased service potential for existing assets. Constructed assets are included in property, plant and equipment as each becomes operational and available for use. Revenue expenditure is defined as expenditure that is incurred in the maintenance and operation of the property, plant and equipment of the Council.

Intangibles - Software acquisition and development

Acquired computer software is capitalised on the basis of costs incurred to acquire and bring to use the specific software.

Costs that are directly attributable 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 in the surplus or deficit when incurred.

Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of the Council’s website are recognised as an expense when incurred.

Easements

Easements are not cash generating in nature, instead they give Council the right to access private property where infrastructural assets are located. Council has not valued and recognised easements as an intangible asset under PBE IPSAS 31 Intangible Assets. The work required identifying and developing a central register to record easements and paper roads would be considerable and difficult to ensure that it was comprehensive and complete. Council is also concerned that the cost to establish the register would be substantial with minimal benefits being achieved. Registered valuers would have difficulty determining a fair value for the easements due to their unique nature and having no active market for this particular asset type. There is also no recognised valuation methodology. For these reasons, Council has opted not to recognise easements as an intangible asset because they cannot be quantified, and the value of the easements cannot be measured reliably.

Carbon Credits

Purchased Carbon credits are recognised at cost on acquisition. Acquired Carbon Credits from the Crown are recognised at fair value on receipt. In the absence of an Active Market Carbon Credits are brought in at their cost to the Council. Carbon Credits are not amortised but are instead tested for impairment annually. They are derecognised when they are used to satisfy carbon emission obligations.

Impairment

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

Employee Entitlements

Short Term Employee Entitlements

Employee benefits expected to be settled within 12 months of balance date are measured at nominal values based on accrued entitlements at current rates of pay.

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, and sick leave.

Long Term employee entitlements

Employee benefits that are due to be settled beyond 12 months after the end of the period in which the employee renders the related service, such as long service leave and retirement gratuities, have been calculated on an actuarial basis.

The calculations are based on:

- Likely future entitlements accruing to staff, based on years of service, years to entitlement, the likelihood that staff will reach the point of entitlement; and contractual entitlement information; and
- The present value of estimated future cash flows.

Presentation of employee entitlements

Sick leave, annual leave, and vested long service leave are classified as a current liability, 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.

Provisions

A provision is recognised 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 an outflow of future economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

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 an interest expense and is included in "finance costs."

Payables and deferred revenue

Short-term payables are recorded at the amount payable.

Equity and Reserves

Equity is the community's interest in the Council and is measured as the difference between total assets and total liabilities.

Equity is disaggregated and classified into the following components:

- Special funds reserves;
- Separate reserves;
- Asset revaluation reserves; and
- Accumulated general funds.

Special funds reserves

Special reserves have been set up for specific purposes. Their use is restricted to the purpose for which they were set up. They retain their surplus or deficit but are used to meet the costs that comply with their purpose.

• **Other reserves -** Other reserves consist of funds which have been received over time by the Council, usually by way of a donation or bequest, the terms of which restrict the use of funds. Each amount has been set up as a trust fund to maintain a degree of independence from general Council funds.

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

• **Council-created reserves** - Council-created reserves are reserves established by Council decision. The Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Separate reserves

These are reserve balances where activities are funded either by targeted rates or a combination of targeted rates and general rates. They hold a surplus or deficit balance from year to year, and the fund is only held for that specific activity. For example, each water supply activity has its own reserve balance.

Asset revaluation reserves

These reserves relate to:

•The revaluation of property, plant and equipment to fair value including operational and infrastructure assets, and

• The revaluation of financial assets including shares and bond stock held. This reserve comprises of the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expense, (FVTOCRE).

Accumulated General Funds

Accumulated General Funds consist of all other equity transactions not classified as operating reserves, capital reserves, asset revaluation reserves, other reserves or special reserves.

Statement of Cash Flows

Cash and cash equivalents is considered to be cash on hand and cash at bank, and on-call deposits, net of overdrafts.

Operating activities include cash received from all revenue sources of the Council and record the cash payments made for the supply of goods and services.

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

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

Goods and Services Tax (GST)

All items in the financial statements are stated exclusive of GST.

Budget Figures

The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the council for preparing these financial statements.

Changes in accounting policies

Accounting policies have been changed to incorporate all necessary changes as required by the new Public Benefit Entity (PBE) Standards. No changes to recognition/measurement were required.

Critical Accounting Estimates and Assumptions

In preparing these financial statements, estimates and assumptions have been made concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances.

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

- Estimating the fair value of land, buildings, and infrastructural assets
- Estimating the fair value of forestry assets
- Estimating the retirement obligation for employees
- Estimating the landfill aftercare provision.

Critical judgements in applying accounting policies

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

- Classification of property
- Accounting for suspensory loan from Housing New Zealand
- Accounting for donated or vested land and buildings with use or return conditions.