

6.0 What the Wastewater Service Costs and How We Pay for It

6.1 Overview

The Local Government Act 2002 (Part 6 Subpart 3) requires local authorities to manage their finances “prudently and in a manner that promotes the current and future interests of the community. This implies compliance with Generally Accepted Accounting Practice (GAAP). Of particular relevance is NZ IAS 16.

In determining how activities will be funded local authorities are required to take the following into consideration.

- The contribution to the achievement of Community Outcomes (strategic alignment)
- Beneficiaries of each activity (beneficiary/user pays principles)
- The period over which benefits from the activity will occur (intergenerational equity issues)
- The extent to which identifiable individuals contribute to the need to incur expenditure (exacerbator and user pays principles)
- The costs and benefits of funding the activity compared to other activities (cost/benefit, prioritisation principles)
- The impact of funding the activity on the wellbeing of the community (ability to pay principles)

Activity Management Plans provide the basis for meeting these requirements for infrastructure-based activities.

6.2 Historical Costs

The following figure displays the historical costs associated with the Wastewater Activity.

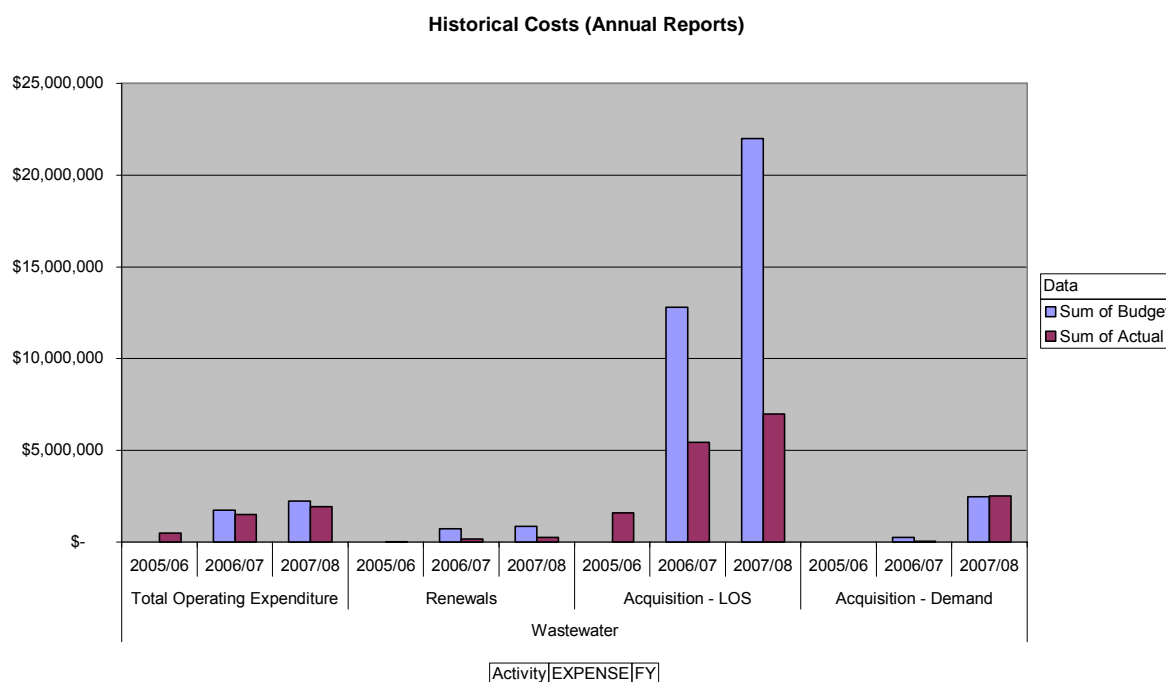


Figure 42 – Historical Expenditure

6.3 Financial Forecast

Financial Forecasts are sourced from the Council's front end budgeting system and Crystal Reports.

Table 83 – Wastewater Activity Financial Forecast

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Operations and Maintenance											
Operating Costs											
22370 Sewerage Scheme Balfour	9,796	14,510	14,957	15,328	15,721	16,118	16,530	16,987	17,440	17,922	18,435
22570 Sewerage Scheme Browns	2,336	2,479	2,554	2,615	2,681	2,744	2,811	2,884	2,957	3,035	3,119
23970 Sewerage Scheme Gorge Road	4,802	5,066	5,216	5,340	5,480	5,610	5,754	5,906	6,062	6,229	6,408
23979 Sewerage Loan Gorge Road	2,818	2,761	2,586	2,397	2,194	1,973	1,736	1,479	1,202	903	580
24370 Sewerage Scheme Lumsden	20,165	14,955	15,424	15,795	16,192	16,574	16,979	17,420	17,863	18,335	18,839
24770 Sewerage Scheme Manapouri	28,864	26,451	27,233	27,888	28,615	29,291	30,045	30,839	31,655	32,524	33,450
24970 Sewerage Scheme Monowai	1,310	1,007	1,040	1,064	1,090	1,112	1,138	1,164	1,191	1,218	1,248
25370 Sewerage Scheme Nightcaps	11,397	19,897	8,144	8,335	12,894	8,735	8,943	13,948	9,390	9,631	9,888
25570 Sewerage Scheme Ohai	21,640	23,046	23,751	29,617	24,957	31,092	26,214	32,696	27,630	34,432	29,188
26170 Sewerage Scheme Riversdale	8,611	9,244	9,523	9,749	10,000	10,234	10,491	10,763	11,044	11,342	11,660
26370 Sewerage Scheme Riverton	58,272	55,626	57,228	58,658	60,226	61,794	63,482	65,315	67,152	69,111	71,198
26670 Sewerage Scheme Stewart Island	137,195	130,016	133,507	136,823	140,610	144,255	148,407	152,741	157,203	161,955	167,020
26678 Sewerage Ext Loan Stewart Is	41,066	39,553	37,049	34,344	31,424	28,271	24,866	21,190	17,220	12,934	8,305
26679 Sewerage Loan Stewart Is	12,394	9,389	6,029	2,401	-	-	-	-	-	-	-
26870 Sewerage Scheme Te Anau	339,248	60,578	62,356	63,899	65,587	67,259	69,053	71,000	72,957	75,040	77,262
26879 Sandy Brown Utilities Loan	8,771	8,567	7,942	7,266	6,537	5,750	4,899	3,982	2,991	1,920	765
27870 Sewerage Scheme Tokanui	8,885	6,992	7,209	7,387	7,576	7,768	7,963	8,180	8,397	8,629	8,873
28070 Sewerage Scheme Tuatapere	35,293	38,499	39,650	40,599	41,649	42,625	43,707	44,847	46,017	47,266	48,597
28072 Sewerage (lump sum & 2yr loan)	7,223	-	-	-	-	-	-	-	-	-	-
28073 Sewerage 4yr loan-Tuatapere	12,668	-	-	-	-	-	-	-	-	-	-
28074 Sewerage 15 yr loan-Tuatapere	13,200	-	-	-	-	-	-	-	-	-	-
28075 Sewerage 25 yr loan-Tuatapere	58,151	-	-	-	-	-	-	-	-	-	-
28970 Sewerage Scheme Otautau	51,402	53,586	54,253	54,722	55,271	55,717	56,233	56,786	57,671	59,351	61,139
28979 Sewerage Loan Otautau	14,617	12,211	9,172	5,890	2,346	-	-	-	-	-	-
29170 Sewerage Scheme Wallacetown	13,475	13,918	14,341	14,682	15,058	15,405	15,792	16,199	16,615	17,059	17,535
29171 Sewerage (lump sum & 2yr Loan)	1,466	-	-	-	-	-	-	-	-	-	-
29172 Sewerage 4yr Loan Wallacetown	9,050	5,890	2,346	-	-	-	-	-	-	-	-
29173 Sewerage 15yr Loan Wallacetown	11,887	11,235	10,687	10,095	9,456	8,765	8,020	7,215	6,346	5,408	4,395
29174 Sewerage 25yr Loan Wallacetown	25,475	26,014	25,571	25,092	24,574	24,016	23,412	22,761	22,058	21,298	20,478
29470 Sewerage Scheme Winton	25,227	36,827	37,933	38,880	39,896	40,934	42,009	43,201	44,388	45,647	46,991
29964 Sewerage Edendale/ Wyndham	-	38,616	80,810	85,240	90,137	95,132	100,653	106,550	112,798	119,534	126,800
29970 Combined Sewer - Wyndham	2,641	-	-	-	-	-	-	-	-	-	-
	999,345	666,933	696,611	704,106	710,171	721,174	729,137	754,033	758,247	780,723	792,173

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Operations and Maintenance											
Repairs and Maintenance											
22370 Sewerage Scheme Balfour	10,623	11,177	11,512	11,834	12,154	12,555	12,919	13,371	13,786	14,228	14,697
22570 Sewerage Scheme Browns	2,338	1,883	1,939	1,994	2,047	2,115	2,176	2,253	2,323	2,396	2,476
23371 Septic Tank Cleaning Edendale	6,437	-	-	-	-	-	-	-	-	-	-
23970 Sewerage Scheme Gorge Road	6,466	7,309	7,529	7,739	7,948	8,210	8,448	8,745	9,016	9,303	9,610
24370 Sewerage Scheme Lumsden	16,976	19,112	19,685	20,236	20,783	21,469	22,092	22,864	23,573	24,328	25,131
24770 Sewerage Scheme Manapouri	17,105	17,763	18,296	18,807	19,316	19,953	20,532	21,250	21,909	22,610	23,356
24970 Sewerage Scheme Monowai	238	238	245	252	259	267	275	285	294	303	313
25370 Sewerage Scheme Nightcaps	10,678	11,015	11,346	11,663	11,978	12,373	12,732	13,178	13,587	14,021	14,484
25570 Sewerage Scheme Ohai	28,359	33,460	34,464	35,429	36,385	37,586	38,675	40,030	41,271	42,591	43,997
26170 Sewerage Scheme Riversdale	11,902	12,875	13,261	13,632	14,001	14,463	14,883	15,403	15,881	16,389	16,929
26370 Sewerage Scheme Riverton	44,503	49,239	50,716	52,137	53,543	55,311	56,915	58,907	60,733	62,676	64,745
26670 Sewerage Scheme Stewart Island	85,213	96,802	99,706	102,498	105,265	108,739	111,892	115,809	119,399	123,220	127,287
26870 Sewerage Scheme Te Anau	79,913	88,953	91,621	94,187	96,730	99,923	102,820	106,419	109,717	113,228	116,965
27870 Sewerage Scheme Tokanui	8,531	8,616	8,875	9,122	9,369	9,679	9,960	10,307	10,627	10,967	11,329
28070 Sewerage Scheme Tuatapere	48,957	49,399	50,880	52,306	53,717	55,490	57,100	59,099	60,931	62,881	64,955
28970 Sewerage Scheme Otautau	43,685	50,444	51,957	53,413	54,855	56,665	58,308	60,348	62,219	64,209	66,329
29170 Sewerage Scheme Wallacetown	37,940	39,719	40,911	42,056	43,191	44,617	45,912	47,518	48,991	50,559	52,227
29470 Sewerage Scheme Winton	49,051	56,844	58,550	60,189	61,813	63,854	65,705	68,004	70,113	72,357	74,745
29771 Septic Tank Cleaning Woodlands	1,500	1,500	1,545	1,588	1,631	1,685	1,734	1,795	1,850	1,909	1,972
29964 Sewerage Edendale/ Wyndham	-	1,000	70,246	74,380	78,679	83,715	92,051	98,128	104,206	110,767	117,855
29971 Septic Tank Cleaning Wyndham	10,402	40,000	-	-	-	-	-	-	-	-	-
	520,817	597,348	643,284	663,462	683,664	708,669	735,129	763,713	790,426	818,942	849,402
Depreciation											
11974 Allocations 776 Sewerage	976,696	1,276,751	1,366,748	1,437,038	1,507,927	1,693,747	1,896,505	1,990,706	2,082,421	2,171,550	2,272,388
	976,696	1,276,751	1,366,748	1,437,038	1,507,927	1,693,747	1,896,505	1,990,706	2,082,421	2,171,550	2,272,388
Total of Operations and Maintenance	2,496,858	2,541,032	2,706,543	2,804,606	2,901,762	3,123,590	3,360,771	3,508,452	3,631,094	3,771,215	3,913,963
Asset Programme											

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Asset Programme											
Renewals											
22370 Sewerage Scheme Balfour	21,680	-	47,866	18,338	6,253	5,617	-	18,842	-	-	13,149
23970 Sewerage Scheme Gorge Road	-	-	-	-	-	32,998	-	-	-	-	-
24370 Sewerage Scheme Lumsden	-	-	-	-	17,127	-	-	18,842	-	-	20,710
24770 Sewerage Scheme Manapouri	12,000	-	25,699	66,707	37,516	-	106,342	-	16,590	-	17,686
24970 Sewerage Scheme Monowai	-	-	-	-	-	-	-	-	-	13,798	-
25370 Sewerage Scheme Nightcaps	-	-	-	-	18,758	-	11,559	-	-	21,958	13,149
25570 Sewerage Scheme Ohai	-	-	41,127	24,353	11,690	-	39,878	-	2,366,399	-	-
26170 Sewerage Scheme Riversdale	-	69,000	-	-	-	-	-	-	-	-	-
26370 Sewerage Scheme Riverton	40,000	69,000	-	365,300	-	12,918	-	251,290	-	12,729	-
26670 Sewerage Scheme Stewart Island	-	-	10,300	-	10,874	-	279,725	386,719	-	-	-
26870 Sewerage Scheme Te Anau	305,500	14,433	185,400	10,588	104,828	-	23,118	-	223,868	-	-
27870 Sewerage Scheme Tokanui	-	34,500	-	-	-	-	-	14,446	-	-	-
28970 Sewerage Scheme Otautau	-	-	-	25,571	-	-	132,927	-	-	-	-
29470 Sewerage Scheme Winton	-	-	53,421	159,855	10,874	89,588	-	61,911	-	-	-
	379,180	186,933	363,813	670,712	217,920	141,121	593,549	752,050	2,606,957	48,485	64,694
Acquisition-Level of Service											
22370 Sewerage Scheme Balfour	-	5,000	-	12,177	12,505	-	-	-	-	-	-
22570 Sewerage Scheme Browns	13,410	748,280	-	-	-	-	-	-	-	-	-
23370 Sewerage Scheme Edendale	4,976,590	-	-	-	-	-	-	-	-	-	-
23970 Sewerage Scheme Gorge Road	-	-	-	-	-	-	-	3,589	-	-	-
24370 Sewerage Scheme Lumsden	291,480	12,000	-	-	-	-	-	-	-	-	-
24770 Sewerage Scheme Manapouri	75,000	-	-	-	-	6,459	504,122	-	-	-	-
25370 Sewerage Scheme Nightcaps	-	7,918	-	-	-	3,875	19,939	106,962	-	-	-
25570 Sewerage Scheme Ohai	-	5,750	35,535	-	-	19,377	615,170	-	-	-	-
26170 Sewerage Scheme Riversdale	-	23,000	-	294,289	-	23,253	-	-	-	-	-
26370 Sewerage Scheme Riverton	-	18,400	5,923	-	-	-	19,939	27,516	-	-	-
26670 Sewerage Scheme Stewart Island	-	-	76,735	6,088	-	-	7,777	-	-	9,624	-
26870 Sewerage Scheme Te Anau	223,100	47,267	51,819	61,134	58,309	6,975,627	-	68,433	-	-	-
27870 Sewerage Scheme Tokanui	-	29,716	-	-	18,758	-	76,367	-	-	-	341,140
28070 Sewerage Scheme Tuatapere	50,000	-	-	-	-	-	-	-	-	-	-
28970 Sewerage Scheme Otautau	-	-	-	3,653	15,120	82,805	-	88,948	-	-	104,864
29470 Sewerage Scheme Winton	-	46,000	-	2,294,242	-	-	10,634	-	-	-	-
29965 Sewerage Scheme Eden/Wyn	-	4,000,000	-	-	-	-	-	-	-	-	-
29969 Sewerage Scheme Wyndham	3,476,590	-	-	-	-	-	-	-	-	-	-
	9,106,170	4,943,331	170,012	2,671,583	104,692	7,111,396	1,253,948	295,448	-	9,624	446,004

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Asset Programme											
Acquisition-Demand											
24770 Sewerage Scheme Manapouri	-	-	-	-	5,660	-	215,189	-	-	-	-
26170 Sewerage Scheme Riversdale	-	-	-	-	-	-	-	-	-	85,635	94,283
26370 Sewerage Scheme Riverton	-	-	-	-	-	-	-	-	-	-	1,077,403
26670 Sewerage Scheme Stewart Island	-	-	-	-	-	-	-	-	-	-	1,530,593
26870 Sewerage Scheme Te Anau	794,817	476,157	68,691	72,968	207,475	9,337,446	224,780	90,713	-	-	314,829
	794,817	476,157	68,691	72,968	213,135	9,337,446	439,969	90,713	-	85,635	3,017,108
Vested Assets											
11974 Allocations 776 Sewerage	351,216	411,826	-	-	-	-	-	-	-	-	-
	351,216	411,826	-	-	-	-	-	-	-	-	-
Total of Asset Programme	10,631,383	6,018,247	602,516	3,415,263	535,747	16,589,963	2,287,466	1,138,211	2,606,857	143,744	3,527,806
Funding Programme											
Internal Revenue											
27870 Sewerage Scheme Tokanui	(500)	(515)	(530)	(545)	(560)	(579)	(595)	(616)	(635)	(656)	(677)
	(500)	(515)	(530)	(545)	(560)	(579)	(595)	(616)	(635)	(656)	(677)

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
Rates											
22370 Sewerage Scheme Balfour	(26,952)	(28,603)	(30,354)	(32,213)	(34,186)	(36,280)	(38,502)	(40,860)	(43,362)	(46,018)	(48,836)
22570 Sewerage Scheme Browns	(4,993)	(4,993)	(4,543)	(4,336)	(4,136)	(3,947)	(3,763)	(3,592)	(3,428)	(3,267)	(3,119)
23371 Septic Tank Cleaning Edendale	(6,437)	-	-	-	-	-	-	-	-	-	-
23970 Sewerage Scheme Gorge Road	(11,451)	(11,776)	(12,112)	(12,453)	(12,806)	(13,169)	(13,543)	(13,929)	(14,321)	(14,726)	(15,145)
23979 Sewerage Loan Gorge Road	(4,885)	(4,952)	(4,952)	(4,952)	(4,953)	(4,952)	(4,953)	(4,952)	(4,952)	(4,953)	(4,953)
24370 Sewerage Scheme Lumsden	(43,608)	(44,377)	(45,158)	(45,954)	(46,764)	(47,589)	(48,428)	(49,280)	(50,149)	(51,033)	(51,934)
24770 Sewerage Scheme Manapouri	(60,378)	(66,688)	(73,658)	(81,354)	(89,856)	(99,246)	(109,617)	(121,073)	(133,725)	(147,700)	(163,135)
24970 Sewerage Scheme Monowai	(2,416)	(2,416)	(2,416)	(2,416)	(2,416)	(2,417)	(2,417)	(2,417)	(2,417)	(2,416)	(2,416)
25370 Sewerage Scheme Nightcaps	(23,956)	(25,581)	(27,316)	(29,167)	(31,145)	(33,257)	(35,514)	(37,922)	(40,493)	(43,238)	(46,173)
25570 Sewerage Scheme Ohai	(68,546)	(78,504)	(89,908)	(102,970)	(117,928)	(135,060)	(154,681)	(177,152)	(202,887)	(232,361)	(266,117)
26170 Sewerage Scheme Riversdale	(28,283)	(32,039)	(36,295)	(41,115)	(46,576)	(52,763)	(59,771)	(67,707)	(76,701)	(86,887)	(98,426)
26370 Sewerage Scheme Riverton	(132,793)	(144,252)	(156,701)	(170,222)	(184,911)	(200,868)	(218,201)	(237,030)	(257,484)	(279,703)	(303,840)
26670 Sewerage Scheme Stewart Island	(254,300)	(265,650)	(277,508)	(289,894)	(302,832)	(316,350)	(330,468)	(345,220)	(360,629)	(376,724)	(393,540)
26678 Sewerage Ext Loan Stewart Is	(71,183)	(70,946)	(70,947)	(70,946)	(70,947)	(70,947)	(70,955)	(70,947)	(70,947)	(70,948)	(70,946)
26679 Sewerage Loan Stewart Is	(52,707)	(51,501)	(51,501)	(51,501)	-	-	-	-	-	-	-
26870 Sewerage Scheme Te Anau	(595,418)	(638,239)	(684,140)	(733,342)	(786,083)	(842,616)	(903,215)	(968,173)	(987,802)	(1,112,439)	(1,192,443)
26879 Sandy Brown Utilities Loan	(13,285)	(18,418)	(18,418)	(18,417)	(18,417)	(18,418)	(18,417)	(18,418)	(18,417)	(18,416)	(18,418)
27870 Sewerage Scheme Tokanui	(19,886)	(21,199)	(22,598)	(24,090)	(25,682)	(27,380)	(29,189)	(31,112)	(33,169)	(35,361)	(37,695)
28070 Sewerage Scheme Tuatapere	(86,540)	(88,734)	(90,984)	(93,291)	(95,656)	(98,081)	(100,568)	(103,117)	(105,732)	(108,412)	(111,161)
28072 Sewerage (Lump sum & 2yr loan)	(63,848)	(64,749)	-	-	-	-	-	-	-	-	-
28073 Sewerage 4yr loan-Tuatapere	(53,872)	(52,489)	(52,487)	(52,489)	-	-	-	-	-	-	-
28074 Sewerage 15 yr loan-Tuatapere	(19,965)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)	(21,567)
28075 Sewerage 25 yr loan-Tuatapere	(69,364)	(62,794)	(62,794)	(62,793)	(62,793)	(62,793)	(62,793)	(62,793)	(62,794)	(62,794)	(62,794)
28970 Sewerage Scheme Otaitau	(100,551)	(110,006)	(120,349)	(131,665)	(144,046)	(157,590)	(172,408)	(188,619)	(206,355)	(225,758)	(246,985)
28979 Sewerage Loan Otaitau	(50,452)	(50,310)	(50,311)	(50,311)	(50,310)	-	-	-	-	-	-
29170 Sewerage Scheme Wallacetown	(50,003)	(51,181)	(52,386)	(53,619)	(54,882)	(56,174)	(57,497)	(58,851)	(60,237)	(61,656)	(63,108)
29171 Sewerage (Lump sum & 2yr Loan)	(32,576)	-	-	-	-	-	-	-	-	-	-
29172 Sewerage 4yr Loan Wallacetown	(51,307)	(50,316)	(50,316)	-	-	-	-	-	-	-	-
29173 Sewerage 15yr Loan Wallacetown	(18,716)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)	(18,107)
29174 Sewerage 25yr Loan Wallacetown	(30,844)	(31,576)	(31,577)	(31,577)	(31,576)	(31,577)	(31,576)	(31,577)	(31,577)	(31,576)	(31,576)
29470 Sewerage Scheme Winton	(108,676)	(130,259)	(156,128)	(187,135)	(224,300)	(268,845)	(322,237)	(386,233)	(462,938)	(554,877)	(665,075)
29771 Septic Tank Cleaning Woodlands	(1,494)	(1,456)	(1,419)	(1,382)	(1,347)	(1,312)	(1,279)	(1,246)	(1,214)	(1,183)	(1,153)
29964 Sewerage Edendale/ Wyndham	-	(39,616)	(151,056)	(159,620)	(168,816)	(178,847)	(192,704)	(204,678)	(217,004)	(230,301)	(244,655)
29970 Combined Sewer - Wyndham	(2,641)	-	-	-	-	-	-	-	-	-	-
29971 Septic Tank Cleaning Wyndham	(33,902)	(33,781)	-	-	-	-	-	-	-	-	-
29984 Eden Sewerage Loan (25yrs)	-	(30,810)	(30,810)	(30,810)	(30,810)	(30,810)	(30,809)	(30,809)	(30,810)	(30,810)	(30,810)
29986 Eden Sew Loan Con (lump& 2yr)	-	(25,268)	(25,268)	-	-	-	-	-	-	-	-
29987 Eden Sewerage Con Loan (4yrs)	-	(45,340)	(45,339)	(45,340)	(45,340)	-	-	-	-	-	-
29988 Eden Sewerage Con Loan (10yrs)	-	(20,131)	(20,132)	(20,132)	(20,132)	(20,132)	(20,132)	(20,131)	(20,132)	(20,132)	(20,132)
29989 Eden Sewerage Con Loan (15yrs)	-	(7,888)	(7,889)	(7,889)	(7,889)	(7,889)	(7,888)	(7,889)	(7,888)	(7,888)	(7,889)
29990 Eden Sewerage Con Loan (25yrs)	-	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)	(72,349)

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
29996 Eden Sew Loan (lump & 2 yrs)	-	(3,485)	(3,485)	-	-	-	-	-	-	-	-
29998 Eden Sewerage Loan (10yrs)	-	(3,702)	(3,702)	(3,703)	(3,702)	(3,703)	(3,703)	(3,703)	(3,702)	(3,702)	(3,703)
29999 Eden Sewerage Loan (15yrs)	-	(725)	(725)	(725)	(725)	(725)	(726)	(725)	(725)	(725)	(725)
	(2,196,228)	(2,526,773)	(2,677,705)	(2,759,846)	(2,833,985)	(2,935,760)	(3,157,977)	(3,402,178)	(3,624,014)	(3,978,027)	(4,318,925)
Transfers to Reserves											
22370 Sewerage Scheme Balfour	-	-	-	5,051	58	1,990	9,053	-	12,136	13,868	2,555
22570 Sewerage Scheme Browns	-	631	50	-	-	-	-	-	-	-	-
23970 Sewerage Scheme Gorge Road	183	-	-	-	-	-	-	-	-	-	-
24370 Sewerage Scheme Lumsden	89,987	480	219	93	-	-	-	-	-	-	-
24770 Sewerage Scheme Manapouri	-	22,474	20,847	-	4,409	43,543	-	23,194	17,781	46,776	42,854
24970 Sewerage Scheme Monowai	957	1,171	1,131	1,100	1,067	1,038	1,004	968	932	895	855
25370 Sewerage Scheme Nightcaps	1,881	-	7,826	9,169	6,273	8,274	13,839	-	17,516	-	8,652
25570 Sewerage Scheme Ohai	18,547	16,248	31,693	37,924	56,586	47,005	-	81,718	111,279	-	-
26170 Sewerage Scheme Riversdale	7,770	-	13,511	17,734	-	-	1,044	8,187	16,422	25,802	36,483
26370 Sewerage Scheme Riverton	-	39,387	48,757	-	71,142	70,845	77,865	-	129,599	135,187	167,897
26670 Sewerage Scheme Stewart Island	42,302	38,832	-	50,573	51,520	63,356	-	-	84,027	81,925	99,233
26870 Sewerage Scheme Te Anau	-	206,938	3,837	214,428	171,522	386,329	-	-	-	1,828	75,514
26879 Sandy Brown Utilities Loan	-	2,012	2,012	2,012	2,012	2,012	2,012	2,012	2,011	2,011	2,012
27870 Sewerage Scheme Tokanui	5,111	-	7,044	8,126	-	10,512	11,861	-	6,125	7,767	9,516
28070 Sewerage Scheme Tuatapere	2,290	836	454	386	290	-	-	-	-	-	-
28970 Sewerage Scheme Otautau	-	-	4,779	-	7,887	-	45,143	24,815	63,345	79,078	76,739
29470 Sewerage Scheme Winton	34,398	-	6,224	-	-	-	-	-	88,408	176,845	283,311
29971 Septic Tank Cleaning Wyndham	23,500	-	-	-	-	-	-	-	-	-	-
	226,926	329,009	148,384	346,596	372,766	634,904	161,821	140,894	549,581	571,982	805,621

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
Transfers from Reserves											
22370 Sewerage Scheme Balfour	(15,147)	(2,084)	(43,981)	(30,515)	(12,505)	-	-	(8,340)	-	-	-
22570 Sewerage Scheme Browns	(2,681)	-	-	(273)	(592)	(912)	(1,224)	(1,545)	(1,852)	(2,164)	(2,476)
23970 Sewerage Scheme Gorge Road	-	(599)	(633)	(626)	(622)	(18,239)	(2,403)	(6,058)	(2,504)	(2,553)	(2,620)
24370 Sewerage Scheme Lumsden	-	(12,000)	-	-	(17,168)	(284)	(473)	(19,675)	(1,117)	(1,460)	(22,576)
24770 Sewerage Scheme Manapouri	(72,591)	-	(18,417)	(32,048)	(5,660)	-	(68,733)	-	-	-	-
24970 Sewerage Scheme Monowai	(89)	-	-	-	-	-	-	-	-	-	-
25370 Sewerage Scheme Nightcaps	-	(13,249)	-	-	(18,758)	-	(31,498)	(96,166)	-	(2,372)	-
25570 Sewerage Scheme Ohai	-	-	(76,662)	(24,353)	(11,690)	-	(315,256)	-	-	(82,310)	(44,717)
26170 Sewerage Scheme Riversdale	-	(82,080)	-	-	(10,779)	(28,541)	-	-	-	(9,331)	-
26370 Sewerage Scheme Riverton	(23,565)	(87,400)	(5,923)	(305,873)	-	-	-	(165,998)	-	-	(26,666)
26670 Sewerage Scheme Stewart Island	(10,410)	-	(42,740)	(6,088)	(5,437)	-	(217,333)	(310,049)	-	-	(127,835)
26870 Sewerage Scheme Te Anau	(328,708)	(69,037)	-	-	-	-	(214,477)	(200,381)	(341,443)	-	-
26879 Sandy Brown Utilities Loan	(3,351)	-	-	-	-	-	-	-	-	-	-
27870 Sewerage Scheme Tokanui	(3,123)	(58,110)	-	-	(9,461)	-	-	(9,860)	-	-	-
28070 Sewerage Scheme Tuatapere	-	-	-	-	-	(34)	(239)	(829)	(1,216)	(1,735)	(2,391)
28970 Sewerage Scheme Otautau	(2,656)	(2,692)	-	(15,801)	-	(49,381)	-	-	-	-	-
29170 Sewerage Scheme Wallacetown	(1,412)	(2,456)	(2,866)	(3,119)	(3,367)	(3,848)	(4,207)	(4,866)	(5,369)	(5,962)	(6,654)
29470 Sewerage Scheme Winton	-	(9,412)	-	(71,789)	(148,311)	(185,559)	(56,140)	(46,911)	-	-	-
29771 Septic Tank Cleaning Woodlands	(6)	(44)	(126)	(206)	(284)	(373)	(455)	(549)	(636)	(726)	(819)
29971 Septic Tank Cleaning Wyndham	-	(6,219)	-	-	-	-	-	-	-	-	-
	(463,739)	(345,392)	(191,348)	(490,691)	(244,634)	(287,171)	(912,438)	(871,227)	(364,137)	(108,613)	(236,764)

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
Loans Repaid											
23970 Sewerage Scheme Gorge Road	-	-	-	-	-	-	586	614	663	716	773
23979 Sewerage Loan Gorge Road	2,067	2,191	2,366	2,555	2,759	2,979	3,217	3,473	3,750	4,050	4,373
24370 Sewerage Scheme Lumsden	-	3,200	3,455	3,731	4,028	4,350	4,697	5,071	5,476	5,913	6,385
24770 Sewerage Scheme Manapouri	-	-	-	-	-	-	-	6,918	7,470	8,066	8,709
25570 Sewerage Scheme Ohai	-	-	-	-	-	-	-	3,431	3,704	36,473	39,383
26170 Sewerage Scheme Riversdale	-	-	-	-	10,857	11,723	12,658	13,668	14,759	15,936	17,208
26370 Sewerage Scheme Riverton	13,583	-	-	-	-	-	-	-	-	-	-
26678 Sewerage Ext Loan Stewart Is	40,162	31,393	33,898	36,602	39,523	42,676	46,089	49,757	53,727	58,014	62,641
26679 Sewerage Loan Stewart Is	40,313	42,112	45,472	49,100	-	-	-	-	-	-	-
26870 Sewerage Scheme Te Anau	56,365	47,162	50,925	54,987	59,375	64,111	164,949	178,110	192,320	207,304	224,231
26879 Sandy Brown Utilities Loan	7,865	7,839	8,464	9,139	9,868	10,656	11,506	12,424	13,415	14,485	15,641
27870 Sewerage Scheme Tokanui	982	-	-	-	-	-	-	2,817	3,042	3,284	3,546
28072 Sewerage (lump sum & 2yr loan)	56,625	61,730	-	-	-	-	-	-	-	-	-
28073 Sewerage 4yr loan-Tuatapere	41,204	42,921	46,345	50,042	-	-	-	-	-	-	-
28074 Sewerage 15 yr loan-Tuatapere	6,765	7,580	8,185	8,838	9,543	10,305	11,127	12,014	12,973	14,008	15,126
28075 Sewerage 25 yr loan-Tuatapere	11,213	10,244	11,061	11,943	12,896	13,925	15,036	16,235	17,531	18,930	20,440
28970 Sewerage Scheme Otautau	8,120	8,668	9,360	10,107	10,913	11,784	12,724	18,643	7,917	8,549	9,231
28979 Sewerage Loan Otautau	35,835	38,099	41,139	44,421	47,964	-	-	-	-	-	-
29171 Sewerage (lump sum & 2yr Loan)	31,110	-	-	-	-	-	-	-	-	-	-
29172 Sewerage 4yr Loan Wallacetown	42,257	44,426	47,970	-	-	-	-	-	-	-	-
29173 Sewerage 15yr Loan Wallacetown	6,829	6,872	7,420	8,012	8,651	9,342	10,087	10,892	11,761	12,699	13,712
29174 Sewerage 25yr Loan Wallacetown	5,369	5,562	6,006	6,485	7,002	7,561	8,164	8,816	9,519	10,278	11,098
29470 Sewerage Scheme Winton	-	-	-	-	84,641	91,394	98,686	106,559	115,061	124,240	134,152
29984 Eden Sewerage Loan (25yrs)	-	4,655	5,026	5,427	5,860	6,328	6,832	7,377	7,966	8,602	9,288
29986 Eden Sew Loan Con (lump& 2yr)	-	22,310	24,090	-	-	-	-	-	-	-	-
29987 Eden Sewerage Con Loan (4yrs)	-	34,335	37,074	40,032	43,226	-	-	-	-	-	-
29988 Eden Sewerage Con Loan (10yrs)	-	9,618	10,386	11,215	12,110	13,076	14,119	15,245	16,462	17,775	19,193
29989 Eden Sewerage Con Loan (15yrs)	-	2,567	2,773	2,994	3,233	3,491	3,769	4,070	4,394	4,745	5,124
29990 Eden Sewerage Con Loan (25yrs)	-	10,930	11,802	12,744	13,761	14,859	16,044	17,324	18,706	20,199	21,810
29996 Eden Sew Loan (lump & 2 yrs)	-	3,077	3,323	-	-	-	-	-	-	-	-
29998 Eden Sewerage Loan (10yrs)	-	1,769	1,910	2,063	2,227	2,405	2,597	2,804	3,027	3,269	3,530
29999 Eden Sewerage Loan (15yrs)	-	236	255	275	297	321	347	374	404	436	471
	406,664	449,496	418,705	370,712	388,734	321,286	443,214	496,636	524,047	597,971	646,065

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
Loans Raised											
22570 Sewerage Scheme Browns	(1,735)	-	-	-	-	-	-	-	-	-	-
23370 Sewerage Scheme Edendale	(829,432)	-	-	-	-	-	-	-	-	-	-
23970 Sewerage Scheme Gorge Road	-	-	-	-	-	(15,410)	-	-	-	-	-
24370 Sewerage Scheme Lumsden	(187,500)	-	-	-	-	-	-	-	-	-	-
24770 Sewerage Scheme Manapouri	-	-	-	-	-	-	(504,122)	-	-	-	-
24970 Sewerage Scheme Monowai	-	-	-	-	-	-	-	-	-	(13,798)	-
25570 Sewerage Scheme Ohai	-	-	-	-	-	-	(250,000)	-	(2,366,399)	-	-
26170 Sewerage Scheme Riversdale	-	-	-	(294,289)	-	-	-	-	-	-	-
26870 Sewerage Scheme Te Anau	-	-	-	-	-	(6,975,627)	-	-	-	-	-
27870 Sewerage Scheme Tokanui	-	-	-	-	-	-	(76,367)	-	-	-	(341,140)
28970 Sewerage Scheme Otautau	-	-	-	-	-	-	(132,927)	(71,063)	-	-	(85,206)
29470 Sewerage Scheme Winton	-	-	-	(2,294,242)	-	-	-	-	-	-	-
29965 Sewerage Scheme Eden/Wyn	-	(666,667)	-	-	-	-	-	-	-	-	-
29969 Sewerage Scheme Wyndham	(579,432)	-	-	-	-	-	-	-	-	-	-
	(1,598,099)	(666,667)	-	(2,588,531)	-	(6,991,037)	(963,416)	(71,063)	(2,366,399)	(13,798)	(426,346)
Non Cash Expenditure											
11974 Allocations 776 Sewerage	(976,696)	(1,276,751)	(1,366,748)	(1,437,038)	(1,507,927)	(1,693,747)	(1,896,505)	(1,990,706)	(2,082,421)	(2,171,550)	(2,272,388)
	(976,696)	(1,276,751)	(1,366,748)	(1,437,038)	(1,507,927)	(1,693,747)	(1,896,505)	(1,990,706)	(2,082,421)	(2,171,550)	(2,272,388)
Activity Revenue											
22570 Sewerage Scheme Browns	(3,470)	(748,280)	-	-	-	-	-	-	-	-	-
23370 Sewerage Scheme Edendale	(1,658,863)	-	-	-	-	-	-	-	-	-	-
26678 Sewerage Ext Loan Stewart Is	(10,045)	-	-	-	-	-	-	-	-	-	-
26870 Sewerage Scheme Te Anau	(80,000)	-	-	-	-	-	-	-	-	-	-
29965 Sewerage Scheme Eden/Wyn	-	(1,333,333)	-	-	-	-	-	-	-	-	-
29969 Sewerage Scheme Wyndham	(1,158,863)	-	-	-	-	-	-	-	-	-	-
	(2,911,241)	(2,081,613)	-	-	-	-	-	-	-	-	-
Development & Financial Cont											
24770 Sewerage Scheme Manapouri	-	-	-	-	-	-	(193,758)	-	-	-	-
26170 Sewerage Scheme Riversdale	-	-	-	-	-	-	-	-	(76,304)	(94,283)	-
26370 Sewerage Scheme Riverton	-	-	-	-	-	-	-	-	-	-	(1,050,737)
26670 Sewerage Scheme Stewart Island	-	-	-	-	-	-	-	-	-	-	(1,402,758)
26870 Sewerage Scheme Te Anau	(794,817)	(476,157)	(68,691)	(72,968)	(207,475)	(9,337,446)	(224,780)	(90,713)	-	-	(314,829)
	(794,817)	(476,157)	(68,691)	(72,968)	(207,475)	(9,337,446)	(418,538)	(90,713)	-	(76,304)	(2,862,607)

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Funding Programme											
Grants and Donations											
11974 Allocations 776 Sewerage	(351,216)	(411,826)	-	-	-	-	-	-	-	-	-
22570 Sewerage Scheme Browns	(5,205)	-	-	-	-	-	-	-	-	-	-
23370 Sewerage Scheme Edendale	(2,488,295)	-	-	-	-	-	-	-	-	-	-
24370 Sewerage Scheme Lumsden	(187,500)	-	-	-	-	-	-	-	-	-	-
28070 Sewerage Scheme Tuatapere	(50,000)	-	-	-	-	-	-	-	-	-	-
29965 Sewerage Scheme Eden/Wyn	-	(2,000,000)	-	-	-	-	-	-	-	-	-
29969 Sewerage Scheme Wyndham	(1,738,295)	-	-	-	-	-	-	-	-	-	-
	(4,820,511)	(2,411,826)	-	-	-	-	-	-	-	-	-
Total of Funding Programme	(13,128,241)	(9,007,179)	(3,737,933)	(6,632,311)	(4,033,081)	(20,289,550)	(6,744,434)	(5,788,973)	(7,353,978)	(5,178,995)	(8,666,011)
Finance Costs											
Finance Costs											
23970 Sewerage Scheme Gorge Road	-	-	-	-	-	-	1,178	1,133	1,084	1,031	974
24370 Sewerage Scheme Lumsden	-	6,630	6,375	6,099	5,802	5,480	5,133	4,758	4,354	3,917	3,445
24770 Sewerage Scheme Manapouri	-	-	-	-	-	-	-	38,872	38,320	37,724	37,080
25570 Sewerage Scheme Ohai	-	-	-	-	-	-	-	19,277	19,003	201,175	198,266
26170 Sewerage Scheme Riversdale	-	-	-	-	22,497	21,631	20,695	19,686	18,595	17,418	16,146
26870 Sewerage Scheme Te Anau	-	241,945	238,182	234,119	229,732	224,994	757,752	744,592	730,383	715,039	698,471
27870 Sewerage Scheme Tokanui	-	-	-	-	-	-	-	5,838	5,613	5,370	5,108
28072 Sewerage (lump sum & 2yr loan)	-	3,019	-	-	-	-	-	-	-	-	-
28073 Sewerage 4yr loan-Tuatapere	-	9,568	6,142	2,447	-	-	-	-	-	-	-
28074 Sewerage 15 yr loan-Tuatapere	-	13,987	13,382	12,729	12,024	11,262	10,440	9,553	8,594	7,559	6,441
28075 Sewerage 25 yr loan-Tuatapere	-	52,550	51,733	50,850	49,897	48,868	47,757	46,558	45,263	43,864	42,354
28970 Sewerage Scheme Otautau	-	-	-	-	-	-	-	10,162	15,203	14,571	13,889
29470 Sewerage Scheme Winton	-	-	-	-	175,387	168,634	161,343	153,469	144,968	135,788	125,876
29984 Eden Sewerage Loan (25yrs)	-	26,155	25,784	25,383	24,950	24,482	23,977	23,432	22,844	22,208	21,522
29986 Eden Sew Loan Con (lump& 2yr)	-	2,958	1,178	-	-	-	-	-	-	-	-
29987 Eden Sewerage Con Loan (4yrs)	-	11,005	8,265	5,308	2,114	-	-	-	-	-	-
29988 Eden Sewerage Con Loan (10yrs)	-	10,513	9,746	8,917	8,022	7,056	6,013	4,886	3,670	2,357	939
29989 Eden Sewerage Con Loan (15yrs)	-	5,321	5,116	4,895	4,656	4,398	4,119	3,819	3,494	3,143	2,765
29990 Eden Sewerage Con Loan (25yrs)	-	61,419	60,547	59,605	58,588	57,490	56,305	55,025	53,643	52,150	50,539
29996 Eden Sew Loan (lump & 2 yrs)	-	408	162	-	-	-	-	-	-	-	-
29998 Eden Sewerage Loan (10yrs)	-	1,933	1,792	1,640	1,475	1,298	1,106	899	675	433	173
29999 Eden Sewerage Loan (15yrs)	-	489	470	450	428	404	379	351	321	289	254
	-	447,900	428,874	412,442	595,572	575,997	1,096,197	1,142,310	1,116,027	1,264,036	1,224,242

Wastewater

	Current Budget	2009/2010	2010/2011	2011/2012	2012/2013	2013/2014	2014/2015	2015/2016	2016/2017	2017/2018	2018/2019
Total of nance Costs	-	447,900	428,874	412,442	595,572	575,997	1,096,197	1,142,310	1,116,027	1,264,036	1,224,242
Summary of Wastewater	-	-	-	-	-	-	-	-	-	-	-

6.4 Funding the Wastewater Activity

2.26.1 Activity Description

Provision of reticulated wastewater infrastructure for significant urban areas. These public wastewater systems collect, treat and dispose of wastewater from residential properties, business properties, and public sanitary facilities in the district. The wastewater system also deals with non-domestic liquid wastes (often known as trade wastes).

2.26.2 Community Outcomes

Wastewater services contribute to healthy people as sewerage systems prevent the spread of disease. They also contribute to treasured environment by treating sewage to reduce harmful nutrients, bacteria and odours before it is discharged into the environment. The discharge is also monitored to ensure that it is not harmful and controlled to reduce the likelihood of overflows and odours which otherwise may affect the environment. Wastewater services also support a diverse economy as sewerage systems are essential for business development, including tourism, and reticulated systems provide economies of scale.

2.26.3 Who Benefits / Whose acts create a need

Residents, businesses and visitors benefit from the provision of wastewater services. The need for this activity is driven by high density communities, where on-site wastewater systems are not effective disposal methods for public health and/or environmental reasons.

There is a legal requirement under the Health Act 1956 and the Local Government Act 2002 to maintain existing systems.

Period of benefit - The life of the sewerage schemes varies, maintenance is crucial, and the lives of individual components varies. On average, Wastewater plant/treatment assets have a life of approximately 45 years, and reticulation of 74 years.

2.26.4 Funding Sources

Operating funding is 100% local rate funded, via a targeted rate based on household equivalent use or pans.

Capital works are funded through Ministry of Health subsidy (where available), up to 16.67% district contribution (funded from the Waste Management rate, which is a uniform annual charge per rateable unit), development or financial contributions (where applicable) and local contributions from those connecting or able to be connected (Sewerage Schemes Funding Policy refers). Smaller projects not eligible for subsidy may be funded through loans.

Rationale - There is a high degree of private benefit in sewerage systems, therefore a level of user pays is appropriate. Consistent with a user pays approach, this activity is rated for distinctly. It also enhances transparency about the service ratepayers are receiving and paying for.

The wastewater activity provides a degree of public benefit as well, through economic development and public health, therefore, the district as a whole makes a contribution to capital works, and operational costs for all schemes are shared across all users (i.e. users pay a rate based on the cost of the service provided to the district, not just the cost of their local scheme).

TRADE WASTE CHARGES

Source: Fees and Charges Schedule 2009

Discharge Charges

Discharge Charges for trade waste premises (non-domestic) will be assessed as follows:-

1) for all properties that have occupiers who are not required to have a conditional trade waste consent the charge will be based on the accessed number of Units of Demand (UoD) for the property multiplied by the Uniform Annual Charge (UAC) for the local sewerage rate. The UoD will be assessed in accordance with the Councils Development Contribution Policy contained within the LTCCP.

2) for all properties that have occupiers who are required to have a conditional trade waste consent the charge will be based on the accessed number of Equivalent Units of Demand (EUoD) for the property multiplied by the Uniform Annual Charge (UAC) for the local sewerage rate. The EUoD will be assessed based on a specific assessment of loadings from the consent holder. The EUoD assessment will be made by summation weighting of the specific loading characteristics as follows :- Volume (V) 40%, Biological Oxygen Demand (BOD) 30% Suspended Solids (SS) 30% when compared to a 1x UoD characteristic of V = 920 litres/day, BOD = 260 grams/day, SS = 320 grams/day

For any consent holders whom exceed the consent limits a multiplier of two will be applied to the reassessed EUoD (following the non compliance) for the remaining consent period. This is in addition to any other remedies for consequential cost recovery.

Council may from time to time undertake review assessments of UoD for individual properties. Where the assessed UoD differs from the current local rate then the number of units applied to the property will be modified and the property owner will be notified of this in writing.

Demand Capital Charges (for Capacity)

Demand capital costs required for the provision of demand capacity will be charged for in accordance with Council's Development Contribution Policy contained within the LTCCP where the proposed loadings can be accommodated within the planned capacity of the sewerage system. However where any application for conditional trade waste consent has the potential to impose a significant additional demand on the sewerage system, beyond its planned capacity, then specific demand capital charges will be a condition of the consent.

Administrative Charges

Trade waste application fee	Base Fee \$228.00. (With application) Extra Time over 2hrs will be charged at \$114.00/hr plus disbursements
Inspection fee	Actual cost at \$114.00 per hour plus disbursements.
Compliance monitoring	Actual cost at \$114.00 per hour plus analysis plus disbursements. (including reinspection)
Annual Administration fee for Trade Waste Consent Holder	Actual cost at \$114.00 per hour plus disbursements.
Tankered Waste Charge	\$60.00 per tanker load

Except for the application base fee (required at time of application) all other administrative charges are due for payment by 20th of the month following invoice.

Fees and Charges

	2008/2009	2009/2010
Reserve and Development Contributions		
Development contributions for water and sewerage (GST exclusive)		
For Te Anau only, per lot charges (plus GST):		
-		
- Sewerage	\$5,656.24	\$11,834
Financial contributions for sewerage supplies (GST exclusive)		
For any new connection per household equivalent to the following supplies:		
Balfour	\$2,518.17	\$3,009.36
Browns	\$3,061.85	\$4,432.15
Gorge Road	\$9,328.11	\$18,153.62
Lumsden	\$2,799.39	\$2,600.80
Manapouri	\$3,194.15	\$3,257.66
Monowai	\$908.93	\$4,536.60
Nightcaps	\$6,817.40	\$8,130.03
Ohai	\$744.29	\$860.45
Riversdale	\$3,415.53	\$3,330.21
Riverton	\$4,770.70	\$4,905.89
Stewart Island	\$11,770.78	\$12,411.25
Tokanui	\$5,969.27	\$5,969.27
Otautau	\$6,465.38	\$7,586.63
Winton	\$1,479.41	\$1,456.69
Wallacetown	-	\$6,714.84
Tuatapere	-	\$10,650.59
Trade waste charges		
Category A : Trade waste administrative charges		
Trade waste application fee (each)	\$228.00	\$228.00
Time over 2 hours (per hour)	\$114.00	\$114.00
Inspection Fee (per hour)	\$114.00	\$114.00
Compliance monitoring (per hour)	\$114.00	\$114.00
Trade Waste Consent holder administration fee (per hour)	\$114.00	\$114.00
Tankered waste charge (per load)	\$50.00	\$60.00

6.5 Valuations

6.5.1 Asset Valuations

Statutory financial reporting requirements require SDC to revalue its fixed assets triennially. Water supply infrastructure assets were last valued as at 30 June 2008 in accordance with New Zealand Accounting Standard 16 (NZIAS-16).

All assets have been valued at the component level (maintenance managed item-MMI) where appropriate. A summary of the 2008 Valuations is shown in Table 84.

Detail of the valuation assumptions is provided in 6.5.2

Table 84 - Sewerage Asset Valuation Summary 2008

(Asset) Name	Adopted Base Life	Sum of (Asset) 0708 Qty	Unit	Sum of (Asset) 0708 Replacement Cost
100mm Gravity Main	60-100	11,607	m	\$2,135,597
100mm Gravity Main (Oban Only)	100	5,190	m	\$954,871
100mm Rising Main	60-80	4,900	m	\$421,436
100mm Rising Main (Oban Only)	100	1,169	m	\$100,556
125mm Gravity Main (Oban Only)	100	412	m	\$65,854
125mm Rising Main (Oban Only)	100	795	m	\$87,503
140mm Rising Main	80	3,130	m	\$406,952
150mm Gravity Main	0-100	123,369	m	\$21,466,188
150mm Gravity Main (Oban Only)	100	9,464	m	\$1,646,675
150mm Rising Main	60-100	3,816	m	\$496,027
175mm Gravity Main	60	150	m	\$27,076
200mm Gravity Main	100	2,198	m	\$472,660
200mm Rising Main	60-100	4,299	m	\$700,773
225mm Gravity Main	60-100	9,025	m	\$2,301,442
225mm Rising Main	60-100	126	m	\$22,361
250mm Gravity Main	60-100	1,191	m	\$315,577
250mm Rising Main	60-100	938	m	\$180,024
300mm Gravity Main	60-100	2,722	m	\$762,053
300mm Rising Main	60-100	3,722	m	\$818,794
375mm Gravity Main	60-80	1,266	m	\$379,887
40mm Rising Main (Oban Only)	80	3,315	m	\$159,134
40mm Sewer Gravity Main	80	704	m	\$31,671
40mm Sewer Rising Main	80	361	m	\$17,338
450mm Gravity Main	60	284	m	\$96,528
450mm Rising Main	60	287	m	\$86,051
475mm Gravity Main	100	1,874	m	\$674,707
500mm Gravity Main	60	10	m	\$3,900
50mm Gravity Main	80-100	818	m	\$69,522
50mm Rising Main	80	2,300	m	\$119,579
50mm Rising Main (Oban Only)	80-100	1,168	m	\$60,747
525mm Gravity Main	60	20	m	\$8,000
65mm Rising Main (Oban Only)	80-100	2,113	m	\$135,260
75mm Rising Main (Oban Only)	80	1,815	m	\$136,103
80mm Gravity Main	100	67	m	\$8,088
80mm Rising Main	100	275	m	\$20,655
AERATOR	20	18	no	\$90,000
AERATOR TANK	20	1	no	\$2,500
BACKFLOW PREVENTER	50	44	no	\$52,800
BATTERY BANK	10	64	no	\$7,680

(Asset) Name	Adopted Base Life	Sum of (Asset) 0708 Qty	Unit	Sum of (Asset) 0708 Replacement Cost
BLOWER	20	3	no	\$15,000
BUILDING/GROUNDS	80	183	no	\$399,158
CABINET	30	68	no	\$95,200
CHAIN BLOCK	40	10	no	\$2,000
Concrete Manholes < 1.5m Deep	60	539	no	\$1,078,000
Concrete Manholes < 1.5m Deep (OBAN Only)	60	51	no	\$112,200
Concrete Manholes >=3.5m Deep	60	54	no	\$270,000
Concrete Manholes 1.5-<2.5m Deep	60	606	no	\$1,515,000
Concrete Manholes 1.5-<2.5m Deep (OBAN Only)	60	24	no	\$66,000
Concrete Manholes 2.5-<3.5m Deep	60	231	no	\$924,000
Concrete Manholes 2.5-<3.5m Deep (OBAN Only)	60	3	no	\$13,200
DESIGN AND CONSTRUCTION COSTS	30	375	no	\$1,643,000
DRY WELL	80	2	no	\$16,800
HEADER TANK	80	4	no	\$1,120
HUMUS TANK	80	70	no	\$20,850
IMHOFF TANK	80	242	no	\$72,600
INFILTRATION POND	50	8,560	no	\$693,600
MATURATION POND	50	5,708	no	\$522,480
METER	15	3	no	\$1,950
OTHER PLANT & EQUIPMENT	40	613	no	\$122,600
OUTFALL	60	1,052	no	\$84,160
OXY POND	50	171,674	no	\$5,695,110
PIPEWORK	60	908	no	\$454,000
Polypropylene Manhole <1.2m Deep (OBAN Only)	80	22	no	\$33,440
Polypropylene Manhole =>2.5m Deep (OBAN Only)	80	3	no	\$7,950
Polypropylene Manhole 1.2 to < 1.8m Deep	80	18	no	\$34,740
Polypropylene Manholes < 1.5m Deep	80	17	no	\$32,810
Polypropylene Manholes >= 3.5m Deep	80	3	no	\$12,000
Polypropylene Manholes 1.2-<1.8m Deep	80	31	no	\$59,830
Polypropylene Manholes 1.8-<2.5m Deep (OBAN Only)	80	4	no	\$9,600
Polypropylene Manholes 2.5-<3.5m Deep	80	7	no	\$21,000
Polypropylene Manholes 1.8-<2.5m Deep	80	14	no	\$33,600
POWER LINE (SUPPLY)	40	151	no	\$490,600
PRIMARY OXIDATION POND	50	13,680	no	\$1,000,800
PROGRAMMABLE LOGIC CONTROLLER	20	20	no	\$140,000
RADIO/AERIAL	20	67	no	\$134,000
REMOTE SENSORS	20	195	no	\$145,875
SCADA	20	67	no	\$536,000
SCREEN	50	49	no	\$98,000
Sewer Cleaning Eyes	60	553	no	\$364,980
Sewer Cleaning Eyes (OBAN Only)	60	70	no	\$55,440
Sewer Maintenance Shaft	80	234	no	\$421,200
SEWER PUMP	20	125	no	\$1,000,625
SLUDGE DRYING	80	112	no	\$31,360
SOAK FIELD	50	5	no	\$362,400
STANDBY GENERATOR	40	112	no	\$67,840
STRUCTURE	80	56	no	\$15,680
SWITCH BOARD	30	138	no	\$993,600
TRICKLING FILTER	60	238	no	\$263,625
Unknown Diameter Gravity Main	0	0	no	\$0
UV DISINFECTION	40	1	no	\$20,000

(Asset) Name	Adopted Base Life	Sum of (Asset) 0708 Qty	Unit	Sum of (Asset) 0708 Replacement Cost
VALVES	60	780	no	\$195,000
WEEDED DITCH	50	700	no	\$267,000
WET WELL	80	168	no	\$1,545,600
WETLAND	50	6,060	no	\$543,600
Sewerage Total				\$58,298,791

Source: Fulcrum Cube 0708

6.5.2 Valuation Assumptions

The following assumptions have been made in the preparation of the 2007/08 Valuations

- 1) That all asset data has been reviewed and updated.
- 2) That all valuations are based on the "Modern Equivalent Replacement Cost" (MERC) basis.
- 3) Where new technology is available or where present assets do not require full replacement, adjustments have been made.
- 4) That sewer gravity main and rising main rates have been based on recent and extensive sewer contracts in the Southland district. These have shown a large increase in unit rates for both 100 and 150 mm sewers.
- 5) That sewer laterals have not been included in the valuation.
- 6) That plant and equipment costs have been reviewed due to price increases in electrical items.
- 7) The asset lives have been reviewed.

6.5.3 Valuations Forecast

The revaluation of infrastructure assets have been completed at a district level. This takes into account asset additions for each community, vested assets, inflation and depreciation.

Because the projects indicated in this plan have yet to be designed, information to complete a revaluation at a component level do not exist so a number of assumptions have been made to arrive at the annual infrastructure revaluation and these are detailed below.

- The actual 2007/2008 revaluation has been used as the base revaluation for assets held at 30 June 2008.
- Annual asset additions are calculated from totalling all projects planned in each community for any given year.
- Depreciation is deducted annually.
 - For existing assets at the 30 June 2008, actual depreciation calculated for 2007/2008 has been used annually, adjusted for inflation.
 - For new additions planned, depreciation is calculated for six months in the year of acquisition. Depreciation is calculated on these assets on a straight line basis over an average estimated life of 63 years i.e.: annual depreciation of 1/63 (approx 1.59%).
- It is assumed that the renewal projects planned are replacing those assets indicated to be at the end of their economic life.

To calculate the revaluation at the end of any year the revaluation at the end of the previous year is used and to this inflation is added at the rates indicated in the assumptions section of this document under **Price Level Changes** (page 248). For the purposes of establishing the valuation for 2008/2009, inflation has been added at the rate of 8.9%, this rate was determined by BERL. Annual asset additions and depreciation, as described above, are then added/deducted to arrive at the revaluation.

The table below outlines the asset revaluation for each of the 10 years.

Year		Sewerage Revaluation
2007/2008	Actual	\$41,627,018
2008/2009	Budget	\$53,246,269
2009/2010	Forecast	\$60,011,244
2010/2011	Forecast	\$61,047,350
2011/2012	Forecast	\$64,734,901
2012/2013	Forecast	\$65,510,563
2013/2014	Forecast	\$82,568,627
2014/2015	Forecast	\$85,354,079
2015/2016	Forecast	\$87,488,977
2016/2017	Forecast	\$90,725,571
2017/2018	Forecast	\$91,600,983
2018/2019	Forecast	\$95,879,233

6.6 Assumptions

6.6.1 Activity specific assumptions

The following assumptions have been made in the preparation of this Activity Plan:

- 1) That information held in the HANSEN IMS asset register is accurate.
- 2) That all communities strive for the LoS set out in Section 2.8.2
- 3) That the options for addressing issues identified during the course of the AcMP process should be assessed and that the respective community would prefer the most economically efficient option to be short-listed against the “do nothing” option. The most economically efficient option was therefore included in the financial programmes.
- 4) That there will be no material price increases or price increases due to any other industry demands.
- 5) That legislation will not change during the planning period.
- 6) That general O&M costs for monitoring, maintenance (routine), maintenance (unplanned contract), backflow prevention, and chemicals be subject to a 7% increase for next year (2009/10) followed by standard inflation rates applied.
- 7) That electricity be subject to a 12% increase for next year followed by standard inflation rates applied.
- 8) That maintenance (Unplanned - Extra) generally has been assessed according to the current operating expenditure. The increases vary for each scheme to reflect their current operational spend. Standard inflation rates have been applied after 2009/10.
- 9) That scheme management and resource consent fees are subject to a 3% increase next year followed by standard inflation rates applied.
- 10) That the insurances and rates be subject to a 6.1% increase next year and followed by standard inflation rates applied.

6.6.2 Corporate Assumptions

This section explains the significant assumptions and the risks associated with those assumptions which have been made by the Council in its forecasting for the 10 year period. The assumptions are based on the information available to Council in November 2008. While every effort has been made to ensure the forecasts are the Council's best estimates for the future, the actual results for each reporting period are likely to vary from the information presented, and the variations may be material. Where there is a high level of uncertainty about the assumptions, Council must state the reason for that level of uncertainty and assess the potential impact of this on the financial statements. Please note that this information has been prepared for the Council's budgeting and financial planning and it may not be appropriate to be used for any other purpose. The assumptions detailed here have been applied across the Council. Some activities have activity specific assumptions which are detailed in the relevant Activity Plan.

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
POPULATION, DEMOGRAPHICS AND DWELLING ASSUMPTIONS						
Total population projections were derived from a baseline scenario of economic growth ⁴⁷ developed by Infometrics Ltd for Venture Southland in August 2008. The baseline scenario was selected after taking into account the risks and likelihood of the various economic scenarios modelled as well as Statistics New Zealand recently released area unit projections of population, age, sex and private occupied dwellings. Household (occupied dwellings) projections were derived using the population projections and estimates for the average number of persons per dwelling which are expected to increase in Southland with migration patterns. Dwelling numbers were also adjusted to take into account non-private dwellings. Peak population figures were derived from the Infometrics Ltd data, previous forecasts and estimates of visitor numbers and visitor travelling trends in Southland. The Infometrics Ltd projections were used in favour of the Statistics New Zealand projections for the district as Statistics New Zealand's are based primarily on historical births, deaths and migration, while the Infometrics Ltd projections are linked to Southland's future economic prospects which are strongly linked to Southland's ability to attract workers to the region and retain its own workers. Township projections were also developed from the Infometrics Ltd total projections, using previous forecasts, Statistics New Zealand's area unit forecasts for comparison and also taking into account knowledge of current activity and issues in various townships.						
Population Using the baseline scenario, the district's population is expected to grow slightly overall (1.3%) from 28,440 in 2006 to 28,800 in 2026 with a peak in 2021 of 29,600. The rural-urban split is expected to remain relatively stable over time, with 54% of the population living in rural areas and 46% living in urban areas throughout the forecast period. There will be different rates of population change in each township (see Figure 1). Townships where a significant level of population growth is projected include Te Anau, Winton, Manapouri, and Edendale. Population decline is projected for	Population growth is higher than projected, putting increased pressure on Council to provide additional infrastructure and services.	Possible (3)	Minor (10)	Minor (10)	MODERATE	Small increases in population can be included within the present level of infrastructure. While there is a national trend towards urbanisation, in Southland it is predicted that there will continue to be a relatively stable mix of people living in rural/urban areas as much of the economic growth is expected to be in the rural sector. Growth is generally caused by an increase in dwellings (caused by total population growth and fewer people per dwelling). If this occurs, Council would have to extend infrastructure into new housing areas. In addition, any significant increase will place greater demands on some Council services such as libraries and solid waste.

⁴⁷ The baseline scenario is a business as usual scenario in which the Southland economy is expected to grow by 2.0% per annum between 2007 and 2031, compared with 2.3% per annum growth at the national level. Analysis of historical data shows that there is a close relationship between economic growth and population growth in the Southland region. The baseline scenario takes into account currently confirmed projects including the economic impact of likely wind farm developments, the expansion of the Edendale milk processing plant, oil and gas exploration and a new dairy factory to be built in the Gore district. In this scenario employment growth is restricted by below national level economic growth and the absence of growth of the national labour force from 2021 onwards. In this scenario total employment is projected to increase from 15,580 in 2006 to 15,870 in 2026.

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty																																			
			General	Direct Fin. Materiality																																					
Lumsden, Woodlands, Ohai and Nightcaps. Other townships are likely to experience varying levels of growth over the period, with initial growth resulting from construction projects or other investments, with some tailing off in outyears.						Where growth will require infrastructure, Council will require financial/development contributions for this work. Costs over this amount will result in extra capital expenditure which will need to be funded from loans. Where growth results in additional demand for services not requiring infrastructure, levels of operating expenditure may increase or user charges may be introduced to support demand.																																			
	Population growth is lower than projected, putting increased pressure on Council to maintain existing infrastructure and services.	Possible (3)	Medium (40)	Medium (40)	HIGH	A consistent decline in population would adversely affect the ability of Council to set rates at a level that is affordable to the community. Council may have to adjust operating expenditure in certain activities to avoid levels of service reducing or look at different ways of addressing affordability issues through the rates system (general or targeted). Alternatively Council may review the levels of service or planned investment in infrastructure.																																			
Seasonal Population Fluctuations Southland has a number of communities (Stewart Island, Te Anau, Riverton, Manapouri, Waikaia and Waikawa/Curio Bay) which have higher peak populations at certain times of the year. Estimates of the peak population for these are detailed below: <table border="1" data-bbox="188 1034 651 1268"> <thead> <tr> <th>Township (2006 Est)</th> <th>2011</th> <th>2016</th> <th>2021</th> <th>2026</th> </tr> </thead> <tbody> <tr> <td>Manapouri (940)</td> <td>1,073</td> <td>1,162</td> <td>1,246</td> <td>1,329</td> </tr> <tr> <td>Riverton (3,664)</td> <td>4,122</td> <td>4,232</td> <td>4,350</td> <td>4,443</td> </tr> <tr> <td>Stewart Island (2,115)</td> <td>2,483</td> <td>2,568</td> <td>2,668</td> <td>2,757</td> </tr> <tr> <td>Te Anau (7,584)</td> <td>8,779</td> <td>9,638</td> <td>10,354</td> <td>11,078</td> </tr> <tr> <td>Waikaia (1,378)</td> <td>1,655</td> <td>1,715</td> <td>1,786</td> <td>1,860</td> </tr> <tr> <td>Waikawa/CBay (523)</td> <td>618</td> <td>643</td> <td>667</td> <td>682</td> </tr> </tbody> </table>	Township (2006 Est)	2011	2016	2021	2026	Manapouri (940)	1,073	1,162	1,246	1,329	Riverton (3,664)	4,122	4,232	4,350	4,443	Stewart Island (2,115)	2,483	2,568	2,668	2,757	Te Anau (7,584)	8,779	9,638	10,354	11,078	Waikaia (1,378)	1,655	1,715	1,786	1,860	Waikawa/CBay (523)	618	643	667	682	Seasonal population fluctuations become more or less severe over time, or the period of peak population lengthens.	Likely (4)	Minor (10)	Minor (10)	MODERATE	Council takes into account peak population in its current infrastructure and services. However, changes in the economic climate and credit crunch may affect the number of people who have second homes in Southland, or the number of people visiting Southland. Conversely Southland continues to be a relatively affordable area of New Zealand for property and contains a number of iconic and internationally renowned tourist attractions which may mean that peak population will remain steady in these areas. Additional pressures may affect procedures for certain services such as increased/seasonal variations in solid waste collections, altered operation of water supply and wastewater disposal systems, public conveniences (number and location) as well as changes to operating
Township (2006 Est)	2011	2016	2021	2026																																					
Manapouri (940)	1,073	1,162	1,246	1,329																																					
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Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
						expenditure to service additional demand during these times.
<p>Age Demographics</p> <p>The usually resident population will continue to age. The proportion of the population that are aged 65 years and above is expected to increase over the next twenty years from 12% in 2006 to 21% in 2026.</p>	<p>Proportion of the population over 65 of age varies from the prediction.</p> <p>Population of young and young family age groups rise significantly as a proportion of resident population.</p>	Possible (3)	Minor (10)	Minor (10)	MODERATE	<p>With Venture Southland aiming to increase the working age population by attracting new migrants and retaining the current workforce, if highly successful, the proportion of the population that are over 65 years will not grow as quickly as forecast. In addition, there has been a steady increase in the birth rate for Southland District since 2001 with a significant jump (10% increase) recorded between 2006 and 2007 when the number of births increased from 386 to 425. This was the highest number of births in a single year since 1995 and is consistent with national trends.</p> <p>If the Council directs spending to meet a given population age profile on services such as footpaths, parks and reserves, libraries, and halls, any significant variation to that age profile may result in certain sectors of the community experiencing lower than expected levels of service. As a result Council may need to redirect funding to particular activities for a younger population e.g. cycleways, playgrounds, skateparks.</p>
<p>Cultural Diversity</p> <p>Southland will gradually become more culturally diverse with an increase in the number of residents of Asian⁴⁸ descent. In 2006, 79.4% of the population of the Southland District identified themselves as being of European descent. 9.4% identified themselves as belonging to the Māori ethnic group with 1.1% as Asian, 0.6% as Pacific</p>	<p>Southland's cultural diversity either remains unchanged or changes more rapidly than predicted with a diverse population putting pressure on the way Council provides services and</p>	Unlikely (2)	Minor (10)	Minor (10)	LOW	<p>With the Infometrics baseline scenario including projections of attracting migrants to the region (particularly for dairying), it is expected that there will be a slight increase in the number of residents of Asian descent to support this industry development. If other scenarios of economic development are realised it is likely that there will be an increase of other overseas migrants to support these industries</p>

⁴⁸ 'Asian' as defined by Statistics NZ includes: South East Asian (Filipino, Burmese, Vietnamese, Indonesian etc), Chinese, Indian, Other Asian (Sri Lankan, Tibetan, Afghani, Bangladeshi, Pakistani, etc)

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
Peoples, 0.2% as Middle Eastern/Latin American/African and 17% as Other (New Zealander).	communicates.					which may affect the cultural mix of the district either in the short term or longer term. If the Council directs spending to meet a given ethnicity profile on services such as communication and libraries, any significant variation to that profile may result in certain sectors of the community experiencing lower than expected levels of service. As a result Council may need to reassess its communications strategies and funding priorities to activities which support any significant change in cultural mix.
Volunteer Community Several of Council's activities (cemeteries, halls, parks, beautification, representation) rely on the volunteer sector. This includes volunteer labour for maintenance work, operation of local halls or fundraising. It is assumed that volunteers will continue to make themselves available to support these activities as they have done in the past.	Volunteers no longer provide their assistance or significantly reduce the amount of assistance.	Possible (3)	Minor (10)	Minor (10)	MODERATE	Southland communities, because of the geographic spread and local nature, tend to have a strong volunteer ethic. While there has been a national trend of reducing volunteer numbers this trend has not been fully realised in Southland as yet with the Council overall continuing to receive high levels of support/involvement from volunteer elected members and other committees. This may be related to the local representation structures and level of delegation provided to these local committees. If the volunteers reduced or were not available, Council would have to provide rate funding to undertake the activities that local volunteers have provided. These costs are not expected to be significant overall as the voluntary work is used in certain activities and any impact is more likely to be noticed at the local community level.
Dwelling Growth A portion of the Council's capital works programme is growth related. Therefore the location, amount and timing of growth is a key assumption for Council both for its infrastructure planning and its funding mechanisms. The dwelling assumptions are based on Infometrics Ltd's baseline scenario.	Dwelling growth across the district and townships occurs at higher or lower rates than assumed. Dwelling growth occurs in rural areas rather than in townships.	Possible (3)	Medium (40)	Medium (40)	HIGH	Economic conditions could cause variations from year to year or the number of people per dwelling could reduce. Council monitors dwelling growth rates based upon infrastructure capacity and is aware of areas where infrastructure has or does not have capacity to cope with growth. Currently the Council's District Plan is generally permissive and

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
<p>The number of dwellings in the district is expected to reduce slightly (1.9%) from 11,091 in 2006 to 10,880 in 2026 with more people expected to live per dwelling.</p> <p>There will be different rates of growth in dwellings in each township (see Figure 1). Townships where a significant level of dwelling growth is projected include Manapouri, Te Anau, Winton, and Limehills. Notable dwelling decline is projected for Ohai and Nightcaps. Other townships are likely to experience varying levels of dwelling change over the period.</p>						<p>has few restrictions on where residential development can occur (rural areas versus townships). With the upcoming review of the District Plan Council may consider restricting the extent to which it will allow residential development in rural areas or the extent of development in townships.</p> <p>If Council directs funding accordingly and dwelling growth rates differ from those assumed, it will find that the levels of service needs are different in each area. In addition if dwelling growth is lower than expected, revenues through rates and financial/development contributions for major infrastructure may not materialise. In these instances Council may find itself funding growth related expenditure in townships or deciding not to proceed with growth related capital works or funding capital and operating expenditure for the unused capacity. Generally Council allows for some additional capacity in it is infrastructure developments for cost efficiency reasons. In addition, Council is able to make adjustments to its infrastructure programme as a result of changing trends in dwelling numbers.</p>
GENERAL ASSUMPTIONS						
<p>Land Use Change</p> <p>Land use is predicted to change over time. The amount of land used for dairy farming is projected to rise from about 120,000 hectares in 2007 to 255,000 hectares in 2026 due to the ongoing conversion of sheep farms to dairy. The number of dairy conversions is estimated to be 100 per annum until 2013, 20 per annum until 2018, 10 per annum until 2023 and five per annum for the rest of the</p>	<p>Land use changes differ from those predicted and/or unforeseen land use that has potential significant effects occurs.</p>	Unlikely (2)	Medium (40)	Medium (40)	HIGH	<p>Land use is not entirely within the Council's control. While it has some effect under its District Plan rules, the global economic situation is the main driver of land use change. Lending costs and commodity prices will influence the continuing rate of dairy conversion. However there is evidence that a significant area of non-dairy land is being used for run-off, feed lots and supplementary feed production possibly up to 5% of arable farmland)</p>

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
<p>forecast period. Conversions are expected to average 175 hectares each with herds of between 500 and 600 cows. The amount of land used for forestry is projected to decrease slightly in line with estimates from the 2007 Deforestation Survey. While most high country and marginal lands are likely to stay under forest, some areas of flat land and Eucalypt forest are expected to be converted to dairy following harvesting. Total land utilised for forestry is projected to change from 87,400 hectares in 2007 to around 86,500 hectares in 2026. The growth in dairy farm land will occur largely at the expense of sheep and beef farming land. Sheep farming land is projected to decrease from about 794,000 hectares to 673,000 hectares and beef farming land from 95,000 hectares to 81,000 hectares.</p>						<p>and while this has not been quantified, it may to some extent offset the effect of reduced conversion rates. In addition, whilst demand for dairy conversion may change over time, it is expected that the economy may see other land use changes occur which will offset the effects of a drop-off in dairy conversion. Where possible, where the change has impacts on demand for services, Council has some ability to charge financial contributions for the development or fees for works related to the land use change. As such changes in land use may affect Council's user charges, rates revenue and financial/development contributions.</p>

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
<p>Tourist and Visitor Growth</p> <p>Tourists and visitors will continue to be a major element of the economy and continue to grow in numbers over time, with fluctuations over the period. Based on material produced by Infometrics Ltd, the number of tourism visits to Southland is expected to increase from around 2.2 million in 2006, to 3.2 million in 2026. A significant portion of these visits are expected to be to Fiordland (with 950,000 visits in 2006 increasing to 1.5 million in 2026).</p>	<p>Tourist and visitor numbers reach high levels so facilities they use cannot cope and pressures on the environment increase.</p> <p>Visitor numbers fall to levels that undermine the local economy.</p>	Possible (3)	Medium (40)	Medium (40)	HIGH	<p>The forecasts draw on Ministry of Tourism's forecasts for 2007-2013. Growth in the number of domestic visitors to Southland will partly be driven by economic expansion of the region as a sizeable proportion of visits are business related. Increased international visitors to New Zealand are expected to flow through to Southland with an increase in overseas visitors to Fiordland in particular. Changes to the global economic situation may have the effect of reducing the number of people travelling to New Zealand. In addition the increase in cost of fuel may also affect the number of people travelling to Southland.</p> <p>Changes to visitor numbers may affect demand for Council activities directly such as public toilets, parks and harbours/jetties. Changes to visitor numbers may also affect Council indirectly through the economy of businesses and facilities which service visitors. This may affect Council's user charges, rates revenue and financial/development contributions.</p>
<p>Climate Change – Adaptation</p> <p>The Stern Review suggests that all development policy will be required to adapt to and take account of climate change and it is expected that there will be a directive from Government for local government to play its part in climate change mitigation. The Emissions Trading Scheme is a specific directive which is discussed separately below.</p> <p>An assumption has been made that planning for climate change will become a normal aspect of all Council planning and operations, for example in the location and design of infrastructure and location and protection of sensitive land uses.</p>	<p>Council is unable to accurately determine and provide resources to fulfil the requirements or meet them at the expected pace.</p>	Possible (3)	Medium (40)	Medium (40)	HIGH	<p>While global warming is accepted to be occurring, debate continues about the rate of change and the likely effects with several scenarios being presented. District Plan rules will increasingly need to address flooding, extreme weather events and sea level rise situations. There will be potential for litigation costs where damage occurs from storm events. Planning may also require changes to levels of service (which may not yet be anticipated) as well as changes to the planning and design of stormwater, water supplies, wastewater, roading and other infrastructure. This may result in increased costs for construction and operation.</p>

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
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<p>will be felt as the providers of goods and services adjust their prices to pass on the cost of their obligations under the scheme, particularly for liquid fossil fuels and solid waste.</p> <p>Initial estimates suggest that Council's CO₂ emissions would total between 5,000 and 8,500 tonnes⁴⁹ per annum. At an estimated \$50 per tonne of emission⁵⁰ (SOLGM/LGNZ) this would equate to approximately \$250,000 to \$425,000 in additional operating costs.</p>	plantations.					<p>plantations, the cost/benefit analysis for the change will also need to take into account the carbon liability.</p> <p>With liquid fossil fuels, providers of goods and services may pass on costs to Council. An initial assessment of Council's CO₂ emissions are estimated to be as follows:</p> <p>General operations (excluding waste production) produce around 1,700 tonnes of CO₂ from energy and fuel use equating to approximately \$85,000 in additional operating costs.</p> <p>Stewart Island Electricity Supply Authority produces around 1,200 tonnes of CO₂ emissions from fuel/diesel use, equating to approximately \$60,000 in additional operating costs. In addition, if the use of wind/solar electricity generation increases, this may reduce the use of fossil fuels and therefore CO₂ emissions.</p> <p>With solid waste obligations, operators of solid waste disposal facilities (such as landfills) are liable for methane emissions. While there is some uncertainty in this area, it is possible that Council will be affected indirectly by increased disposal charges for waste from the private landfill operator as the Council does not operate any active landfills. Early estimates of the impact of this range between \$110,000 to \$280,000⁴. This calculation depends on the tonnes of waste disposed of and how emissions for these will be calculated as well as</p>

⁴⁹ Calculated using information from the Council's Communities for Climate Change Milestone 1 Report, estimates of waste to landfill and diesel use for electricity generation. The estimates do not include CO₂ emitted from permanent deforestation, via fossil fuel consumption in the providing the roading activity which is too difficult to assess at this time (bitumen use, waste oil etc, contractors consumption of fuels) or corporate solid waste tonnages (which is expected to be minimal).

⁵⁰ SOLGM / Local Government New Zealand (2008) *Not Just Hot Air: The Emissions Trading Scheme and the 2009-2019 LTCCP's*.

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
						whether the Council introduces a three bin kerbside waste collection system which will reduce amount of waste going to landfill). Again, this area is subject to review with the Solid Waste Minimisation Bill recently passed which includes targets and incentives for waste reduction and which may override the scheme requirements.
Natural Disasters There will be no natural disaster requiring emergency work that cannot be funded out of existing budgets.	There will be a natural disaster events(s) requiring emergency work that cannot be funded out of normal budgetary provisions.	Unlikely (2)	Major (70)	Major (70)	VERY HIGH	History shows that that generally every 20 years Southland has a natural disaster of some description and statistically Southland is due for some sort of event. The Council is currently undertaking a Lifelines programme which will identify various natural disaster hazards, their likelihood, and put in place planning to ensure that key lifelines are not affected over an extended period of time. This programme should mitigate the risk to an extent. The potential effect of a natural disaster on Council's financial position is dependant on the scale, duration and location of the event. Central government assistance and insurance contracts would reduce some of the Council's financial risk.
Resource Consents It is assumed that conditions of resource consents currently held by Council will not be significantly altered. It is anticipated that there will be heightened level of controls on stormwater discharged (Environment Southland's Regional Fresh Water Plan). This may result in the need to consent discharges in some areas. No allowance has been made in the estimates of any costs resulting from consent conditions.	Conditions of consents are altered significantly or that work is not performed in accordance with consent conditions.	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	Council works closely with Environment Southland and other agencies to understand and stay abreast of changing standards. Council will use these standards when planning projects and undertaking monitoring. Compliance monitoring ensures that work is in accordance with conditions. Where requirements change or work is required for consent conditions Council would have to provide rate funding to meet the requirements or request a change of consent conditions.
FINANCIAL ASSUMPTIONS						
Contracts	There is a significant	Almost	Medium (40)	Medium (40)	VERY HIGH	Previously a buoyant economy has led to surplus

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
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There will be no significant variations in the price of re-tendering operating and maintenance contracts and service level agreements other than variations identified in Activity Management Plans.	variation on price from re-tendering contracts and renewal of service level agreements above the level allowed for in price level changes (below).	Certain (5)				work for contractors leading to less competition between tenderers, in turn leading to higher prices. Recent uncertainty in the global economic situation has led to a downturn in construction. This may offset contract price increases as more contractors compete for the same work. If contract prices were to increase significantly the Council would review the amount of work programmed and undertaken. This may have an affect on the level of service, in particular for roading, water, wastewater and stormwater activities.
<p>Capital Works Costs On average, costs of major capital works will not vary significantly from costs estimated in this plan.</p> <p>The recent introduction of the Environment Southland's Regional Fresh Water Plan will require Council to more actively manage the Stormwater activity, and in particular will require resource consents for many township stormwater discharges. These resource consents are required to be lodged within six months of the plan becoming operative. At this stage, it is unclear what conditions/requirements will need to be met. This is expected to be better understood once resource consents are granted. As such, additional funding has been included in the plan for likely monitoring costs and management fees of stormwater schemes in relation to these consents but no capital works have been included for any consent conditions which may result.</p>	<p>That project costs are greater than estimates, resulting in increased debt levels.</p> <p>That Council is required to undertake significant capital works in relation to stormwater discharge consents.</p>	Almost Certain (5)	Medium (40)	Medium (40)	VERY HIGH	Council has a higher level of confidence regarding capital project costs in the short term (one-two years) but less certainty in the longer term due to possible fluctuations in the economy, growth patterns, consent conditions etc. Any increase in costs may result in higher debt levels and a possible increase in rates to cover repayments. This may have an affect on the level of service.
<p>Price Level Changes Price level changes have been calculated using</p>	That actual inflation increases will vary from	Almost Certain (5)	Medium (40)	Medium (40)	VERY HIGH	Inflation is affected by external economic factors. While individual cost indices will at times vary from

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<p>projections prepared by Business and Economic Research Limited (BERL). The following table depicts the annual price levels change as indicated by BERL which are based upon June 2008 values.</p> <table border="1"> <thead> <tr> <th></th> <th>Roading</th> <th>Property</th> <th>Water</th> <th>Energy</th> <th>Staff</th> <th>Other</th> </tr> </thead> <tbody> <tr> <td>09/10</td> <td>3.3%</td> <td>2.7%</td> <td>3.8%</td> <td>2.1%</td> <td>2.6%</td> <td>3.5%</td> </tr> <tr> <td>10/11</td> <td>2.9%</td> <td>3.1%</td> <td>3.0%</td> <td>2.3%</td> <td>2.7%</td> <td>3.3%</td> </tr> <tr> <td>11/12</td> <td>2.9%</td> <td>2.6%</td> <td>2.8%</td> <td>2.6%</td> <td>2.7%</td> <td>2.3%</td> </tr> <tr> <td>12/13</td> <td>2.4%</td> <td>2.8%</td> <td>2.7%</td> <td>3.0%</td> <td>2.5%</td> <td>2.4%</td> </tr> <tr> <td>13/14</td> <td>2.3%</td> <td>2.8%</td> <td>3.3%</td> <td>2.9%</td> <td>2.5%</td> <td>2.1%</td> </tr> <tr> <td>14/15</td> <td>2.2%</td> <td>2.9%</td> <td>2.9%</td> <td>3.3%</td> <td>2.5%</td> <td>2.2%</td> </tr> <tr> <td>15/16</td> <td>2.3%</td> <td>3.0%</td> <td>3.5%</td> <td>3.3%</td> <td>2.6%</td> <td>2.3%</td> </tr> <tr> <td>16/17</td> <td>2.4%</td> <td>2.6%</td> <td>3.1%</td> <td>3.3%</td> <td>3.2%</td> <td>2.3%</td> </tr> <tr> <td>17/18</td> <td>2.4%</td> <td>2.2%</td> <td>3.2%</td> <td>3.4%</td> <td>2.7%</td> <td>2.4%</td> </tr> <tr> <td>18/19</td> <td>2.2%</td> <td>2.3%</td> <td>3.3%</td> <td>3.5%</td> <td>3.1%</td> <td>2.5%</td> </tr> </tbody> </table>		Roading	Property	Water	Energy	Staff	Other	09/10	3.3%	2.7%	3.8%	2.1%	2.6%	3.5%	10/11	2.9%	3.1%	3.0%	2.3%	2.7%	3.3%	11/12	2.9%	2.6%	2.8%	2.6%	2.7%	2.3%	12/13	2.4%	2.8%	2.7%	3.0%	2.5%	2.4%	13/14	2.3%	2.8%	3.3%	2.9%	2.5%	2.1%	14/15	2.2%	2.9%	2.9%	3.3%	2.5%	2.2%	15/16	2.3%	3.0%	3.5%	3.3%	2.6%	2.3%	16/17	2.4%	2.6%	3.1%	3.3%	3.2%	2.3%	17/18	2.4%	2.2%	3.2%	3.4%	2.7%	2.4%	18/19	2.2%	2.3%	3.3%	3.5%	3.1%	2.5%	those used.					what has been included in this plan the Council has relied on the Reserve Bank use of monetary controls to keep inflation within its projected 4% per annum. The result of any variation up, or down, will result in a higher or lower rates requirement which may also impact on the levels of service, in particular for roading, water, wastewater and stormwater activities.
	Roading	Property	Water	Energy	Staff	Other																																																																													
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<p>Useful Lives of Significant Assets The useful lives of all assets will be in accordance with the depreciation rates as set out in the accounting policies of Council. Estimated remaining life of assets are recorded in Activity Management Plans.</p>	That some assets may wear out and fail sooner, or later, than estimated.	Likely (4)	Major (70)	Major (70)	VERY HIGH	There is no certainty that asset components will last exactly their design lives. Capital projects could be brought forward in the event of early deterioration of assets affecting interest costs. This may be partially offset by other assets lasting longer than estimated.																																																																													
<p>Ministry of Health Subsidies Where a water project would be eligible for Ministry of Health subsidies, the project funding will be based on a mixture of SDC share, estimated Ministry of Health subsidy and local share. The Ministry of Health subsidy will be determined using set criteria which takes into account factors such as the risk to health and the wealth of the community. The SDC share will be up to a maximum of 16.67% which will be funded by all ratepayers as part of the Waste Management Rate. If the project has been approved and it is a new scheme, the local share</p>	That the proposed water project will not meet the criteria for funding set by the Ministry of Health and/or the actual financial assistance from the Ministry of Health will be different than that provided for in this plan.	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	<p>Council is aware that a number of communities have applied to the Government for subsidies. The Government has set aside a fixed amount for these works. It is unknown if further monies will be available if the demand still exists once all current funding has been allocated. If no subsidies are available, or if the criteria change and communities were no longer eligible, this would have a significant impact on the cost of providing schemes for local communities.</p> <p>If financial assistance is not available for the</p>																																																																													

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
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<p>will be funded from those connecting. If it is an existing scheme, the local share will be funded from a loan drawn down by the applicable Community Board or Community Development Area. This will be repaid by those connected as part of their annual water rate.</p> <p>Where the project has not yet been approved, the balance of any funding will be shown as a loan from the applicable Community Board or CDA with no repayments allowed for until the project is approved.</p>						<p>projects identified in this plan, the Council will have to review the proposed works. This may result in them being deferred, deleted, reduced in scale, or a greater level of rate input being provided.</p>
<p>New Zealand Transport Agency (NZTA) Subsidies for Rooding</p> <p>The base and construction subsidy for the first three years of the plan has been approved by NZTA at 54% and 64% retrospectively. For the remaining seven years it is assumed that the amount of subsidy received will increase in proportion to increased costs and that the percentage of subsidy to cost, in each category, will not change.</p>	<p>That financial assistance from the New Zealand Transport Agency will not be available to the extent, at the subsidy rate, and at the times, forecasted in this plan. There is no risk of a change in subsidy rate in 2009/10, 2010/11 and 2011/12.</p>	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	<p>As roading makes up the major component of expenditure, any changes in subsidy rates will affect the amount of local funding required to fund the roading programme.</p> <p>If financial assistance is not available to the extent that has been indicated in this plan and when required, the Council will have to review the programme – and this may result in certain proposed works being either deferred or deleted, or a greater level of rate input being decided to offset the higher than projected cost increase.</p> <p>Conversely, the New Zealand Transport Agency may offer a greater level of financial assistance to enable the Council to do more work – but only if there is a greater level of rate input as well. In those circumstances, the Council will have to decide whether to charge more rates or to decline the offer.</p>
<p>Revaluation of Infrastructure and Forestry Assets</p> <p>Revaluations of infrastructure and forestry assets have been included annually to reflect the projected change in asset valuations.</p> <p>Revaluations take into account asset acquisitions included in the plan, vested assets and inflation.</p>	<p>Actual price level changes vary to those stated.</p> <p>Capital construction and/or harvesting/planting will not</p>	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	<p>If price level changes are greater or lesser, depreciation could be under or overstated.</p>
		Likely (4)	Minor (10)	Minor (10)	MODERATE	<p>If capital construction falls behind, depreciation may be overstated.</p>

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
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It is assumed for water, stormwater and wastewater that the renewal projects planned are replacing those assets indicated to be at the end of their economic life.	meet projected timeframes. That water, wastewater and stormwater renewal projects are replacing assets other than those that are at the end of their economic lives.	Possible (3)	Minor (10)	Minor (10)	MODERATE	Depreciation on these assets are not funded so the financial impact is minimal.
Interest Rates on Investments Interest on financial investments has been calculated at 6.40% for funds invested externally, and 7.75% for funds invested internally for the term of the plan.	Interest rates vary from those used in the calculations.	Almost Certain (5)	Minor (10)	Minor (10)	MODERATE	Council has calculated the average interest rate based upon the 10-year history of interest rates for six month bank deposits as recorded by the Reserve Bank. Interest rate forecasting is very uncertain and amounts to little more than guesswork. Using the weighted average interest rate for the past 10 years is a reasonable methodology for mitigating the risks of over or under-estimation, while providing the figures with historical rigour and credibility. Approximately \$11.7 million of Council funds is invested in internal loans. Council has control over the interest rate received. Interest earned on \$10 million of Council reserves is used to offset rates.
Interest Rates on Borrowing Interest on existing and new external borrowings is allowed for at 7.75% per annum over the term of the borrowing. Interest on internal borrowings has been calculated at 7.75% (as stated above for Investments).	The actual interest rates will vary over the 10-year period.	Almost Certain (5)	Medium (40)	Medium (40)	VERY HIGH	Council has calculated the average interest rate based upon the 10 year history of interest rates for 90 day bank bill rates as recorded by the Reserve Bank. Recent global uncertainty in the economic situation has increased the uncertainty regarding interest rates and may also impact on the ease of accessing external borrowings for certain sectors (generally higher risk areas than Council). An increase in interest rates would require Council to collect more rates to cover the additional interest repayments.

Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty																																														
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<p>Depreciation Rates - Planned Asset Acquisitions</p> <p>Depreciation on infrastructure assets has been calculated in two parts; for assets owned at 30 June 2008, the total amount of depreciation calculated at 30 June 2008 has been used as the base depreciation for these assets for each of the 10 years and inflated annually. Depreciation on asset additions over the 10 years has been calculated in accordance with the table below and inflated annually, with the first year of any assets life being depreciated for six months.</p> <table border="1"> <tr> <td>Water</td> <td>1.85%</td> </tr> <tr> <td>Sewerage</td> <td>1.59%</td> </tr> <tr> <td>Stormwater</td> <td>1.56%</td> </tr> <tr> <td>Water</td> <td>1.85%</td> </tr> <tr> <td>Roading</td> <td>Refer to Accounting Policies, in the LTCCP</td> </tr> </table> <p>Depreciation on non-infrastructure assets has been calculated in accordance with normal accounting practices. The following average depreciation rates have been used for planned asset acquisitions, with depreciation calculated for a full year in the year of acquisition.</p> <table border="1"> <tr> <td>Improvements</td> <td>10.0%</td> <td>SL</td> </tr> <tr> <td>Buildings</td> <td>2.5%</td> <td>SL</td> </tr> <tr> <td>Furniture & Fittings</td> <td>13.5%</td> <td>SL</td> </tr> <tr> <td>Office Equipment</td> <td>13.5%</td> <td>SL</td> </tr> <tr> <td>Other Equipment</td> <td>9.09%</td> <td>SL</td> </tr> <tr> <td>Computer Hardware</td> <td>18.0%</td> <td>SL</td> </tr> <tr> <td>Computer Software</td> <td>40.0%</td> <td>SL</td> </tr> <tr> <td>Library Books</td> <td>10.0%</td> <td>SL</td> </tr> <tr> <td>Streetlights</td> <td>6.67%</td> <td>SL</td> </tr> <tr> <td>Marine</td> <td>3.85%</td> <td>SL</td> </tr> <tr> <td>Runways</td> <td>10.0%</td> <td>SL</td> </tr> <tr> <td>Vehicles</td> <td>9% to 20%</td> <td>SL</td> </tr> </table>	Water	1.85%	Sewerage	1.59%	Stormwater	1.56%	Water	1.85%	Roading	Refer to Accounting Policies, in the LTCCP	Improvements	10.0%	SL	Buildings	2.5%	SL	Furniture & Fittings	13.5%	SL	Office Equipment	13.5%	SL	Other Equipment	9.09%	SL	Computer Hardware	18.0%	SL	Computer Software	40.0%	SL	Library Books	10.0%	SL	Streetlights	6.67%	SL	Marine	3.85%	SL	Runways	10.0%	SL	Vehicles	9% to 20%	SL	<p>Depreciation may be under or overstated. The method of calculation of depreciation on planned asset acquisitions differs from rates of depreciation in the accounting policies.</p>	<p>Almost Certain (5)</p>	<p>Medium (40)</p>	<p>Medium (40)</p>	<p>VERY HIGH</p>	<p>Council has an Activity Management Plan and upgrade programme in place. Asset capacity and condition is monitored, with replacement works being planned in accordance with standard asset management and professional practices. Depreciation is calculated in accordance with normal accounting and asset management practices. Depreciation on all assets except vehicles is not funded so the financial impact is minimal.</p>
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Assumption	Risk Description	Likelihood	Consequence		Overall Uncertainty (Risk)	Reason and Financial Effect of Uncertainty
			General	Direct Fin. Materiality		
Vested Assets The plan includes an estimate of the assets to be vested in Council from subdivisions currently in the resource consent process. No allowance has been made for any vested assets that may occur as a result of future resource consent requests.	That the value of vested assets will vary from that included in the plan.	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	Council has only included an estimate of the assets that could be vested as a result of current resource consents. A strong property market in the future may result in further subdivisions and higher levels of vested assets. A weaker property market may result in a number of the subdivisions in process not proceeding and hence less vested assets to Council than planned. Overall any additional financial cost is considered minimal for the term of this plan although additional assets vested in Council would require more maintenance this is not deemed significant. Council has also included in its capital programme allowance for additional capacity that may be required.
Lump Sum Options Lump sum options are budgeted for a 41% take-up with the remaining 59% choosing repayment options varying from two years to 25 years in length.	Acceptance of lump sum offers will vary from budget.	Possible (3)	Minor (10)	Minor (10)	MODERATE	The take-up of options varies from year to year. If levels of acceptance are over budget, then debt will be lower, and the converse applies if levels of acceptance are lower than budget.
Exchange Rates The Council's liability management policy states that borrowing in foreign currency is not permitted and this has not been included in this plan. Council also has no overseas investment. Exchange rates may have an affect on internal interest rates (see above).	Some components of works in the LTCCP have to be sourced from overseas. Foreign currency fluctuations affect prices/interest rates.	Unlikely (2)	Minor (10)	Minor (10)	LOW	It is not possible to determine (until project tender stage) that certain inputs will need to be sourced from outside New Zealand and will be subject to currency fluctuations. The likelihood is that all components can be sourced locally. No provision is made to mitigate this risk.
Development and Financial Contributions Growth related projects will be fully funded from development and financial contributions as specific in the Development and Financial Contributions Policy.	That revenue from development and financial contributions is over or under-stated.	Likely (4)	Medium (40)	Medium (40)	VERY HIGH	If funding is not received as planned, additional debt or alternative funding will be required and/or the project may be reassessed. If debt is used this will result in additional rates required for interest and principal repayments.
Tax No tax will be payable on Council's electricity activity (Stewart Island Electricity Supply Authority - SIESA)	That SIESA will be required to pay tax.	Unlikely (2)	Minor (10)	Minor (10)	LOW	The tax status of SIESA is still subject to determination from the IRD. If they determine that tax must be paid it will reduce cashflow.
Other Funding That user charges and fees are achievable.	That some user charges and fees are not realised as budgeted.	Almost Certain (5)	Minor (10)	Minor (10)	MODERATE	Most charges have been set at similar levels to those previously achieved. Where users charges are less than anticipated other sources of funding will be used such as reserves and/or rates.

Figure 1: Projections for Southland communities

Township	Estimated Usually Resident Population								Estimated Number of Dwellings							
	Census Actual			Forecast Period				% change	Census Actual			Forecast Period				
	1996	2001	2006	2011	2016	2021	2026		2006-26	1996	2001	2006	2011	2016	2021	2026
Athol	66	54	72	76	74	72	70	65	33	36	51	51	51	51	49	
Balfour	138	135	138	138	130	125	125	120	51	57	57	56	56	55	54	
Browns	96	108	99	98	98	95	90	85	39	39	36	35	35	34	33	
Colac Bay	177	150	135	138	140	140	140	140	66	57	54	54	54	54	54	
Dipton	156	156	147	143	135	130	125	120	57	54	54	52	51	50	49	
Edendale	567	570	495	535	535	520	510	500	237	222	222	232	232	228	225	
Fortrose	63	54	57	56	54	51	45	45	30	24	24	23	23	22	20	
Garston	93	66	102	100	100	100	95	95	30	27	33	33	33	33	32	
Gorge Road	195	159	168	168	168	168	160	150	69	63	63	61	61	61	58	
Limehills/Centre Bush	204	225	258	265	270	275	275	275	81	81	84	84	87	88	88	
Lumsden	564	516	474	450	430	410	370	340	216	207	210	202	198	193	180	
Manapouri	213	243	306	320	330	340	340	330	96	105	102	104	109	111	111	
Mossburn	273	246	237	235	235	235	210	180	96	90	93	92	92	92	85	
Nightcaps	396	336	303	255	215	190	180	160	171	144	135	122	112	105	98	
Ohai	504	399	351	295	245	200	170	150	171	144	135	120	108	97	84	
Orepuki	102	81	78	78	75	70	70	70	39	33	30	30	29	28	28	
Otautau	801	729	753	755	770	785	770	750	309	288	294	294	298	301	293	
Riversdale	411	414	456	465	470	470	460	440	162	162	180	185	186	186	182	
Riverton	1839	1659	1527	1530	1540	1530	1510	1480	729	711	663	663	666	664	655	
Stewart Island	417	387	405	410	415	420	410	400	234	234	258	258	259	259	253	
Te Anau	1779	1851	1878	2005	2150	2,200	2,175	2,155	717	750	795	822	858	871	860	
Thornbury	87	72	75	75	75	75	70	60	27	27	27	27	27	27	24	
Tokanui	168	174	162	166	170	170	170	170	63	60	60	60	61	61	61	
Tuatapere	741	681	582	580	595	610	595	585	261	255	240	240	244	248	241	
Waikawa/Curio Bay	96	96	96	100	105	105	95	95	45	51	54	54	55	55	53	
Waikaia	75	87	96	100	100	100	95	90	42	45	57	57	57	57	54	
Wallacetown	708	660	636	638	640	640	620	610	231	231	237	237	238	238	231	
Winton	2373	2271	2310	2370	2490	2630	2585	2570	957	960	1011	1016	1046	1081	1063	
Woodlands	282	264	237	240	250	250	240	240	105	102	108	107	108	107	102	
Wyndham	639	573	516	520	530	520	488	466	243	237	225	225	228	226	218	
Total District	30,561	28,719	28,440	28,900	29,400	29,600	28,800	1.3%	11,016	10,941	11,091	11,080	11,210	11,210	10,880	
Total Rural	16,338	15,303	15,291	15,596	15,866	15,974	15,542	1.6%	5,409	5,445	5,499	5484	5548	5527	5342	
	53.5%	53.3%	53.8%	54.0%	54.0%	54.0%	54.0%		49%	50%	50%	49%	49%	49%	49%	
Total Urban	14,223	13,416	13,149	13,304	13,534	13,626	13,258	0.8%	5,607	5,496	5,592	5596	5662	5683	5538	
	46.5%	46.7%	46.2%	46.0%	46.0%	46.0%	46.0%		51%	50%	50%	51%	51%	51%	51%	

6.7 Sensitivity and Confidence

The uncertainty in project estimates is due to sensitivity to the assumptions above. Over the past three year period SDC has experienced huge variations in rates from contractors which, combined with price increased in many materials (especially PVC pipe), and some estimates being many years out of date, has lead to some budgets being insufficient by up to an order of magnitude. SDC has reviewed the project estimates in detail for the first three years and applied a broad brush approach to projects in the latter years where there is better information about projects. Where no new information is to hand the budgets from the previous AM Plan has been used until the project falls into the three year horizon.

As discussed in Section 5.1.6 projects within the first three years (09/10, 10/11, 11/12) should be expected to have an uncertainty of up to $\pm 20\%$ with projects in the outer years up to $\pm 50\%$. The philosophy with projects towards the end of the 10-year period are that they are flags that work is likely to be needed but it is very much at the concept phase.

Projects have been prioritised based primarily on risk exposure. This means that projects to reduce a higher exposure should come before a project to reduce a lower risk exposure. Sometimes projects have been moved to link with related work in other schemes or where it makes economic sense to do it at the same time as another project.

These programmes are subject to change as risk exposure changes, i.e. as the consequence or the likelihood of a risk event changes. Any proposed change to the timing of a project will be discussed in the first instance with the respective community board or community development area.

No capital work will be carried out without a recommendation from the respective community board or community development area to proceed.

6.8 Accounting Policies

Local authorities are required by the Local Government Act 2002 to manage their financial dealings prudently. This implies compliance with generally accepted accounting practice. The Local Government Act requires user pays and intergenerational equity issues to be taken into account when determining how different activities will be funded.

In funding the wastewater activity SDC applies the policies as outlined in the Long-Term Council Community Plan.

Financial practices are in accordance with generally accepted accounting practice (GAAP) and more specifically with NZ IAS 16.