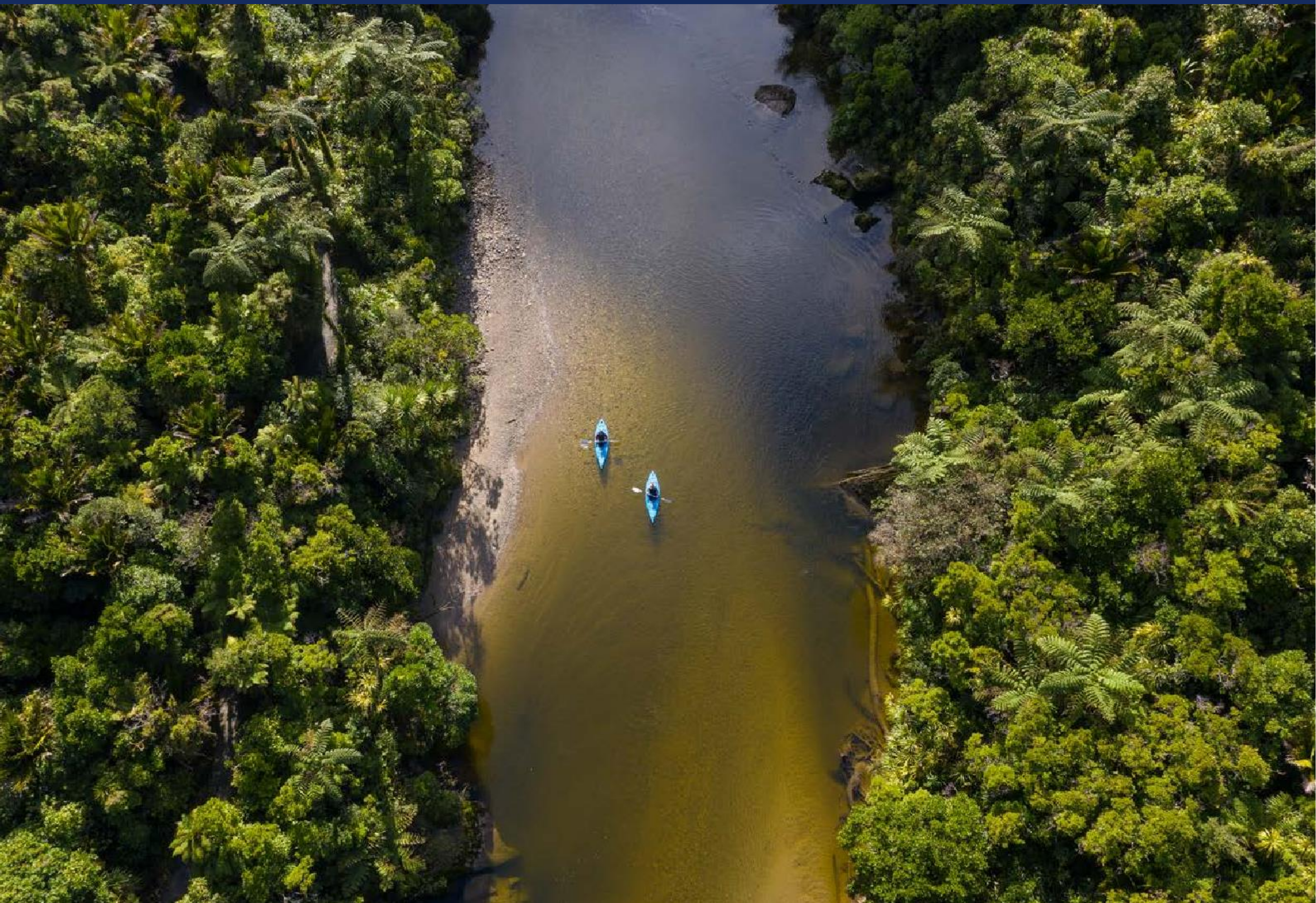
BULLER
DISTRICT COUNCIL
Te Kaunihera O Kawatiri



Annual Plan
2023-2024

Contents

2023-2024 Annual Plan Overview

An Introduction to our Annual Plan

The Annual Plan includes information for the 2023-2024 year in relation to each group of activities contained in pages 57-117 of the 2021-2031 Long Term Plan (the Long Term Plan) that can be found on Council's website.

The purpose of the Annual Plan as detailed in section 95(5) of the Local Government Act is to:

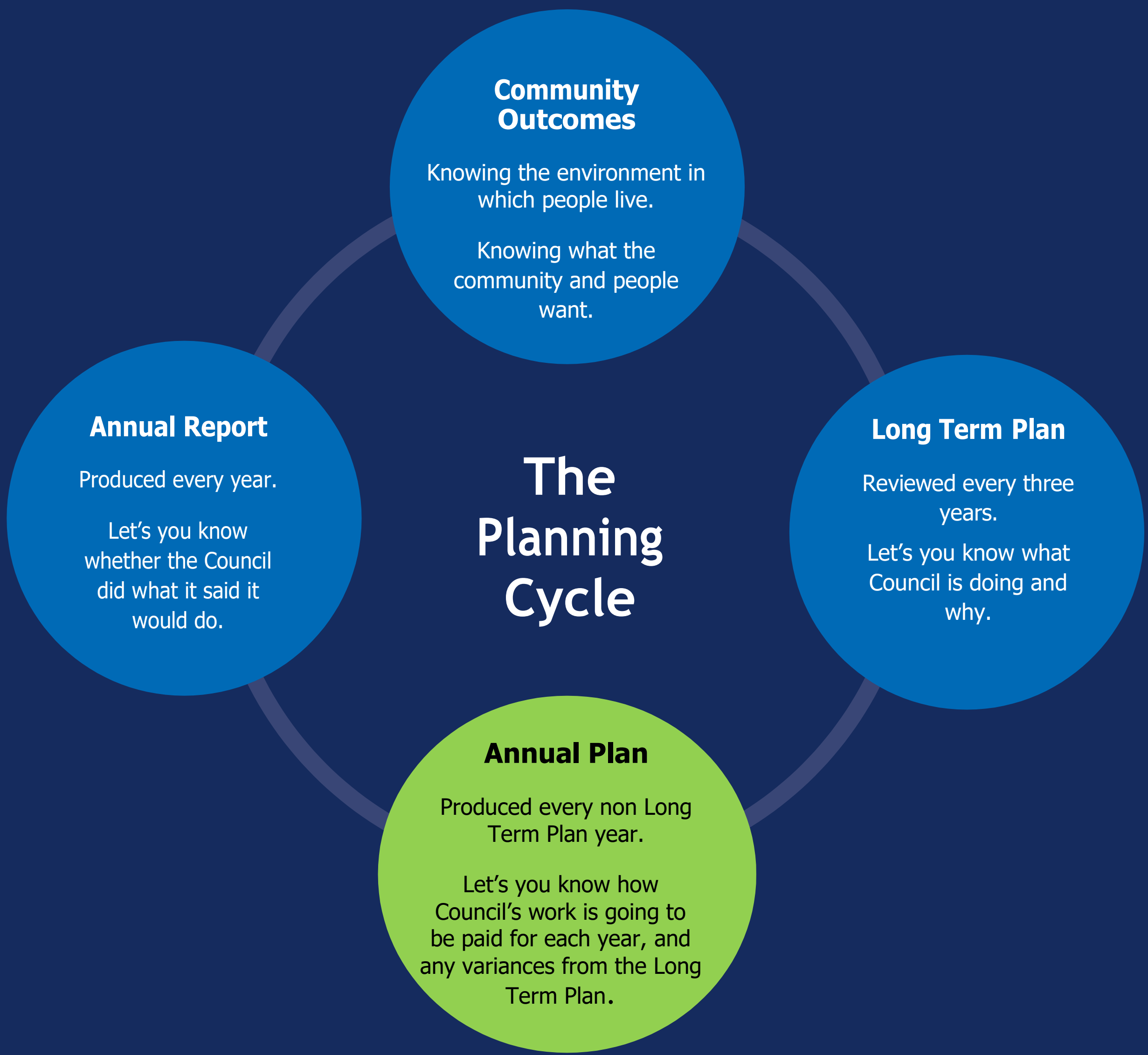
- Outline the proposed annual budget and Funding Impact Statement for the year.
- Identify variations from the financial statements and Funding Impact Statement included in the Long Term Plan for the same year.

As provided by section 95(2A) of the Local Government Act Council elected to follow an Annual Plan engagement process and made the Annual Plan publicly available along with releasing an engagement document and providing opportunity for public feedback from 8-28 May 2023.

In total Council received 10 items of feedback, which Council considered at a public workshop held 7 June 2023. Council further deliberated upon two items at a meeting held 14 June 2023.

The Annual Plan Key Financial Information outlines variations to the Long Term Plan. These did not require specific consultation.

How the Annual Plan fits into Council's Overall Planning Framework



Welcome from the Mayor
- a year of delivery

Thank you for your interest in Council's Annual Plan. I am pleased to outline our programme for what will be a year of delivery – with a significant programme of investment in essential infrastructure.

A year ago we were in the early stages of recovery from the weather events that had a huge impact on our district and people. Our partners in central government have provided much-needed support for our recovery and rebuild work. Much remains to be done this year, and our focus also turns to future-proofing our infrastructure, and continuing discussions on the impacts of climate change.

As signalled last year, there are some remaining flood recovery costs to be met by Council this year. We are proposing to fund this balance from cash reserves, rather than through additional rates or levies.

Like other sectors of the community, Council is facing ongoing financial pressure from inflation and rising costs. We have worked hard to limit the impacts of these factors and keep rates rises well below the level of inflation.

It has been encouraging to see how quickly our new Council has settled into its work following local elections late last year. We have several new faces around the Council table, bringing fresh ideas and energy to our discussions, and we have streamlined our committee structure to provide stronger focus on core issues.

With a busy year ahead, Council has identified several priorities in the programme, alongside ongoing flood recovery work. These include starting work on our next Long-Term Plan, which sets our direction for the next 10 years, and is due to be completed in 2024.

We will complete our review into rating systems and how rates are calculated. This has been a long-term project and we remain committed to finding a fair and equitable rating system.

We are continuing to work with central government and other partners to ensure we are prepared for three waters reforms in 2024, while progressing our critical local capital projects for drinking water, stormwater and wastewater.

We've also proposed a contribution to the safe speeds around schools programme – a Waka Kotahi initiative under the Road to Zero strategy.

The Proposed Te Tai o Poutini Plan, the new combined district plan covering the entire West Coast, is proceeding through the statutory hearings and submission process, and is on track to become operative in 2024-2025.

I look forward to working closely with key partners over the coming year. Council will continue to foster the strong relationship with Ngāti Waewae and Ngāti Apa. We remain committed to developing our cultural understanding and partnerships.

Jamie Cleine
Mayor, Buller District

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Key Financial Information

Overall Result

The 2023-2024 Annual Plan (the Annual Plan) is the second Annual Plan following the 2021-2031 Long Term Plan (the Long Term Plan). Council continues to follow the original strategy set out in the Long Term Plan and as such the Annual Plan does not materially or significantly differ from the Long Term Plan.

The following commentary explains the variations to the budgets for 2023-2024 that are arising from matters that Council was not aware of in preparing the Long Term Plan such as changes in economic conditions, the impact of the weather events on Council's financials, and the impact of Three Waters reform.

The Annual Plan predicts net debt of $29.3m by 30 June 2024, an increase of $2.1m from the Draft Annual Plan resulting from:

- the Waimangaroa water supply upgrade project $650,000 Better Off Funding application being declined and reverting to debt funding,
- an additional $650,000 capital budget for the Westport water supply being $380,000 for bulk flow meters and $270,000 for treatment plant optimization and investigations,
- a provision for $460,000 of reserve financial contributions additional funding as part of councils share towards a $1.71m Tourism Infrastructure Funding application for Punakaiki and Mokihinui camp ground effluent system upgrades, Tauranga Bay toilets reinstatement and Carter's Beach carpark, and
- $250,000 for the Reefton Historic Landfill rock wall protection work.

Overall, the budgeted increase in total rates is 6.8% compared to 5.4% in the same year in the Long Term Plan. The increase in total rates compared to the Long Term Plan reflects the significantly higher interest and inflation rates being experienced compared to market predictions available at the time of preparing Long Term Plan.

As a comparison the long run Local Government cost index applicable at the time of preparing the Long Term Plan was 2.2%, the Business and Economics Research Ltd (BERL) cost adjusters 2022 update saw this increase to 4.5%, and the Consumer Price Index (CPI) update March 2023 at 6.7%.

At the time of preparing the Long Term Plan Westpac economic forecasts had predicted the Official Cash Rate (OCR) would remain at 0.25% until December 2025. Updated forecasts prepared mid-June 2023 predict for the 2023-2024 financial year the OCR will sit at 5.75%, with the current rate being 5.50%.

Flood Recovery impact on the Annual Plan

After the adoption of the Long Term Plan the district experienced two significant weather events, one in July 2021 and the other in February 2022.

BULLER DISTRICT FINANCIAL HIGHLIGHTS

Total Rates Increase

6.8%

Forecast Net Debt

$29.3m

Forecast Capital Spend

$31.7m

Forecast Capital Grants

$22.5m

While the majority of costs relating to the initial response to and recovery from these events will be funded by subsidies and grants from government agencies, it is estimated some $1.75m in costs will be met by council.

The Annual Plan has provided that the costs to be borne by council be funded out of existing cash reserves.

The financial impact of reducing Council's cash reserves is a corresponding increase in Council's net debt position and a reduction of external interest revenue that would otherwise be generated from the money being invested on a term deposit.

The foregone interest revenue equates to $77,700 per annum at the forecast investment interest rate of 4.44%. As Council's policy is to use external interest revenue to offset general rates it results in an increase in total rates of 0.4% in the Annual Plan.

Three Waters Reform impact on the Annual Plan

The Long Term Plan followed a strategy of increasing the annual investment into the three waters activities across the ten years of the plan, with a view to meeting compliance with the Waters Services Act that came into force in October 2021, and to undertake condition assessments to remedy issues in the existing wastewater and stormwater network and investigate options for improved flood protection and separation of wastewater and stormwater.

A recent review of Council's contract with its main external contractor WestReef has seen an increase of $532,500 in contracted works and general repairs and maintenance within the Wastewater/Sewerage, Stormwater and Water Supplies activities, compared to the same year of the Long Term Plan.

Capital investment in these activities has also increased by $8m compared to the same year in the Long Term Plan. $5.3m of the increase relates to externally funded projects secured after the adoption of the Long Term Plan:

- $3.8m by the Infrastructure Acceleration Fund (IAF) for Stage 1 works,
- $502,000 funding from the National Emergency Management Agency (NEMA) tranche 2 for three waters betterment projects forecast to be spent in 2024 as part of Council's flood recovery, and
- $995,000 of Better Off funding from the Department of Internal Affairs (DIA) flagged to be spent on projects in the Westport and Inangahua stormwater networks, Westport water supply, and the Inangahua water supply trunk main.

The remaining $2.7m increase relates to Council's regular work programme. $227,000 is due to the impact of increased inflation on the Long Term Plan work programme. The remainder is due to a combination of additional investment required to meet the conditions of the new resource consent for Westport wastewater, work identified as urgently being required as part of the ongoing condition assessments being conducted by Council on its wastewater and stormwater network, and an increase investment in the Punakaiki and Westport water supplies.

BULLER DISTRICT EXTERNAL FUNDING

Waka Kotahi Subsidies for Roading

$15.1m

Infrastructure Acceleration Fund – Stage 1

$6.9m

Better Off Funding

$0.99m

Tourism Infrastructure Fund

$0.86m

Commercial & Demolition Waste Funding

$0.81m

NEMA 3 Waters Betterment Projects

$0.50m

National Transition Unit

$0.13m

Though the outcome of the national three waters reforms currently remains uncertain Council is planning on the assumption that the reforms will proceed and assets will transfer to the new entity in the future.

While it waits for further clarity on the three waters reform, Council has chosen to hold the targeted rates at the same level set in the 2022-2023 Annual Plan.

There was a significant increase in these targeted rates last year and given the current economic conditions Council wants to reduce the impact of the cost increases on ratepayers in 2023-2024. There is also an expectation for our community that under the new Water Services Entity, Buller District ratepayers will end up paying less for the provision of these services.

By holding the Wastewater and Water Supply scheme targeted rates steady, it is predicted there will be an annual cash deficit in these schemes totalling $1.15m.

The financial impact of reducing Council's cash reserves is a corresponding increase in Council's net debt position and a reduction of external interest revenue that would otherwise be generated from the money being invested in a term deposit.

The foregone interest revenue in 2023-2024 equates to $26,000, being half a year at the forecast rate of 4.44%. As Council's policy is to use external interest revenue to offset general rates it results in an increase in total rates of 0.1% in the Annual Plan.

While the rate per unit is not increasing in the Annual Plan, due to growth in rating factors revenue generated from these scheme rates is still predicted to grow by $52,000, which forms 0.3% of the total rates increase in the Annual Plan.

The council notes though that the various water and wastewater rates will need increasing from 1 July 2024 to recover the above unfunded costs in this current year and any new water compliance and operating costs.

Key Highlights

	2022-2023 Annual Plan $000	2023-2024 Long Term Plan $000	2023-2024 Annual Plan $000
Operating Revenue	$32,935	$33,612	$54,449
Operating Expenses	$32,123	$31,401	$36,152
Operating Surplus/ (Deficit)	$812	$2,211	$18,297

Operating Result

Council is budgeting a surplus of $18.3m in the 2023-2024 Annual Plan compared to a surplus of $2.2m proposed for the same year in the 2021-2031 Long Term Plan, an increase of $16.1m.

The $16.1m increase in forecast surplus is made up of a $18m increase in grants and subsidies mainly for capital expenditure, combined with a $797,000 increase in rate revenue and $2.1m increase in other operating revenue, offset by a $4.8m increase in operating expenditure.

The detail of what makes up each of these movements is outlined below.

Operating Revenue

Operating revenue is predicted to increase $20.8m compared to the Long Term Plan ($54.4m compared to $33.6m) due to a predicted $18m increase in grants and subsidies for capital expenditure, a $797,000 increase in rates revenue and $2.1m increase in other operating revenue.

The predicted $18m increase in subsidies and grants is a result of:

Grants secured after the adoption of the Long Term Plan

- Waka Kotahi subsidies for roading flood recovery return to service work totalling $9.8m
- Infrastructure Acceleration Fund for Stage 1 development totalling $6.9m to be spent in roading $2.94m, wastewater $2.36m, drinking water $0.75m and stormwater $0.86m.
- NEMA Tranche 2 Betterment Funding predicted to be spent in stormwater $313,750, wastewater $125,500 and drinking water supplies $62,750.
- DIA Better Off Funding predicted to be spent in stormwater $225,000 and drinking water supplies $770,000.
- Tourism Infrastructure Fund (TIF), if successful, will result in a grant of $855,000 from government.
- Commercial and demolition waste project funding from Ministry for the Environment $809,000 to purchase building recycling infrastructure and machinery for the purpose of reusing and recycling construction and demolition waste.
- National transition unit funding of $133,000 to assist in the transition to the new three waters entity and the work streams relating to that process.

Variations to grants and subsidies included in the Long Term Plan

- Waka Kotahi subsidies are $2.04m lower in this Annual Plan compared the same year in the Long Term Plan.
  - $1.7m relates to the special purpose roads bridge replacements bid included in the Long Term Plan not approved by Waka Kotahi as part of the 2021-2024 national land transport programme (NLTP).
  - $185,000 to a reduced local roads low cost/low risk improvements programme being approved by Waka Kotahi.
  - $331,000 to removing the inflation applied in the LTP to align the budgets to the approved work programme.
  - Offset by an increase of $176,400 relating to a new bid to the road to zero funding.
- Waste minimisation levy funds are predicted to increase by $65,800.

Predicted $2.1m increase in other operating revenue:

Dredging revenue is predicted to be $1m higher than the same year of the Long Term Plan. Revenue is forecast to primarily come from completing the NEMA Tranche 2 Buller River Dredging project, with the balance coming from out of port dredging, and dredging for West Coast Bulk Logistics

Investment income is predicted to be $0.6m higher due to rising forecast interest rates. At the time of preparing the Long Term Plan the OCR was predicted to still be at 0.25% for 2023/24 but the March 2023 update saw the OCR rise to 4.75%, with recent economic forecasts predicting it will peak at 5.25% by the September 2023 update reducing in 2024 to 4.5% by June 2024.

External income contribution $200,000 is predicted to be received to go towards the upgrade of the Punakaiki camp ground effluent system. The project is dependent on the outcome of the TIF application.

Building fees and charges revenue is predicted to be $203,000 higher due to the uplift in building activity since the adoption of the Long Term Plan and the level this is forecast to remain at for 2023/24. The increase in revenue is offset by higher operating expenses for this activity.

Land information memorandum and resource consent fees revenue is predicted to increase by $61,000 for the same reason as building revenue. Operating expenses are predicted to increase at a higher rate within this activity.

General and Targeted Rates

The total general and targeted rates budgeted increase is 1.4% higher than for the same year in the Long Term Plan with an overall predicted 2023-2024 Annual Plan increase of 6.8%.

Revenue from general rates is $311,000 higher than the same year in the LTP.

The impact of the cumulative change in inflation when applied to the Long Term Plan budgets for 2023-2024 is $265,000. There are a number of other movements within the budgets that impact on general rates but net off overall.

Changes to budgets other than inflation impacting general rates include:

- Net increase in staff roles $469,000
- Increase in external loan interest $368,000
- Increase in contractors fees $222,000
- Increase in insurance $105,000
- Loss in investment income from funding council's share of flood costs and the water schemes planned deficits from cash reserves $104,000
- Road to Zero new bid $245,000 with Council' share being $68,600
- Increase in external investment income ($669,000)
- Net increase in internal loan interest recovery ($206,000)
- Increase in Regulatory fees revenue ($251,000)
- Reductions in community grants expenditure ($40,000)
- Reduction in the approved local roads low cost low risk work programme with Council's share being ($72,000)
- Due to securing Better Off funding for Council's climate change strategy programme of work, Council was able to keep its contribution at the same level provided in the 2022-2023 Annual Plan, a saving of $43,000 from the same year in the Long Term Plan.

Revenue from targeted rates is predicted to increase by $488,000 compared to the same year in the Long Term Plan, but only $93,000 compared to the 2022-2023 Annual Plan due to Council's decision to hold the Wastewater and Water Supply scheme rates at the same rate adopted in the 2022-2023 Annual Plan.

The 2022-2023 Annual Plan saw total targeted rates increase 9.2% higher than predicted in year two of the Long Term Plan due to higher forecast interest and inflation rates. Individually some scheme rates increased due to increases in operating costs over and above the inflation uplift, whereas other schemes had possible savings identified. Smaller schemes facing higher operational budgets had some relief applied through downward revision of internal charges.

Of the $93,000 forecast increase in targeted rates from 2022/23, $52,000 relates to growth in rateable units for the wastewater and water supply schemes resulting in higher revenue being collected, even though the rates charged per rating unit remains the same.

An increase of $39,000 ($6.90 including GST per property) is required in the Zone 1 Waste Management activity due to an increase in contractors fees.

The total rates increase of 6.8% would be 13.3% if total predicted costs within the Wastewater and Water Supply schemes were 100% rated for in 2023-2024.

Given current economic conditions and the significant increases in these targeted rates last year, Council chose to hold the rates for these schemes to reduce the impact of these cost increases on ratepayers in 2023-2024 while it waits for further information regarding the proposed Three Waters Reform.

The additional $1.7m in targeted rates revenue required to fund these schemes compared to the same year in the Long Term Plan is due to:

- Increase in interest expenses of $818,000 due to higher forecast interest rates combined with $3.2m higher forecast debt in these schemes.
- WestReef contract review resulting in a net increase of $496,000 in contracted works, and general repairs and maintenance across the wastewater and water supply schemes.
- Increase in depreciation of $413,000 due to the 2022 infrastructural revaluation gains and unplanned works funded from external grants for these activities.

Should the transfer of the Three Water activities to the new water entity not proceed as proposed by current Government then Council will be facing estimated future annual increases in these targeted rates of at least 10% per annum to maintain its investment in the three waters activities and meet its new statutory compliance requirements.

Operating Expenditure

Operating expenditure is predicted to increase $4.8m compared to the Long Term Plan ($36.2m compared to $31.4m) due to predicted increases in depreciation of $1.3m, employee benefit expenses of $1.35m, finance costs $1.1m and other expenses $984,000.

Infrastructural assets were revalued 30 June 2022 with a resulting revaluation gain of $54.8m compared to a budgeted gain of $12.8m in year one of the Long Term Plan, which in turn has resulted in higher annual depreciation against these assets.

Roading has the highest increase in budgeted depreciation of $808,000. As Council's policy is to rate fund its share of the roading capital programme instead of depreciation this increase has no impact on rates.

Employee benefit expenses are forecast to increase $1.35m.

General movement in remuneration relating to inflation and market adjustments accounts for $435,000.

Since adopting the Long Term Plan, the council has had to employ additional staff to complete flood recovery work and to respond to three waters implementation issues. Both work types are funded from external revenue sources to the value of $457,000.

The council also has several new roles totalling $559,000 that ensure Council:

- maintains its levels of service and business as usual activity while meeting increased demand for those services
- resources its increased work programme
- meets statutory and new requirements on local government
- can respond to reform programmes and other changes in its operating environment like the Three Waters Reform, flood recovery and Te Tai O Poutini Plan.

Finance costs have increased as Council's portion of debt not covered by swaps is higher than the same year of the Long Term Plan and is exposed to increasing floating interest rates.

At the time of preparing the Long Term Plan the OCR was at 0.25% and forecast to remain at that level until December 2025 whereas updated forecasts prepared mid-June 2023 predict for the 2023-2024 financial year the OCR will sit at 5.75%, with the current rate being 5.50%.

Based on the latest economic forecasts the predicted floating interest rate applied to debt not covered by swaps is 6.1% in the Annual Plan compared to 1.32% in the same year of the Long Term Plan.

Key highlights making up the increase of $984,000 in other expenses include:

- a net increase of $532,500 in contracted works and general repairs and maintenance within the three waters activities Wastewater, Water Supplies and Stormwater
- insurance is predicted to increase $258,000, the general rates funded share being $105,000
- the Kawatiri dredge other operating expenses are forecast to be $308,000 higher to be funded from higher forecast revenue
- recoverable resource consent processing contractors are up $103,000 due to an increased level of consent applications and internal staff time being directed to increased demands in the Council's planning function
- alignment of the roading budgets to year three of the approved nation land transport programme with Waka Kotahi resulted in a reduction of $215,000 in other operating expenses for this activity

Capital Expenditure

Forecast capital expenditure is $31.7m compared with $9.9m in the same year of the Long Term Plan, an increase of $21.7m.

Externally funded projects that came about after the adoption of the Long Term Plan account for $19.1m of this increase.

The remaining increase relates to delivering Council's regular programme of work with an increase in forecast spend for the three water activities totalling $2.6m.

A list of significant projects and their associated funding sources is contained on pages 9-10.

Statement of Financial Position

Council's term debt is expected to be $5.2m higher in the 2023-2024 Annual Plan than predicted in the Long Term Plan ($41.7m compared to $36.5m).

The increase reflects the changes made to the capital programme in the 2022-2023 Annual Plan, along with loan funding associated with the increase in capital expenditure in the three waters activities.

Cash investments are predicted to be $2.3m lower in the Annual Plan than the Long Term Plan.

The Annual Plan forecasts funding from cash reserves of $1.75m for council's share of the total flood recovery costs and $1.2m annual deficit for the wastewater and water supply activities from holding the rates static.

This results in a net debt position of $29.3m in the Annual Plan, $7.5m higher than the $21.9m predicted in the same year in the Long Term Plan, and $4.3m more than the net debt limit of $25m set by Council as part of its Financial Strategy.

As consulted on as part of the 2022-2023 Annual Plan Council considers the net debt limit breach necessary to provide core services to the community.

SIGNIFICANT CAPITAL EXPENDITURE

	Annual Plan 2023-2024	Funding Source
Roading Return to Service		
Forecast spend in 2023/2024 for the projects identified for the July 2021 and February 2022 weather events necessary to return the roading network to its pre flood condition.	$9.80m	Averages: 96.4% Waka Kotahi subsidies 3.6% Council contribution from cash reserves
Infrastructure Acceleration Fund Stage 1		
Council was successful in its application to the contestable Infrastructure Acceleration Fund. The fund will provide $13.5M to provide trunk line infrastructure to the Alma Road Catchment in line with the re-zoning proposed in the Te Tai o Poutini Plan. The fund allocation has been broken into two tranches: ■ Tranche one for $7m is expected to occur in 2023-2024 and will provide three waters and transport upgrades from SH67 to the Alma Road/McPaddens Road intersection		
■ Roading and transport	$2.94m	external grants
■ Wastewater	$2.36m	
■ Water supplies	$0.86m	
■ Stormwater	$0.75m	
■ Tranche 2 for $6.5m will be determined at a later point after Council works through a master planning process for the re-zoned areas		
NEMA Tranche 2 Betterment Projects		
BDC successfully applied for $1.582 million for Betterment projects for three waters infrastructure across the Westport township. There are 7 sub-projects ranging from large scale items such as improving 1 in 100 year flood resilience to the storm water pumping network or sourcing an alternative drinking water supply for Westport to smaller scale items such as stormwater drainage network repairs. The majority of these funds will be spent before the end of the 2022-2023 financial year with $0.5m expected to be spent in 2023-2024.	$0.50m	external grants
DIA Better Off Funding		
As part of the Three Waters Reform the Department of Internal Affairs has allocated budget to each local authority, Buller received $3.5m in the Better Off Funding for tranche one. A set of initiatives was chosen by Council in 2022, $1.26m has been allocated to three waters upgrades for Wesport and Surrounds with $995,000 expected to be spent in 2023-2024	$1.00m	external grants
Tourism Infrastructure Fund		
Subsequent to the release of the Draft Annual Plan Council has made applications to the Tourism Infrastructure Fund (TIF) for a total package of $1.71m to fund upgrades to the effluent systems at the Punakaiki and Mokihinui camp grounds, reinstatement of the Tauranga Bay public toilets, and extending the carpark at Carter's Beach reserve. The application is for 50/50 funding between Council and TIF. Council's share is made up of lessee contribution, existing budgets of $195,000 and a new budget for $460,000 of additional reserve financial contributions funding. At the time of adopting the final Annual Plan, the applications were still waiting approval from TIF, as such the Annual Plan makes a provision for these projects conditional on external funding being approved. The following amounts are included in the final Annual Plan:		
■ TIF funding	$0.86m	external grants
■ Lessee Contribution	$0.20m	other income
■ Reserve Financial Contributions	$0.46m	reserve funds

SIGNIFICANT CAPITAL EXPENDITURE	Annual Plan 2023-2024	Funding Source
Roading		
Local Roads:		
■ Renewals	$2.05m	72% Waka Kotahi subsidies 28% general rates
■ Road to zero safe speeds around schools (new bid)	$0.25m	
Karamea Highway:		
■ Renewals	$0.97m	100% Waka Kotahi subsidies
Transport		
Council led disctrict urban revitalisation	$0.33m	internal loan funded by general rates
Water		
Westport Water		
■ Renewals	$0.77m	internal loan $0.25m depreciation funding $0.75m; funded from targeted rates
■ Backflow prevention rollout	$0.17m	
■ Bulk flow meters	$0.38m	external loan $0.65m funded from targeted rates
■ Treatment plan optimisation and investigations	$0.27m	
Punakaiki Water chlorination, dosing and pH meter	$0.16m	internal loan $0.14m depreciation funding $0.06m; funded from targeted rates
Sewerage		
Westport Sewer renewals and upgrades increased $521,000 from year three of the Long Term Plan in response to condition assessments conducted by CCTV identifying assets in critical condition requiring replacement	$1.18m	external loan $0.7m depreciation funding $0.5m; funded from targeted rates
Reefton Sewer renewals and upgrades increased $378,000 from year three of the Long Term Plan in response to condition assessments conducted by CCTV identifying assets in critical condition requiring replacement	$0.54m	internal loan $0.4m depreciation funding $0.1m; funded from targeted rates
Stormwater		
Stormwater Upgrades and Replacements, Condition Assessment, Flood Mitigation and Waste/Stormwater Separation, increased $774,000 from year three of the Long Term Plan in response to addressing known flooding issues in Westport and to address missing drainage systems in Inangahua	$1.26m	external loan $0.93m depreciation funding $0.37m; funded from general rates
Solid Waste		
Commercial and demolition waste project funded by Ministry for the Environment and co funding from West Coast Regional Council, Grey District Council and Westland District Council	$0.86m	external grants $0.81m council co-funding $37,000 general rates $15,000
Contracted Refuse (litter bins and transfer stations)	$0.16m	depreciation funding funded from general rates

SIGNIFICANT CAPITAL EXPENDITURE	Annual Plan 2023-2024	Funding Source
Community Services		
Reefton Pool resurface existing main pool, install a new hydrotherapy pool, upgrade the heating system to duel solar and diesel and upgrade the filtation plant and pipework	$0.42m	internal loan funded by general rates
NBS Theatre new stage flooring and HVAC system	$0.37m	internal loan funded by general rates
Community Faciities		
Clocktower Chambers upgrade of toilets and HVAC system	$0.32m	internal loan funded by general rates
Other Council Properties and Buildings, including replacing floor coverings at Coaltown Museum and Westport Library and ongoing development of family picnic and BBQ area at Victoria Square Complex	$0.33m	depreciation funding funded from general rates
Total Externally funded	**$22.40m**	includes Waka Kotahi subsidies
Total Council funded	**$8.12m**	
Total Significant Capital	**$30.51m**	

Note the table above details $30.5m of the total planned capital expenditure $31.7m. The remaining budgeted capital expenditure of $1.19m is across Council’s business as usual functions for items that individually are planned to be less than $200,000 for the year.

Where the money goes

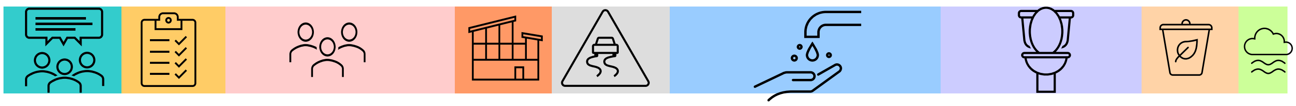
Capital Expenditure - to purchase or create assets

- Community Services $0.9m
- Community Facilities $2.5m
- Roads and Urban Development $16.4m
- Water Supplies $3.6m
- Wastewater $4.2m
- Waste Management $1.1m
- Stormwater $2.7m

Operational Expenditure - the costs of providing ongoing services

- Governance $2.1m
- Commercial Infrastructure $3.2m
- Regulatory Services $3.1m
- Community Services $4.4m
- Community Facilities $3.4m
- Roads and Urban Development $8.6m
- Water Supplies $4.9m
- Wastewater $3.2m
- Waste Management $1.8m
- Stormwater $0.9m

Funded by Rates - how much rates contribute to each activity



- Governance $1.7m
- Regulatory Services $1.5m
- Community Services $3.3m
- Community Facilities $1.4m
- Roads and Urban Development $1.7m
- Water Supplies $3.9m
- Wastewater $2.9m
- Waste Management $1.4m
- Stormwater $0.7m

Rates Increases

	2022-2023 Annual Plan $000	2023-2024 Long Term Plan $000	2023-2024 Annual Plan $000
Total rates	$17,568	$17,995	$18,755
Rateable properties	7,525	7,525	7,566
Average rates	$2,335	$2,386	$2,479
Rate movements	+9.5%	+5.4%	+6.8%

Note:

- The annual average rate is the sum of the general and targeted rates, divided by the number of ratepayers.
- There will be properties that pay less and others that pay more, depending on the services they receive.

Rates examples by location and sector are included on pages 32 and 33.

Financial Prudence Measures

Annual Plan Disclosure Statement for the year ending 30 June 2024.

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

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

Financial Prudence Benchmarks		Planned	Achieved
Rates increases affordability benchmark	Planned rates increases are no more than the long run cost local government cost index increase (2.2%).	6.8%	Not achieved
Debt affordability benchmark	Planned net debt (debt less term deposits) is less than $25m.	$29.3m	Not achieved
Balanced budget benchmark	Planned total revenue less excluded items is equal to or greater than operating expenditure less excluded items.	150.5%	Achieved
Essential services benchmark	Planned capital expenditure on network services is equal to orgreater than depreciation on network services.	379.7%	Achieved
Debt servicing benchmark	Planned borrowing costs are equal or less than 10% of planned revenue.	3.7%	Achieved

- Council is predicting to not meet the rates affordability and debt affordability benchmarks in its 2023-2024 Annual Plan.
- Council forecasts that it would meet all financial prudence measures in the Long Term Plan except for the rates increase measure forecasted to be 5.4%.
- The forecasted rates increases measure has risen from 5.4% to 6.8% and is largely due to increases in inflation.
- Forecast net debt breaches the limit set in the Long Term Plan financial strategy by $4.3m. The 2022-2023 Annual Plan previously forecast a $1m breach that was consulted on as part of that Annual Plan consultation process. In addition the current plan is proposing to fund $1.75m of flood response and recovery costs out of term deposits that were not able to be funded out of the central government flood recovery funding package, along with a $1.2m deficit in the three waters activities.

Achieved	● (green)
Not achieved	● (orange)

Financial Statements

Includes the following financial reports:

FORECAST STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSES		Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Operating revenue	**Notes:**			
General rates and rate penalties	1	10,309	11,107	11,418
Targeted rates and metered water charges	2	7,629	7,236	7,722
Development and reserve financial contributions		53	54	55
Subsidies and grants	3	6,906	7,552	25,522
Fees and charges	4	1,636	1,390	1,594
Investment income	5	1,735	1,443	2,008
Other Revenue	6	4,509	4,667	5,908
Gains	7	158	160	222
Total operating revenue		**32,935**	**33,612**	**54,449**
Operating expenditure				
Employee benefit expenses		7,398	6,907	8,263
Depreciation and amortisation	8	7,283	7,463	8,733
Finance costs	9	1,408	845	1,991
Other expenses		15,558	15,705	16,689
Writeoff of assets		476	481	476
Total operating expenses	**10**	**32,123**	**31,401**	**36,152**
Net surplus (deficit) before taxation		**812**	**2,211**	**18,297**
Income tax expense		**0**	**0**	0
Net surplus (deficit) after taxation		**812**	**2,211**	**18,297**
Comprehensive revenue and expenses				
Increase in infrastructure revaluation reserve		**0**	**0**	**0**
Total comprehensive revenue and expenses		**812**	**2,211**	**18,297**

FORECAST STATEMENT OF MOVEMENTS	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Equity as at 1 July	409,303	417,294	507,791
Total comprehensive revenue and expenses	812	2,211	18,297
Total equity at end of year	**410,115**	**419,505**	**526,088**
Components of equity			
Accumulated funds	181,994	186,473	256,411
Reserves	4,405	3,628	4,185
Asset revaluation reserve	223,716	229,404	265,492
Total equity at end of year	**410,115**	**419,505**	**526,088**

FORECAST STATEMENT OF FINANCIAL POSITION

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Current assets			
Cash and cash equivalents	897	1,098	808
Trade and other receivables	5,980	6,111	9,934
Inventories	19	19	16
Other current assets	224	186	259
Short term investments	13,034	14,613	12,323
Assets Held for Sale	0	0	5
Total current assets	**20,154**	**22,027**	**23,345**
Non current assets			
Investment in council controlled organisations	20,216	21,243	19,894
Other investments	0	0	719
Investment property	10,270	8,136	11,302
Infrastructural assets	379,501	379,144	467,533
Other non current assets	29,765	36,551	57,413
Derivative financial instruments	0	0	1,497
Intangible assets	400	428	390
Total non current assets	**440,152**	**445,502**	**558,748**
Total assets	**460,306**	**467,529**	**582,093**
Current liabilities			
Trade and other payables	6,407	6,190	11,200
Derivative financial instruments	566	552	0
Employee entitlements	721	697	998
Provisions	34	43	37
Current portion of borrowings	142	328	130
Total current liabilities	**7,870**	**7,810**	**12,365**
Non current liabilities			
Derivative financial instruments	1,102	2,404	0
Provisions	1,836	1,401	1,716
Bond deposits	334	88	208
Employee entitlements	161	161	161
Borrowings	38,888	36,160	41,555
Total non current liabilities	**42,321**	**40,214**	**43,640**
Equity			
Accumulated funds	181,994	186,473	256,411
Reserves	4,405	3,628	4,185
Asset revaluation reserve	223,716	229,404	265,492
Total equity	**410,115**	**419,505**	**526,088**
Total equity & liabilities	**460,306**	**467,529**	**582,093**

FORECAST STATEMENT OF CASHFLOWS	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Cashflows from operating activities:			
Cash will be provided from:			
Rates	17,718	18,129	18,999
Other income	13,274	13,827	25,932
Interest received	435	143	708
Dividend income and subvention payments received	1,300	1,300	1,300
	32,727	**33,399**	**46,939**
Cash will be applied to:			
Payments to suppliers and employees	21,691	22,307	21,439
Interest paid	1,408	845	2,003
	23,099	**23,152**	**23,442**
Net cash from operating activities	**9,628**	**10,247**	**23,497**
Cashflows from investing activities:			
Cash will be provided from:			
Investments realised	14,634	14,313	13,103
Sale of fixed assets	0	0	0
Sale of investment property	561	562	562
	15,195	**14,875**	**13,665**
Cash will be applied to:			
Purchase of fixed assets	14,455	9,975	27,601
Purchase of equity investments	183	156	355
Purchase of investments	13,034	14,613	12,323
	27,672	**24,744**	**40,279**
Net cash from investing activities	**(12,477)**	**(9,869)**	**(26,614)**
Cashflows from financing activities:			
Cash will be provided from:			
Loans raised	3,891	0	2,280
	3,891	**0**	**2,280**
Cash will be applied to:			
Repayment of loans	145	320	0
	145	**320**	**0**
Net cash from financing activities	**3,746**	**(320)**	**2,280**
Net increase (decrease) in cash	**897**	**58**	**(837)**
Opening cash as at 1 July	0	1,040	1,645
Closing cash as at 30 June	**897**	**1,098**	**808**

RECONCILIATION OF NET SURPLUS AFTER TAX TO CASHFLOWS FROM OPERATING ACTIVITIES	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Surplus/(deficit) before tax	812	2,211	18,297
Add/(less) non-cash items:			
Depreciation and amortisation expense	7,283	7,463	8,733
Asset writeoffs	476	481	476
Movement in provisions	(32)	(34)	(48)
Vested assets	(50)	(52)	0
	7,677	**7,858**	**9,161**
Add/(less) items as investing activities:			
(Gains)/losses in fair value of investment property	(158)	(160)	(222)
	(158)	**(160)**	**(222)**
Add/(less) movements in working capitals items:			
Movement in receivables	5,197	301	(7,287)
Inventories	(1)	1	0
Movement in operating payables	(3,856)	32	3,485
Employee benefits	(43)	4	64
	1,297	**338**	**(3,738)**
Net cash inflow/(outflow) from operating activities	**9,628**	**10,247**	**23,498**

NOTES TO THE FORECAST FINANCIAL STATEMENTS

Note 1: REQUIRED FROM GENERAL RATES	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Regulatory services	1,585	1,598	1,927
Roading and transport	2,132	2,223	2,155
Stormwater	823	863	864
Solid waste	504	616	653
Infrastructure delivery	0	(51)	0
Community services	3,910	3,736	4,126
Governance and representation	1,775	1,850	2,139
Customer and support services	169	216	242
Community facilities	1,733	1,724	1,792
Commercial infrastructure	176	125	159
	12,807	**12,900**	**14,057**
LESS			
Investment income	(797)	(393)	(1,238)
Other income - dividends	(1,300)	(1,300)	(1,300)
Asset sales	(400)	(100)	(100)
	(2,497)	**(1,793)**	**(2,638)**
Total general rates requirement	**10,310**	**11,107**	**11,419**

Note 2: TARGETED RATES AND METERED WATER CHARGES	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Water supplies	3,643	3,420	3,672
Metered Water Charges	235	238	235
Wastewater/sewerage	2,896	2,790	2,919
Solid waste	855	788	896
Total targeted rates	**7,629**	**7,236**	**7,722**

Note 3: SUBSIDIES AND GRANTS	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Roading and transport	6,248	7,440	18,108
Water supplies	0	0	1,585
Wastewater/sewerage	0	0	2,488
Stormwater	0	0	1,400
Solid waste	57	45	922
Infrastructure Delivery	0	0	0
Community services	92	67	31
Customer and support services	0	0	133
Community facilities	509	0	855
Commercial infrastructure	0	0	0
Total subsidies and grants	**6,906**	**7,552**	**25,522**

Note 4: FEES AND CHARGES

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Roading and transport	0	0	0
Regulatory services	1,190	951	1,204
Roading and transport	0	0	0
Water supplies	0	0	0
Wastewater/sewerage	21	30	26
Stormwater	0	0	0
Solid waste	34	35	43
Infrastructure delivery	0	0	0
Community services	5	5	5
Governance and representation	34	0	0
Customer and support services	2	2	8
Community facilities	190	121	123
Commercial infrastructure	160	246	185
Total fees and charges	**1,636**	**1,390**	**1,594**

Note 5: INVESTMENT INCOME

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Dividends and Subvention payments	1,300	1,300	1,300
Interest income	435	143	708
Total investment income	**1,735**	**1,443**	**2,008**

Note 6: OTHER REVENUE

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Regulatory services	3	3	3
Roading and transport	132	166	135
Water supplies	0	0	0
Wastewater/sewerage	0	0	5
Stormwater	5	5	5
Solid waste	67	68	113
Infrastructure delivery	0	0	0
Community services	268	269	336
Governance and representation	0	0	0
Customer and support services	76	76	77
Community facilities	1,223	1,211	1,460
Commercial infrastructure	2,685	2,817	3,774
Vested assets	50	52	0
Total other revenue	**4,509**	**4,667**	**5,908**

Note 7: GAINS

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Profit on Sale of Assets	-	-	-
Revaluation of Investment Property	158	160	222
Total gains	**158**	**160**	**222**

Note 8: DEPRECIATION

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Regulatory services	36	45	54
Roading and transport	3,530	3,563	4,403
Water supplies	1,063	933	1,262
Wastewater/sewerage	930	943	1,034
Stormwater	281	317	372
Solid waste	96	86	119
Infrastructure delivery	20	20	18
Community services	254	289	279
Governance and representation	0	0	0
Customer and support services	254	310	299
Community facilities	669	728	677
Commercial infrastructure	150	229	216
Total depreciation	**7,283**	**7,463**	**8,733**

Note 9: FINANCE COSTS

	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
External loan interest	1,389	819	1,983
Bank fees	18	18	20
Landfill closure provision discount unwinding	1	8	(12)
Total finance costs	**1,408**	**845**	**1,991**

Note 10: OPERATING EXPENDITURE AS PER ACTIVITY	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Regulatory services	2,777	2,552	3,131
Roading and transport	7,925	8,026	8,612
Water supplies	3,714	3,328	4,944
Wastewater/sewerage	2,744	2,818	3,203
Stormwater	692	709	872
Solid waste	1,503	1,544	1,812
Infrastructure delivery	1,640	1,069	1,871
Community services	4,192	3,990	4,411
Governance and representation	1,808	1,850	2,139
Customer and support services	6,534	6,500	7,866
Community facilities	3,911	3,721	3,867
Commercial infrastructure	2,966	2,950	3,238
	40,406	**39,057**	**45,966**
PLUS writeoff of assets	476	481	476
LESS internal interest	(362)	(251)	(529)
LESS internal recoveries	(8,397)	(7,886)	(9,762)
Total operating expenditure	**32,123**	**31,401**	**36,151**

Note 10a: INTERNAL RECOVERIES	Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Infrastructure delivery	1,640	1,120	1,871
Customer and support services	6,286	6,202	7,406
Community facilities	471	564	485
Total internal recoveries	**8,397**	**7,886**	**9,762**

Funding Impact Statement for Buller District Council

		Annual Plan 2022-2023 $000	Long Term Plan 2023-2024 $000	Annual Plan 2023-2024 $000
Sources of Operating Funding				
General rates, uniform annual general charge, rates penalties		10,309	11,107	11,418
Targeted rates		7,623	7,236	7,722
Subsidies and grants for operating purposes		2,953	2,935	2,966
Fees and charges		1,557	1,390	1,594
Interest and dividends from investments		1,735	1,443	2,008
Local authorities fuel tax, fines, infringements fees and other receipts		4,579	4,655	5,908
Total operating funding	**A**	**28,756**	**28,766**	**31,616**
Applications of operating funding				
Payments to staff and suppliers		22,506	22,112	24,529
Finance costs		1,408	845	1,990
Other operating funding applications		450	501	422
Total applications of operating funding	**B**	**24,364**	**23,458**	**26,941**
Surplus/ (deficit) of operating funding	**A-B**	**4,392**	**5,308**	**4,675**
Sources of capital funding				
Subsidies and grants for capital expenditure		3,918	4,581	22,555
Development and financial contributions		53	54	55
Increase/(decrease) in debt		3,746	(320)	2,280
Gross proceeds from sale of assets		561	562	562
Lump sum contributions		0	0	0
Other dedicated capital funding		0	0	0
Total sources of capital funding	**C**	**8,278**	**4,877**	**25,452**
Application of Capital expenditure				
- to meet additional demand		0	0	6,914
- to improve the level of service		5,924	3,329	5,976
- to replace existing assets		8,531	6,645	18,812
Increase/ (decrease) in reserves		(1,968)	1,055	(1,150)
Increase/ (decrease) in investments		183	(844)	(425)
Total applications of capital funding	**D**	**12,670**	**10,185**	**30,127**
Surplus/ (deficit) of capital funding	**C-D**	**(4,392)**	**(5,308)**	**(4,675)**
Funding balance	**((A-B)+(C-D))**	**0**	**0**	**0**

FORECAST STATEMENT OF RESERVE FUNDS

Reserve	Activity that the Reserve relates to:	Purpose of Reserve	Projected Opening Balance	Transfer to Reserves	Transfer from Reserves	Balance 2023/2024
			$000	$000	$000	$000
Amenities Reserve	various not specified	Proceeds from general ratepayer to fund various infrastructure where there was no government subsidy available	365	0	0	365
Community Development - Other	various not specified	Funds from depreciation used for the upgrade and construction of replacement Council assets	3,344	8,677	8,804	3,217
Reserve Contributions	Regulatory	Proceeds from subdivision for public reserve upgrades	995	55	607	443
Isdell Trust	Community Facilities	Funds bequested for the purpose of providing assistance towards relief of poverty, improvement of public reserves, parks and Crown Land, the erection of public or school gymnasiums, all educational purposes and recreations pursuits of benefit to society in promotion of public welfare.	14	0	14	0
Mayor's Relief Fund	Democracy	Funds for providing grants for relief at the discretion of the Mayor	13	0	0	13
Boiler Replacement Fund	Community Facilities	Funds set aside to go toward replacement of boiler at Brougham Street offices	7	0	0	7
Development Contributions	Regulatory	Proceeds form commercial and industrial development to provide for social and recreation need of the area	119	0	0	119
Sale of Gifted Property	various not specified	Funds set aside from the sale of property gifted to Council	11	0	0	11
Infrastructure Contributions	Regulatory	Funds set aside for upgrading infrastructure where appropriate	10	0	0	10
		Total Reserves Only	**4,878**	**8,732**	**9,425**	**4,185**
Karamea Solid Waste	Solid Waste	Separates all funding and expenditure and surpluses or deficits for each solid waste activity	39	158	152	45
Maruia Solid Waste	Solid Waste	Separates all funding and expenditure and surpluses or deficits for each solid waste activity	(25)	32	31	(24)
Contracted Refuse/ Recycling Operations	Solid Waste	Separates all funding and expenditure and surpluses or deficits for each solid waste activity	(50)	868	868	(50)
Westport Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(367)	5,193	5,743	(917)
Reefton Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(248)	702	831	(377)
Little Wanganui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	24	21	41	4
Mokihinui Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(3)	15	21	(9)
Ngakawau Hector Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	459	54	14	499

FORECAST STATEMENT OF RESERVE FUNDS

Reserve	Activity that the Reserve relates to:	Purpose of Reserve	Projected Opening Balance	Transfer to Reserves	Transfer from Reserves	Balance 2023/2024
			$000	$000	$000	$000
Waimangaroa Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(34)	132	278	(180)
Cape Foulwind Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	527	74	50	551
Punakaiki Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(793)	237	325	(881)
Inangahua Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(233)	147	189	(275)
South Granity Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	22	6	2	26
Karamea Water	Water	Separates all funding and expenditure and surpluses or deficits for each water scheme	(54)	0	0	(54)
Westport Sewerage	Wastewater/ Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(555)	5,676	5,834	(713)
Reefton Sewerage	Wastewater/ Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	263	818	846	235
Little Wanganui Sewerage	Wastewater/ Sewerage	Separates all funding and expenditure and surpluses or deficits for each sewerage scheme	(10)	43	98	(65)
Punakaiki Camp	Community Facilities	Separates all funding and expenditure and surpluses or deficits for the Punakaiki Camp Activity	(340)	249	270	(361)
Community Housing	Community Facilities	Separates all funding and expenditure and surpluses or deficits for Pensioner Housing	(60)	351	493	(202)
Dog Control	Regulatory	Separates all funding and expenditure and surpluses or deficits for the dog control activity	(260)	257	257	(260)
Westport Harbour	Commercial Infrastructure	Separates all funding and expenditure and surpluses or deficits for the Westport harbour and Kawatiri dredge activities	(433)	3,858	3,546	(121)
		Total Separate Balances Only	**(2,131)**	**18,891**	**19,889**	**(3,129)**
Total Reserves and Separate Balances			**2,747**	**27,623**	**29,314**	**1,056**

Please note:

Reserves and separate balances are not disclosed separately within the financial statements. The Reserves total in this note reconciles to the reserve component of equity in the financial statements. The separate balances total in this note is not included in reserves within equity but is included within the accumulated funds component of equity in the financial statements.

Forecast Funding Impact Statement

1. GENERAL RATES

General rates includes both the general (differential) rate and a uniform annual general charge.

General rates are used to fund or part fund Democracy, Economic Development, Community Services, Regulatory Services, Property, Roading, Solid Waste Management, Stormwater, Support Services and Airport activities.

1.1 General (Differential) Land Rate

The general rate is set and assessed on the land value of all rateable land in the district, on a differential basis based on location, area, land use, and the activities that are permitted, controlled or discretionary for the area in which the land is situated as per the District Plan.

The definition of the differential categories is set out in this Funding Impact Statement, under Part 5.

General Rates (inclusive of GST)

Table 1 – Differentials

General Rate differential categories	Percentage of General Rate	General Rate (cents per $ land value)
Residential 101	0.975%	0.21139
Residential 102	0.169%	0.23922
Residential 103	0.662%	0.28620
Residential 104	0.831%	0.26997
Residential 105	0.366%	0.25218
Residential 106	19.242%	0.87667
Residential 107	1.474%	0.80281
Residential 108	1.155%	0.52731
Residential 109	0.632%	0.50109
Residential 110	0.621%	0.40779
Residential 111	0.220%	0.19694
Residential 112	0.570%	0.36148
Residential 113	0.402%	0.36802
Residential 114	1.065%	0.45688
Residential 115	2.625%	0.38750
Multi Residential 121	0.030%	0.63535
Multi Residential 122	0.008%	0.44256
Multi Residential 123	1.574%	1.76742
Multi Residential 124	0.064%	1.82848
Multi Residential 125	0.225%	1.06145
Multi Residential 126	0.130%	0.89212
Commercial 131	0.871%	1.39246
Commercial 132	0.218%	0.86048
Commercial 133	1.778%	3.01369
Commercial 134	10.193%	3.87608
Commercial 135	0.128%	2.10819
Commercial 136	0.311%	0.84829
Commercial 138	0.019%	0.15236
Commercial 139	1.215%	0.92134
Commercial 140	0.972%	1.09399
Rural 141	18.983%	0.36878
Rural 142	1.242%	0.32410
Rural 143	3.848%	0.26360
Rural Residential 151	4.673%	0.33280
Rural Residential 152	3.163%	0.31912
Rural Small Holding 161	1.557%	0.21803
Rural Small Holding 162	0.113%	0.18466
Rural Small Holding 163	0.217%	0.18222
Rural Small Holding 164	0.060%	0.09440
Industrial 172	9.949%	9.31669
Industrial 173	6.921%	2.24294
Industrial 174	0.532%	3.40077
	100.00%	

1.2 Uniform Annual General Charge (UAGC)

The Council will set and assess a uniform annual general charge (UAGC) as a fixed amount per rating unit.

The Uniform Annual General Charge will be $550.00 (inclusive of GST) per rating unit.

Expected Yield (Collect)

The expected collect from the general (differential) rate is calculated to be $9,270,306 (including GST), and the expected collect from the uniform annual general charge is calculated to be $3,687,200 (including GST), a total of $12,957,506.

2. WATER

Targeted water supply charges and rates are set for each connection within a rating unit, or any rating unit able to be connected within certain scheme areas.

A 'connection' is defined as a rating unit, or each separately used or inhabited portion (SUIP) of a rating unit, which is connected to the water supply in any scheme area, whether the connection is from the main supply line, or from any other line that is connected to the main supply.

The fixed targeted charge is also applied in some scheme areas based on the availability of the service, being rating units which are not connected but are able to be connected ('serviceable'). A rating unit is regarded as serviceable if the rating unit lies within 50 metres of the water reticulation system.

For the Westport, Reefton, Mokihinui, Ngakawau/Hector, and Waimangaroa water supplies, only connected properties are rated (there is no set rate or charge for serviceable properties).

*For the Granity South community water supply, a contribution from the connected properties for the ongoing upkeep of the supply is made and the charge will appear on the rates assessment but is not a "rate" in terms of the Rating Act.

Refer to the definition of the differential categories set out in Part 5 of this Funding Impact Statement.

Table 2 – Unit rates

Water Supply Scheme Rates	Differential category (refers to use by number of connections)	Differential Factor	Targeted Rate (GST inclusive)
Westport - Multi-residential only			
	1-2	1.00	$1,101.00
	3	1.70	$1,871.70
	4	2.30	$2,532.30
	5	2.80	$3,082.80
	6	3.20	$3,523.20
	7	3.60	$3,963.60
	8	4.00	$4,404.00
	9	4.40	$4,844.40
	10	4.80	$5,284.80
	11	5.20	$5,725.20
	12	5.60	$6,165.60
Westport - all other rating sectors			
	1	1.00	$1,101.00
	2	1.70	$1,871.70
	3	2.30	$2,532.30
	4	2.80	$3,082.80
	5	3.20	$3,523.20
	6	3.60	$3,963.60
	7	4.00	$4,404.00
	8	4.40	$4,844.40
	9	4.80	$5,284.80
	10	5.20	$5,725.20
	11	5.60	$6,165.60
	12	6.00	$6,606.00
Reefton - Multi-residential only			
	1-2	1.00	$1,093.00
	3	1.70	$1,858.10
	4	2.30	$2,513.90
	5	2.80	$3,060.40
	6	3.20	$3,497.60
	7	3.60	$3,934.80
	8	4.00	$4,372.00
	9	4.40	$4,809.20
	10	4.80	$5,246.40
	11	5.20	$5,683.60
	12	5.60	$6,120.80
Reefton - all other rating sectors			
	1	1.00	$1,093.00
	2	1.70	$1,858.10
	3	2.30	$2,513.90
	4	2.80	$3,060.40
	5	3.20	$3,497.60
	6	3.60	$3,934.80
	7	4.00	$4,372.00
	8	4.40	$4,809.20
	9	4.80	$5,246.40

Water Supply Scheme Rates	Differential category (refers to use by number of connections)	Differential Factor	Targeted Rate (GST inclusive)
	10	5.20	$5,683.60
	11	5.60	$6,120.80
	12	6.00	$6,558.00
Reefton - major users			
1905006101	1+	2.00	$2,186.00
1905026900	1+	2.00	$2,186.00
1905044200	1+	2.00	$2,186.00
1905044800	1+	2.00	$2,186.00
1905050000	1+	2.00	$2,186.00
1905050400	1+	2.00	$2,186.00
1905051100	1+	2.00	$2,186.00
1905051400	1+	2.00	$2,186.00
1905047900	1+	4.00	$4,372.00
1905049300	1+	4.00	$4,372.00
1905050700	1+	4.00	$4,372.00
1905036800	1+	20.00	$21,860.00
Mokihinui			
Connected (excluding major users)	1	1.00	$368.00
Major users*	1+	8.00	$2,944.00
Ngakawau / Hector			
Connected (excluding major users)	1	1.00	$357.00
Ngakawau / Hector (major users)			
1880002800	1+	3.00	$1,071.00
1880006100	1+	20.00	$7,140.00
Waimangaroa			
Connected (excluding major users)	1	1.00	$1,093.00
Waimangaroa (major users)			
1880034200	1+	2.00	$2,186.00
1883037500	1+	2.00	$2,186.00
1883039602	1+	2.00	$2,186.00
1883044300	1+	3.00	$3,279.00
1883002000	1+	5.00	$5,465.00
Little Wanganui			
Connected	1	1.00	$317.00
Serviceable	1	0.50	$158.50
Inangahua Junction			
Connected (excluding major users)	1	1.00	$995.00
Serviceable	1	0.50	$497.50
Major users*	1+	3.00	$2,985.00

*Other Major Users	Valuation Reference
Mokihinui	1879001700
Inangahua Junction	1901009300

For the Granity South Water Supply, the contribution from the connected properties is set at $288.00 (incl GST) for the 2023-24 year.

2.1 Metered Water Supplies

2.1.1 Cape Foulwind Rural Water Supply

A targeted rate is set to fund the Cape Foulwind Rural Water Supply. Each farm connection is charged for consumption at a rate of $0.63 (inclusive of GST) per cubic metre (m^3).

2.1.2 Westport Metered Water Supply

The Council sets two rates for Westport Metered Water Supply. A targeted rate is set for each connection to the Westport water supply through a meter. The rate is set as a fixed amount for each connection at $1,101.00 (inclusive of GST). Note that consumers on the metered supply may opt to pay for more targeted rates than the number of connections to a property and be charged accordingly, with the annual allowance also being calculated accordingly.

Each metered supply is then charged at a rate of $2.85 (inclusive of GST) per cubic metre (m^3) for consumption over the allowance of $400m^3$ for each targeted rate paid per annum.

2.1.3 Reefton Metered Water Supplies

Council is considering options to introduce metered water supply for extraordinary users.

2.2 Punakaiki Water Supply

A targeted rate is set for each rating unit that is connected to the Punakaiki water supply.

The rate is set on a differential basis, based on use of the rating unit. The rate for differential factor 1.0 is $1,193.00 per connection (including GST).

Table 2.2A - General description of differential categories and differential factor

Differential category	Differential factor	Targeted Rate (GST inclusive)
(A) Section only	0.5	$596.50
(B) Single residential dwelling	1.0	$1,193.00
(C) Department of Conservation Depot	1.0	$1,193.00
(D) Two residential dwellings or one residential dwelling and a lodge on one rating unit	2.0	$2,386.00
(E) Motel complex of more than4 units	2.0	$2,386.00
(F) Hostel (backpackers)	4.0	$4,772.00
(G) Tavern, motel complex, and dwelling	6.0	$7,158.00
(H) Camping ground	11.0	$13,123.00

Table 2.2B – Categorisation of each property

The following table lists the properties (by valuation reference) that fall within each of the above categories:

Category	Valuation reference(s)
A	1886017702, 1886029000, 1886029001, 1886029007, 1886029013, 1886029015, 1886029019, 1886029024, 1886029027, 1886029029, 1886029030
B	1886016900, 1886016901, 1886017000, 1886017100, 1886017101, 1886017200, 1886017201, 1886017300, 1886017400, 1886017500, 1886017700, 1886017701, 1886017800, 1886017900, 1886018000, 1886018400, 1886018500, 1886018600, 1886018900, 1886019200, 1886019201, 1886019400, 1886019500, 1886019600, 1886019700, 1886019800, 1886019900, 1886028700, 1886028900, 1886029002, 1886029003, 1886029004, 1886029006, 1886029008, 1886029009, 1886029010, 1886029012, 1886029014, 1886029017, 1886029018, 1886029020, 1886029025, 1886029026, 1886029031, 1886029033, 1886029034, 1886029035, 1886029036, 1886031601, 1886031602, 1886031604, 1886031607, 1886031610, 1886031611, 1886031614, 1886031615
C	1886018001
D	1886031609, 1886029021, 1886029023, 1886029028
E	1886019000, 1886018700
F	1886018100
G	1886031616
H	1886031200

Any future change to the use of any property within the Punakaiki water supply which results in a change to the use (as set out in Table 2.2A) will result in a change to the differential category the property is in, from the next rating year.

Council may require any user on the water supply to have a meter installed, if it deems it necessary to do so, in the interests of fairness within the supply area.

Expected Yield (Collect)

The expected collect for each of the Water Supply areas (GST inclusive) is:

Water Supply Area	Collect
Little Wanganui Subdivision	$20,193
Mokihinui	$17,296
Ngakawau-Hector	$62,118
Waimangaroa	$153,020
Westport	$3,268,396
Reefton	$740,289
Punakaiki	$111,546
Inangahua Junction	$31,343
Cape Foulwind	$85,514
South Granity	$6,336

3. Sewage Disposal

Targeted sewage disposal charges and rates are set for each connection within a rating unit, or any rating unit able to be connected within certain scheme areas, as follows.

The rates are set on the number of connections, with a differential applied for each rate based on the use of the rating unit.

A 'connection' is defined as a rating unit, or each separately used or inhabited portion (SUIP) of a rating unit, which is connected to the disposal line in any scheme area, whether the connection is to the main disposal line, or from any other line that is connected to the main disposal line.

A differential is also applied based on the availability of the service. The categories applied are rating units connected to the disposal system, and rating units within certain scheme areas which are not connected but are able to be connected ("serviceable"). A rating unit is regarded as serviceable if it is within 30 metres of the sewerage reticulation system.

For the Westport and Reefton, only connected properties are rated (there is no differential for serviceable properties) with the exception of those properties able to be connected to the Orowaiti sewerage upgrade to the Westport Scheme. Those properties (within that upgrade area) which are serviceable but not connected shall pay the full service charge(s) applicable to that scheme.

Refer to the definition of the differential categories set out in Part 5 of this Funding Impact Statement.

Table 3 – Unit rates

Sewage Disposal Scheme Rates	Differential category (refers to use by number of connections)	Differential Factor	Targeted Rate (GST incl)
Westport - Multi-residential only			
	1-2	1.00	$1,103.00
	3	1.70	$1,875.10
	4	2.30	$2,536.90
	5	2.80	$3,088.40
	6	3.20	$3,529.60
	7	3.60	$3,970.80
	8	4.00	$4,412.00
	9	4.40	$4,853.20
	10	4.80	$5,294.40
	11	5.20	$5,735.60
	12	5.60	$6,176.80
Westport - all other rating sectors			
	1	1.00	$1,103.00
	2	1.70	$1,875.10
	3	2.30	$2,536.90
	4	2.80	$3,088.40
	5	3.20	$3,529.60
	6	3.60	$3,970.80
	7	4.00	$4,412.00
	8	4.40	$4,853.20
	9	4.80	$5,294.40
	10	5.20	$5,735.60
	11	5.60	$6,176.80
	12	6.00	$6,618.00

Sewage Disposal Scheme Rates	Differential category (refers to use by number of connections)	Differential Factor	Targeted Rate (GST incl)
Reefton - Multi-residential only			
	1-2	1.00	$817.00
	3	1.70	$1,388.90
	4	2.30	$1,879.10
	5	2.80	$2,287.60
	6	3.20	$2,614.40
	7	3.60	$2,941.20
	8	4.00	$3,268.00
	9	4.40	$3,594.80
	10	4.80	$3,921.60
	11	5.20	$4,248.40
	12	5.60	$4,575.20
Reefton - all other rating sectors			
	1	1.00	$817.00
	2	1.70	$1,388.90
	3	2.30	$1,879.10
	4	2.80	$2,287.60
	5	3.20	$2,614.40
	6	3.60	$2,941.20
	7	4.00	$3,268.00
	8	4.40	$3,594.80
	9	4.80	$3,921.60
	10	5.20	$4,248.40
	11	5.60	$4,575.20
	12	6.00	$4,902.00
Little Wanganui			
Connected	1	1.00	$886.00
Serviceable	1	0.50	$443.00

Expected Yield (Collect)

The expected collects for each of the sewerage scheme areas (GST inclusive) is:

Sewerage Scheme Area	Collect
Little Wanganui Subdivision	$54,666
Westport	$2,837,357
Reefton	$476,311

4. WASTE MANAGEMENT

For the purposes of the cost of providing waste management (refuse and recycling) throughout the district, three zones have been established, each having its own level of service.

The localities of these zones are:

Zone	Locality
1	All of the district except north of the Mokihinui River and east of Blacks Point to which the collection service is provided
2	North of the Mokihinui River (Karamea)
3	East of Blacks Point (Maruia)

The levels of service for each are:

Zone	Locality
1	The provision of a collection service for bins and bags, plus the cost of the waste management disposal area(s) within the zone.
2	The cost of the waste management disposal area(s) within the zone.
3	The cost of the waste management disposal area(s) within the zone.

4.1 Waste Management - Zone 1

The cost of providing recycling and refuse collection is recovered from those properties that are on the service collection route, in the form of a targeted annual waste management rate of a fixed amount per rating unit. A set of two bins (one wheelie bin and one basket) is provided to those properties within the Zone 1 area.

Any property that has been delivered more than one set of bins, shall be liable for the fixed amount for each set of bins delivered to the property.

The bins are used for the fortnightly recycling collection, while bags are available for purchase at various district outlets for the use of weekly refuse collection.

The annual targeted waste management rate for Zone 1 will be **$178.00** per set of two bins (including GST).

4.2 Waste Management - Zone 2

The cost of providing a waste management landfill activity within the Zone 2 area is recovered from those rating units within the area.

The annual targeted waste management rate for Zone 2 will be **$138.00** per rating unit (including GST).

4.3 Waste Management - Zone 3

The cost of providing a waste management landfill activity within the Zone 3 area is recovered from those rating units within the area.

The annual targeted waste management rate for Zone 3 will be **$302.00** per rating unit (including GST).

Expected Yield (Collect)

The expected collects for each of the solid waste areas (GST inclusive) are:

Solid Waste Area	Collect
Zone 1	$913,496
Zone 2	$85,146
Zone 3	$36,542

Lump sum contributions

The Council does not accept lump sum contributions in respect of any of the targeted rates.

5. DIFFERENTIAL CATEGORIES

Note that the first five digits of any valuation reference comprises the valuation roll in which the reference is found.

Also note that subject to the rights of objection to the rating information database set out in Section 29 of the Local Government (Rating) Act 2002, the Council is the sole determiner of the categories applied to a rating unit.

Residential Categories

Rating units, or parts of rating units, being less than 4,000 square metres in area, having no more than one residential dwelling, and being primarily used for, or able to be used for, residential living.

Residential 101

Includes residential rating units, or parts of rating units, within the valuation rolls numbered 18780 (but excluding the Little Wanganui Subdivision); 18800 (but excluding the township of Ngakawau and Granity); 18820; 18830 (but excluding the townships of Waimangaroa and Conns Creek); 18840 (but excluding the settlement of Snodgrass, and those properties in the greater Westport area to the west of the Orowaiti River); 19000; 19010; 19040; 19080; and 19081.

Residential 102

Includes residential rating units, or parts of rating units, within the valuation roll numbered 18810, plus the settlement of Snodgrass.

Residential 103

Includes the residential rating units, or parts of rating units, within the valuation roll numbered 18790 (but excluding the township of Hector), plus the Little Wanganui Subdivision, and Conns Creek.

Residential 104

Includes the residential rating units, or parts of rating units, on the inland side of the State Highway 67 in the townships of Hector, Ngakawau, and Granity, plus the township of Waimangaroa.

Residential 105

Includes the residential rating units, or parts of rating units, on the seaward side of the State Highway 67 in the townships of Hector, Ngakawau, and Granity.

Residential 106

Includes the residential rating units, or parts of rating units, within the valuation rolls numbered 18840, 18950, 18960, and 18970 (but not including any properties to the east of the Orowaiti River or south of Stafford Street, and those properties on Orowaiti Road, Morgans Lane, Forbes, Coates, and Shelswell Streets, and selected properties at the northern end of Derby Street).

Residential 107

Includes the residential rating units, or parts of rating units, on Orowaiti Road, Morgans Lane, Forbes, Coates, and Shelswell Streets, and selected properties at the northern end of Derby Street and including Beach Drive.

Residential 108

Includes the residential rating units, or parts of rating units, within the township of Carters Beach (but excluding those properties located on Marine Parade and in the Elley Drive subdivision).

Residential 109

Includes the residential rating units, or parts of rating units, within the township of Carters Beach located on Marine Parade and in the Elley Drive subdivision (but excluding valuation reference 1885022301).

Residential 110

Includes the residential rating units, or parts of rating units, within the valuation roll numbered 18850 (but excluding the townships of Carters Beach, Omau, and Tauranga Bay).

Residential 111

Includes the residential rating units, or parts of rating units, within the valuation roll numbered 18860 (but excluding the townships of Charleston and Punakaiki and the Ross Subdivision).

Residential 112

Includes the residential rating units, or parts of rating units, within the townships of Omau and Tauranga Bay, plus valuation reference 1885022301.

Residential 113

Includes the residential rating units, or parts of rating units, within the township of Charleston.

Residential 114

Includes the residential rating units, or parts of rating units, within the township of Punakaiki and the Ross Subdivision.

Residential 115

Includes the residential rating units, or parts of rating units, within the valuation roll numbered 19050.

Multi Residential

Rating units that have more than the one dwelling, excluding farm properties and communal residences. Where practicable, Council may have the rating unit divided into each of its separate uses, so each division can be assessed for rates in a different differential category.

Multi Residential 121

Includes those rating units under valuation references 1878011803, 1878018300BB, and 1908009900.

Multi Residential 122

Includes the rating unit under valuation reference 1878037247.

Multi Residential 123

Includes the multi-residential rating units within the valuation rolls numbered 18840); 18950; 18960; and 18970.

Multi Residential 124

Includes those rating units within the valuation roll numbered 18860.

Multi Residential 125

Includes those multi-residential rating units within the valuation roll numbered 18850.

Multi Residential 126

Includes those multi-residential rating units within the valuation roll numbered 19050.

Commercial

Rating units, or portions of rating units, used primarily for, or able to be used in terms of the District Plan for, carrying out a commercial or trading enterprise, including retail and/or wholesale, community, personal, business and repair services, offices, hotels, motels, camps and air transport.

Commercial 131

Includes commercial rating units, or parts of rating units, within the valuation rolls numbered 18780; 18820; 19000; 19010; 19040; 19080; and 19081; and that rating unit under valuation reference 1884018701.

Commercial 132

Includes commercial rating units, or parts of rating units, within the valuation rolls numbered 18790; 18800; 18810; and 18830.

Commercial 133

Includes commercial rating units, or parts of rating units, within the valuation rolls numbered 18840 (excluding 1884018701); 18960; and 18970.

Commercial 134

Includes commercial rating units, or parts of rating units, within the valuation roll numbered 18950.

Commercial 135

Includes the rating unit under valuation references 1885002400BB and 1885022400.

Commercial 136

Includes commercial rating units, or parts of rating units, within the valuation roll numbered 18850 (excluding 1885002400BB and 1885022400).

Commercial 138

Includes commercial rating units within the valuation roll 18860, north of the Fox River.

Commercial 139

Includes commercial rating units within the valuation roll 18860, south of the Fox River.

Commercial 140

Includes commercial rating units, or parts of rating units, within the valuation roll numbered 19050.

Rural

Properties being 10 hectare or greater, used exclusively or principally for agricultural, horticultural, and/or pastoral purposes, including forestry, or vacant land that is able to be used for such purposes in terms of the District Plan.

Rural 141

Includes rural rating units, or parts of rating units, within the valuation rolls numbered 18780; 18810; 18820; 18830; 18840; 18950; 18960; 18970; 19000; 19010; 19040; 19050; 19080; and 19081.

Rural 142

Includes rural rating units, or parts of rating units, within the valuation rolls numbered 18790; and 18800.

Rural 143

Includes rural rating units, or parts of rating units, within the valuation rolls numbered 18850; and 18860.

Rural Residential:

Properties being greater than 4,000 square metres but less than 4 hectares, primarily used for the purpose of residential living.

Rural Residential 151

Includes rural residential rating units, or parts of rating units, within the valuation rolls numbered 18780; 18810; 18820; 18830; 18840; 18950; 18960; 18970; 19000; 19010; 19040; 19050; 19080; and 19081.

Rural Residential 152
Includes rural residential rating units, or parts of rating units, within the valuation rolls numbered 18790; 18800; 18850; and 18860.

Rural Small Holding:

Properties being greater than 4 hectares but less than 10 hectares, used exclusively or principally for agricultural, horticultural and/or pastoral purposes, including forestry, or vacant land that is able to be used for such purposes in terms of the District Plan.

Rural Small Holding 161
Includes rural small holding rating units, or parts of rating units, within the valuation rolls numbered 18780; 18810; 18820; 18830; 18840; 18850; 18950; 18960; 18970; 19000; 19010; 19040; 19050; 19080; and 19081.

Rural Small Holding 162
Includes rural small holding rating units, or parts of rating units, within the valuation rolls numbered 18790; and 18800.

Rural Small Holding 163
Includes rural small holding rating units, or parts of rating units, within the valuation roll numbered 18860 (but excluding those units within the valuation reference ranges 1886003000 to 1886003600 and 1886023800 to 1886027700).

Rural Small Holding 164
Includes rural small holding rating units, or parts of rating units, within the valuation reference ranges of 1886003000 to 1886003600 and 1886023800 to 1886027700.

Industrial Coal

Properties used primarily in the extraction, storage, and/or distribution of coal.

Industrial 172
includes those industrial rating units, or parts of rating units, that fall within the definition of Industrial Coal above.

Industrial Other

Properties used primarily in the following, as well as all associated land and buildings related to:

- storage sites (except those associated with the three other industrial categories); or
- transport (road, rail, sea), excepting those properties defined as Industrial Harbour; or
- utility services (communications, electricity, gas, water, sanitation); or
- the manufacture of food, drink, and tobacco; or
- the processing of textiles, leather, and fur; or
- the processing of timber products, including manufacturing and storage sites (i.e. sawmills and timber yards, wooden articles of manufacture such as furniture); or
- all other types of mining, not included in the sectors defined as Industrial Coal; or
- engineering, metalwork appliances, and machinery works; or
- chemicals, plastics, rubber, and paper manufacture; or
- other manufacturing industries not defined above; or
- depots and yards of contractors, central and local government; or
- demolition, and fumigation and pest control firms; or
- vacant land designated for the primary purpose of industrial use

Industrial 173
Includes those industrial rating units, or parts of rating units, that fall within the definition of Industrial Other above.

Industrial harbour
Properties used for harbour and associated activities.

Industrial 174
Includes those industrial rating units, or parts of rating units, that fall within the definition of Industrial Harbour above.

SUIP (SEPARATELY USED OR INHABITEDPART) OF A RATING UNIT - DEFINITION

A separately used or inhabited part of a rating unit includes:

- Any part or parts of a rating unit that is used or occupied by any person, other than the ratepayer, having a right to use or inhabit that part by virtue of a tenancy, lease, licence or other agreement, or
- Any part or parts of a rating unit that is/are used or occupied by the ratepayer for more than one single use.

Examples of separately used or inhabited parts of a rating unit include:

- A residential property that contains two or more separately occupiable units, flats or houses, each of which is separately inhabited or is capable of separate inhabitation.
- A commercial, or other non-residential property containing separate residential accommodation in addition to its commercial, farming or other primary use.
- A commercial premise that contains separate shops, kiosks or other retail or wholesale outlets, each of which is operated as a separate business or is capable of operation as a separate business.
- An office block which contains several sets of offices, each of which is used by a different business or which is capable of operation as separate businesses.

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

- Where a business, farm, orchard, vineyard or horticultural operation contains accommodation on a rent-free basis for the owner, staff or share-milkers associated with the enterprise's productive operation.
- Where a residential property contains not more than one additional separately inhabited part, or where members of the owners family inhabit the separate part on a rent-free basis.
- Where an orchard, vineyard or horticultural operation contains a stall for the sale of goods produced solely by the operation.

Rating examples

SECTOR Location	Res 101 Karamea	Res 103 Little Wanganui	Res 103 Mokihinui	Res 103 Seddonville	Res 104 Hector	Res 104 Waimangaroa
Land value	$145,000	$125,000	$90,000	$70,000	$110,000	$80,000
General rates	306.51	357.75	257.58	200.34	296.97	215.98
UAGC	550.00	550.00	550.00	550.00	550.00	550.00
Targeted Water Rate	-	317.00	368.00	-	357.00	1,093.00
Targeted Sewer Disposal Rate	-	886.00	-	-	-	-
Targeted Solid Waste Rate	138.00	138.00	178.00	178.00	178.00	178.00
TOTAL RATES	**$994.51**	**$2,248.75**	**$1,353.58**	**$928.34**	**$1,381.97**	**$2,036.98**
Comparison to Previous Year	$865.58	$2,163.85	$1,331.10	$860.61	$1,289.35	$1,981.79
% Change to Previous Year	14.90%	3.92%	1.69%	7.87%	7.18%	2.78%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

Refer to pages 29-31 for sector code details.

SECTOR Location	Res 106 Westport (Brougham)	Res 106 Westport (Russell)	Res 108 Carters Beach	Res 113 Charleston	Res 114 Punakaiki	Res 101 Ikamatua
Land Value	$106,000	$104,000	$160,000	$136,000	$290,000	$74,000
General Rates	929.27	911.74	843.69	500.50	1,324.94	156.43
UAGC	550.00	550.00	550.00	550.00	550.00	550.00
Targeted Water Rate	1,101.00	1,101.00	1,101.00	-	1,193.00	-
Targeted Sewage Disposal Rate	1,103.00	1,103.00	1,103.00	-	-	-
Targeted Solid Waste Rate	178.00	178.00	178.00	178.00	178.00	178.00
NET RATES	**$3,861.27**	**$3,843.74**	**$3,775.69**	**$1,228.50**	**$3,245.94**	**$884.43**
Comparison to Previous Year	$3,918.97	$3,696.26	$3,653.71	$1,156.01	$3,089.56	$821.20
% Change to Previous Year	-1.47%	3.99%	3.34%	6.27%	5.06%	7.70%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

Refer to pages 29-31 for sector code details.

SECTOR Location	Res 115 Reefton	Res 101 Springs Junction	Com 131 Karamea	Com 134 Westport	Com 140 Reefton	Rur 141 Karamea
Land Value	$100,000	$85,000	$300,000	$265,000	$195,000	$860,000
General Rates	387.50	179.68	4,177.39	10,271.62	2,133.28	3,171.47
UAGC	550.00	550.00	550.00	550.00	550.00	550.00
Targeted Water Rate	1,093.00	-	-	1,101.00	1,093.00	-
Targeted Sewage Disposal Rate	817.00	-	-	1,103.00	817.00	-
Targeted Solid Waste Rate	178.00	302.00	138.00	178.00	178.00	138.00
NET RATES	**$3,025.50**	**$1,031.68**	**$4,865.39**	**$13,203.62**	**$4,771.28**	**$3,859.47**
Comparison to Previous Year	$2,907.56	$974.96	$2,981.17	$12,700.47	$4,466.50	$3,159.55
% Change to Previous Year	4.06%	5.82%	63.20%	3.96%	6.82%	22.15%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

Refer to pages 29-31 for sector code details.

SECTOR Location	Rur 143 Cape Foulwind	Rur 141 Grey Valley	RR 151 Karamea	RR 152 Granity	RR 151 Fairdown	RR 162 Alma Road
Land Value	$1,030,000	$1,500,000	$290,000	$149,000	$240,000	$275,000
General Rates	2,715.07	5,531.64	965.13	475.49	798.73	877.59
UAGC	550.00	550.00	550.00	550.00	550.00	550.00
Targeted Water Rate	-	-	-	-	-	-
Targeted Sewage Disposal Rate	-	-	-	-	-	-
Targeted Solid Waste Rate	356.00	178.00	138.00	178.00	178.00	-
NET RATES	**$3,621.07**	**$6,259.64**	**$1,653.13**	**$1,203.49**	**$1,526.73**	**$1,427.59**
Comparison to Previous Year	$3,809.36	$6,152.64	$1,307.28	$1,121.45	$1,500.91	$1,450.96
% Change to Previous Year	-4.94%	1.74%	26.46%	7.32%	1.72%	-1.61%

KEY: Res (Residential) Com (Commercial) RR (Rural Residential) Rur (Rural)

Refer to pages 29-31 for sector code details.

Assumptions

The Buller District Council Annual Plan is based on a number of significant forecasting assumptions. These assumptions include assessments of a number of factors that might impact on Council and the community including a consideration of how the population may change over the medium term, funding of Council services, and the financial environment.

The assumptions are the best reasonable assessment based on current information, but actual results may differ and these differences could be large. Council has therefore, included an assessment of how likely the actual may vary from the assumptions and what impact the variances would have on Council and the community. These are overarching assumptions relating to Council's activities. In addition to these assumptions, activity specific assumptions are found within each of the activity sections.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
1. Population growth:				
In the Long Term Plan for 2021-2031, the Council assumed that the normally resident population as at 1 July 2021 would be in the region of 9,600 persons and that, based on Infometrics predictions, there would be small ongoing reductions in population. The Statistics NZ March 2018 census recorded a total of 9,591 person as being normally resident in the district. For the purposes of this Annual Plan we have assumed that the normally resident population as at 1 July 2024 is in the region of 9,600 persons.	Low population growth may impact on the affordability and scale of Council projects and operations.	Medium	Low	Council will need to reassess the growth rates and whether its projects need to be brought forward or delayed as part of each year's Annual Plan or Long Term Plan.
2. Inflation/price changes:				
In preparing the Annual Plan Council has utilised the inflation factors as provided by Business and Economic Research Limited (BERL) and adjusted where necessary for localised inflation data. A table of these rates is provided for on page 42. The roading budgets have been aligned to the approved 2021-2024 Waka Kotahi/NZTA roading programme. As such no further escalation has been applied to these budgets.	That inflation is higher or lower than predicted.	Medium to low	High	There is likely to be some variation in the actual rates of inflation from those assumed and this will impact on the financial results of Council. If the variances are significant, Council may need to consider either increasing or decreasing rates and charges or the levels of services for activities. For example, Council planned to spend $331m in operating expenditure and $96m in capital over the term of the 2021-2031 Long Term Plan. A 1% movement in inflation could increase or decrease costs by an average of approximately $427,000 p.a. There would also be an impact on debt levels.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
3. New Zealand Transport Agency funding:				
The New Zealand Transport Agency/ Waka Kotahi financial assistance rate (FAR) provided to Council's roading programme is currently 72% for local roads and 100% for assistance for the Karamea Special Purpose Road (SPR). A special FAR of 95% applies for flood recovery for local roads. This Annual Plan assumes that the local roads financial assistance rate will be 72% and the SPR rate will be 100% throughout 2023-2024 for business as usual activities of Council.	That the government will reduce the subsidy available to Councils.	Medium	High	Any decrease in NZTA/Waka Kotahi funding will require Council to make a decision of whether to increase funding from rates, reduce service levels, remove projects from the Long Term Plan or apply a mix of these options. The most likely response would be a reduction in roading expenditure. A 1% drop in the FAR rate would require a reduction of $150,000 in subsidised expenditure.
4. Karamea Special Purpose Road				
NZTA/Waka Kotahi has indicated to Council that it is proposed that the Karamea Special Purpose Road will lose its designation and revert to a local road from July 2024. Council has taken the position that it will not accept ownership of the Karamea SPR as a local road in 2024-2025. The transition of SPR to district Councils is a national Waka Kotahi/NZTA initiative affecting many communities around the country. To Council's knowledge, the legalities of what may happen should there be dispute between local government and the government's transport agency has not been tested. Considerations of the four well-beings would be front of Council's opinion in order to avoid additional burden to ratepayers. Strategically it also makes sense for the SPR to be reinstated as a state highway (as it previously was) considering the iconic tourist destinations (including Oparara Arches and Heaphy Track), as well as new government funded initiatives such as Pounamu Pathway, relying on a national network approach.	Financial assistance rate may reduce. Additional costs associated with this road may not be funded by subsidy.	High	High	Because the SPR traverses unstable terrain through the Karamea bluff section, there is an unquantifiable risk and funding uncertainty for the road controlling authority. Should the SPR be included under the local road network, ratepayers may be required to fund unplanned significant maintenance and capital projects. This could increase rates, particularly if expenditure is due to necessary repairs or improvements that do not meet the NZTA/Waka Kotahi definition of emergency works. The impact to ratepayers to fund the SPR beyond mid-2024 remains uncertain and extremely difficult to estimate. The programmes (options) considered under the NZTA draft transition plan range from no ratepayer contribution (e.g. retain 100% subsidy) to inclusion under the funding assistance rate, noting the percentage for Buller may change at the next triennial. Based on the cost estimates included in the Long Term Plan for maintaining the SPR, the impact of the proposal to revert it to a local road equates to an additional $3.04 million to total rates for Council over the remaining seven years of the 2021-2031 Long Term Plan. However, this is not considered to be the likely impact to ratepayers under the scenario the SPR reverts to as options will need to be worked through with a view to avoiding additional burden to ratepayers.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
5. One network roading classification				
A joint initiative between the NZTA/ Waka Kotahi and Local Government New Zealand has introduced a road classification system for all roads in New Zealand. The classification system aims: ■ to deliver similar driving experience across New Zealand ■ to support more consistent asset management across the country ■ to make collaboration and prioritisation between those organisations responsible for the planning, delivery, operation, and maintenance of the nation's roading network, leading to a more efficient and safer network and improved value for money. This will introduce different levels of service across roads of different classification. Council has assumed that there will be no change in the levels of service currently provided.	Financial assistance rate may reduce depending on the levels of funding agreed to be provided by NZTA.	Low	Medium	Council will be faced with two choices: 1. Change the current level of service provided to that set by NZTA/Waka Kotahi. 2. Fund the difference between the current service level and that proposed by NZTA from ratepayer contributions.
6. Useful lives of significant assets:				
Council has made a number of assumptions about the useful life of its assets. These assumptions affect the depreciation charge contained within the Plan. The detail for each asset category and asset depreciation rates are reflected in the Statement of Accounting Policies included in this document.	That the lives of assets are materially different from those contained within the Plan.	Low	High	If the life of the assets are materially different from those contained within the plan, the asset values stated in the prospective balance sheet and the surplus contained in the prospective statement of comprehensive statement of revenue and expenditure would be affected. If the life was shorter than expected Council might need to replace the asset sooner than planned and this would need to be funded. Council has a long history of managing assets and has asset management practices in place which reduce the likelihood of assets being very different to projections.
7. Significant asset condition:				
Council understanding of condition of its assets underpins the renewal forecasts in the Annual Plan (and the significant lives of assets discussed above). Council has sufficient information about the condition of its assets to forecast their probable replacement periods. However, further, more detailed information is desirable to further reduce the risk that actual condition varies from the assumed condition.	That condition information is not a sufficiently accurate representation of the actual condition of assets.	Low	High	If the asset condition is substantially worse than expected, then there is an increased risk of unexpected asset failure and the increased costs of repairing assets would need to be funded. These costs are not in the Long Term Plan and Council would need to consider how they should be funded - higher rates, use of cash reserves or debt would be options.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
8. Vested assets:				
The Long Term Plan assumed Council will receive $50,000 vested assets per annum. Vested assets are engineering assets such as roads, sewers and water mains paid for by developers and vested to Council in completion of the subdivision. Based on Council's actual results for the year ended 30 June 2022 it has been assumed for the Annual Plan that Council will receive no vested assets.	That vested assets may vary from budget.	Medium	Low	Vested assets must be maintained by Council, so if growth is higher than forecast Council will need to increase its budget to maintain those assets. The impact of higher or lower growth is not considered significant.
9. Return on investments:				
It is assumed that the return on investments, including dividends from Council Controlled Organisations and retained earnings on subsidiaries will continue at current level for Buller Recreation and WestReef Services Limited.	That return on investment decreases.	Low	Medium	Higher or lower returns will impact on rates as the income will need to be raised from other sources.
10. Interest rates - external borrowings:				
Council assumed an interest rate of 2.3 - 3.1% across the 10-years of the 2021-2031 Long Term Plan. The 2023-2024 Annual Plan has increased interest rate assumptions to reflect current market expectations that rates will continue to climb on the back of high inflation.	The prevailing interest rate may differ significantly from those estimated.	Medium	High	Increases in interest rates flow through to higher debt servicing costs and higher rates funding requirements. Council has mitigated these risks with a prudent fixed interest swap programme developed within the limits of Council's Treasury Management Policy. Any new external debt and swaps and the floating portion of existing debt is still exposed to interest rate risk.
11. External borrowings - renewability:				
It has been assumed that Council will be able to renew the existing external loan facility.	Higher interest rates or delay of capital projects.	Low	High	If a loan facility could not be renegotiated with a current debt provider, a change in provider could increase finance costs.
12. Interest rates - term deposits:				
Council had assumed an interest rate range of 0.8-3.3% across the 10 years of the 2021-2031 Long Term Plan. The 2023-2024 Annual Plan has increased the interest rate assumption for term deposits from 1.33% in the same year of the Long Term Plan to 3.44% to reflect current market expectations that rates will continue to climb on the back of high inflation.	The prevailing rate may differ from those estimated.	Medium	High	Decreases in term deposit interest rates would lower investment income, which would create cash shortfalls in the short-term and could lead to increased general rates in subsequent Annual Plans.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
13. Westport Harbour				
All harbour activities including the port and dredging activities are ring-fenced as a separate activity. All funding and expenditure and surpluses and deficits for the Westport Harbour activity accumulate to a separate reserve and is not ratepayer funded. Another significant assumption contained in the Long Term Plan was that a new large commercial operator would be shipping out of the port from 2023-2024. Council was able to secure as part of its Tranche 2 application to the National Emergency Management Agency $4.7m to dredge 235,000m3 from the Buller River, based on forecast timing of this project $2.8m of the forecast $3.6m in dredging revenue in the Annual Plan is to come from Tranche 2 funding. Out of Port work contributes $0.5m of forecast dredging revenue and on completion of the Tranche 2 dredging work package the remainder is assumed to come from a commercial operator.	Westport Harbour does not perform as expected, creating greater cash losses or surpluses than predicted. If the large commercial operation did not proceed, then Council would not receive this revenue but nor would it incur these costs.	Medium	High	There may be greater than predicted cash surpluses or losses, impacting the level of cash held by Council. If losses are greater than predicted Council may be required to consider loan funding or rate funding the activity in the future. If the large commercial operation did not proceed Council would have the option of using the dredge for out-port dredging (as has been done in the past few years) or it may consider other options such as selling the Kawatiri dredge. If the alternative net revenue is less than predicted in the Long Term Plan Council may be required to consider loan funding or rate funding the shortfall.
14. Climate change:				
Council uses the Ministry for the Environment (MFE) guidelines set out in Coastal Hazards and Climate Change 2017 for estimating sea level Rise (SLR). Council has commenced work on developing climate change adaption action plans in line with the commitment made in the 2021-2031 Long Term Plan. The first stage is formulating a project plan identifying the key stakeholders and towards the third quarter of 2022, Council will seek to engage with the community on how to shape the plan.	The potential impacts of climate change might lead to increased costs for Council in both responding to events and building greater resilience into infrastructure.	High	High	Climate change is likely to increase the magnitude of some natural hazards in the medium to long term. Therefore, it is important to incorporate risk management in the design of infrastructure supporting new developments to maintain the same level of service throughout the design lifetime. The design of infrastructure for land development and subdivision needs to provide for the potential impact of sea level rise and the increased frequency of extreme weather events. Council has budgeted for protection of infrastructure in this plan.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
15. Natural Disaster:				
The 2021-2031 Long Term Plan assumed there would be limited events during the term of the plan and that such events would not be significant. After the adoption of the Long Term Plan Buller District suffered two separate flood events. A one in 60 year flood event in mid-July 2021 that caused significant displacement of the Westport Community and damage to the district's infrastructure, and two further flooding events in February 2022 that were combined and treated as a separate flooding event. Council received $50 million from central government agencies, which has contributed to response and recover activities including roading and water infrastructure repair works, temporary accommodation, waste disposal, welfare support, Community Hub and Navigators programmes, and others. Council is liable for some costs that are not covered by the external funding, the cost of the Emergency Operations Centre, the minimum threshold funding required from Council by the National Emergency Management Agency and Waka Kotahi to access external funding, deductible portion of our insurance claims, and costs rejected as part of claims to the National Emergency Management Agency for various response phases. Council has proposed to fund the total of these costs from its existing cash reserves. A provision of $1.75 million for Council's final costs has been made in the Annual Plan. The impact on the Annual Plan is a reduction in short term investments that creates a corresponding increase in the net debt result, and a loss of interest income of $78,000 per annum that results in a 0.4% planned increase in general rates. The Annual Plan does not provide for any further significant events.	That there is a significant natural disaster in the District, such as flooding, earthquake or fire. That Council's final costs for flood recovery expenditure for the July and February events is greater than the $1.75m provided.	Medium	High	Council has adequate insurance to cover natural disasters. However, in the event of another significant event Council will need to re-evaluate its work programme and implement disaster recovery plans. Should Council's final costs for the July 2021 and February 2022 flood events be higher than the $1.75m provided depending on the level of exceedance Council will need to decide whether to fund it further from existing cash reserves, debt fund and fund the debt servicing costs through rates or levy a one off rate in 2024 - 2025 to recover the amount.
16. Potential impact of societal changes:				
Council assumes the resident population will be in the region of 9,600 persons, in line with Infometrics predictions. There will likely be an aging population. The proportion of the population over 65-years is forecast to increase by 22% between 2021 and 2033.	An increase in the age of the population may increase demand for some services and housing and place pressures on rates affordability.	Medium	Low	The plan assumed that the demand for senior housing is adequate and can be met through supply. Council may need to adjust its level of service in some areas to meet expectations. Rates affordability will need to be managed by keeping rates within financial prudence benchmarks, and by carefully managing rates debt.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
17. External assumptions - Government legislation:				
It is assumed for the period covered by this Annual Plan that there will be no material changes to existing legislation or additional activity, or compliance requirements imposed by central government, unless specifically outlined within the other assumptions such as water reform (refer below).	Central government requires Council to undertake further activities, without corresponding funding or imposes additional compliance costs on local government	Medium	High	If changes in legislation require Council to provide further services, or significantly increases levels of compliance or operating costs then this will need to be offset by increases in fees and charges, and/or in increases in rates. It is unlikely that government will reduce compliance or legislative costs incurred by Council, but if there was a reduction this would enable Council to reduce rates or fees and charges.
18. Repayment of loans				
It has been assumed that the loan from Council to Buller Holdings Limited will not be repaid over the term of the plan.	Inability to service the loan	Low	Low	Debt will be rolled over on an annual basis.
19. Water reforms legislation				
Due to the outcome of the proposed water reforms being unknown at the time of preparing the 2021-2031 Long Term Plan, the assumption across the ten-years of the plan was that Council would retain ownership of its Three Waters assets. After the Long Term Plan the new Water Services Act has been introduced bringing into being Taumata Arowai as the new regulator. This is leading to sector reform including changes to various performance standards and drinking water standards. These changes are intended to see water services transition into a new regional entity. At present the outcome of the national three waters reforms remains uncertain. For the Annual Plan Council has assumed that the reforms will proceed and assets will transfer to the new entity in the future. Council has chosen to hold the targeted rates at the same level set in the 2022-2023 Annual Plan while it waits for further clarity on three waters reform. By holding the Wastewater and Water Supply scheme targeted rates steady Council is proposing to run an annual cash deficit in these schemes totalling $1.17m.	In the current Long Term Plan, there was a staged approach to compliance for ensuring all water supplies met the new standards. This Annual Plan sees a higher level of investment being required in the waters activities. By not fully rate funding for the increase in costs Council is choosing to fund operating deficits out of its cash reserves reducing its external interest revenue.	Medium	High	This legislation requires Council to provide further service level improvements and it significantly increases the levels of compliance needed and costs to meet compliance. If actual deficits run higher than predicted cash reserves and external interest revenue will be reduced even further. The expectation is these activities will be managed to within budget. Should the transfer of the Three Water activities to the new water entity not proceed as proposed by current Government then Council will be facing estimated future annual increases in these targeted rates of at least 10% per annum to maintain its investment in the three waters activities and meet its new statutory compliance requirements. If a change in government meant the new three waters entity did not proceed Council will work closely with central government to look at alternative affordable funding models to achieve compliance with the new standards.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
20. Drinking Water upgrades				
The drinking water standard upgrades to rural drinking water supplies assumes that the central government subsidy will be available to be claimed if the project is not loan funded.	There is a risk that the project may not proceed if funding is not received	Low	High	Provision of safe, clean water may not eventuate if a subsidy is not received. Water schemes may be unaffordable for some communities.
21. Capital projects				
Capital projects are based on an assumption that they will occur when they have been identified in the Annual Plan and for the cost provided. However, this assumption has a high level of uncertainty as projects may cost more, or less, due to more or less work needing to be done and/or a project may need to be delayed.	There is a risk of deferral of projects to later years of the Long Term Plan. There is a risk of a project costing more than budgeted for.	High	Medium	Deferral of a project will lower capital expenditure and any associated loans and finance costs. Depreciation would be lower than rated for. Conversely if a project cost is higher than provided for associated loans, finance costs and depreciation would increase. This would require formal approval from Council for the overspend and where appropriate would be offset by a deferral or scope saving in other planned projects.
22. One District Plan				
The Te Tai o Poutini Plan (One District Plan Process) is well underway with the statutory powers associated with district plan making transferred to the West Coast Regional Council. Initial submissions are being summarised and it is intended that further submissions will be sought from May 2023. Independent Commissioners have been appointed to deliberate on the further submission process. The process is governed by a joint committee of elected members from the three West Coast Councils. Rules that have legal effect under the TTPP relate to Historic Heritage, Sites and Areas of Significance to Māori, Ecosystems and Indigenous Biodiversity, Natural Character and the Margins of Water and the planning team applies these rules alongside our current Operative District Plan.	Potential legal challenge to plan.	Medium	Low	Buller not having a plan that aligns or reflects the direction the district wishes to head. Higher costs than Council currently expend on this activity.
23. Covid-19				
That there are no significant Covid-19 restrictions that prevent Council from carrying out its primary functions, or that any effects from Covid-19 do not add any significant costs to Council operation.	That Covid-19 restrictions or effects impact on the ability of Council to carry out its operation or increases cost significantly.	Medium	Medium	Council is unable to carry out some of its planned activities or the cost of providing activities and services increases costs to the ratepayer.

Assumption	Description of risk	Level of uncertainty	Financial Impact	Impact
24. Landfill aftercare provision				
Council has budgeted $40,000 per annum to monitor and undertake any remedial work required on its closed landfills. It is assumed that no significant restoration work is required on its closed landfills beyond what has been budgeted and provided for. In respect of the Karamea and Maruia landfills, which have resource consents (and estimated closing dates) until 2034, Council assumes that there have been no material changes to the assessed closure costs since they were last reviewed as part of the 2015-2025 Long Term Plan. In respect to the resource consent for Maruia, this was applied for in April 2021 and is awaiting approval.	Landfill restoration work is required earlier than planned or higher than budgeted.	Low	Low	Council has a provision fund to call on if restoration work is required to be done earlier.

Price Adjustments for Inflation

The Council is required to provide a 10-year plan adjusted for inflation. The figures within the plan have been adjusted for price movements. The price adjustors used have been derived from those recommended to local government from Business and Economic Research Limited (BERL) adjusted for local market factors and economic information supplied by the New Zealand Infrastructure Commission around the Three Waters activities. The roading budgets have been aligned to the approved 2021-2024 Waka Kotahi/NZTA roading programme, as such no further escalation has been applied to these budgets.

The following adjustors have been applied at an activity level based on the nature of the input costs for that activity:

Inflation Adjustors: % per annum change

Year ending	June 2024 Long Term Plan	June 2024 Annual Plan
Expense Type		
Roading* (Transport activity only)	1.030	1.051
Community activities	1.025	1.048
Water	1.026	1.048
Staff	1.015	1.047
Other (Local Government Admin)	1.020	1.030
Earthmoving	1.038	1.069
Pipelines	1.049	1.056

Statement of Accounting Policies

Statement of responsibility and cautionary note

The purpose of this Annual Plan is to provide information to the community on the planned activities and expenditure of Council over the next year. The use of this information for other purposes other than for which it was prepared may not be appropriate.

The Council is responsible for the prospective financial statements presented, including the appropriateness of the underlying assumptions and related disclosures. Actual financial results achieved for the period covered may vary from the information presented, and the variations may be material. There are no actual financial results incorporated into these prospective financial statements.

The prospective financial statements comply with Tier 1 Public Benefit Entity (PBE) Accounting Standards (including PBE FRS 42 – Prospective Financial Statements). The prospective financial statements have been prepared using the best information available at the time they were prepared.

Reporting entity

The Buller District Council is a territorial local authority governed by the Local Government Act 2002.

The Buller District Council provides local infrastructure, local public services and provides regulatory functions to the community. The Council does not operate to make a financial return. Accordingly, Buller District Council has designated itself as a Public Benefit Entity for financial reporting purposes.

The prospective financial statements of Buller District Council are for the year ended 30 June 2024.

Basis of preparation

The prospective financial statements have been prepared on a going concern basis and the accounting policies have been applied consistently throughout the period and there have been no changes in accounting policies during the financial year. The financial statements have been prepared on a historical cost basis, modified by the revaluation of certain infrastructural assets, investment property and financial instruments.

Statement of compliance

The prospective financial statements of Buller District Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 95 and Part 2 of schedule 10, which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice (NZ GAAP). The prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards. These prospective financial statements are presented and comply with PBE accounting standards.

Presentation currency and rounding

The prospective financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($1,000) unless stated. The functional currency of Buller District Council is New Zealand dollars.

Standards and amendments, issued and will be adopted

The following new standards, interpretations and amendments have been issued that will be effective for the reporting period covered by this Annual Plan.

- Financial instruments In March 2019 the XRB issued PBE IPSAS 41 Financial Instruments, which supersedes PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments: Recognition and Measurement. PBE IFRS 9 is effective for annual periods beginning on or after 1 January 2022. The main changes under PBE IPSAS 41 are new financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost, a new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses, and revised hedge accounting requirements to better reflect the management of risks. No material difference in accounting treatment is anticipated in the forecast financial statements of the Annual Plan from any resulting changes in these policies given no movements in the valuations of the underlying financial assets and liabilities have been provided for.
- PBE FRS 48 Service Performance Reporting PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 Presentation of Financial Statements and is effective for the year ending 30 June 2023, with early application permitted. The Council is presently considering how application of PBE FRS 48 will affect its statement of service performance disclosures. This standard does not apply to the prospective service performance information included in this Annual Plan.

Subsidiaries

Subsidiaries are those entities where Buller District Council has the capacity to control their financing and operating policies so as to obtain benefits from the activities of the entity. This power exists where Buller District Council controls the majority voting power of the governing body or where such policies have been irreversibly predetermined by Buller District Council.

The subsidiaries of Buller District Council are Buller Holdings Limited, WestReef Services Limited, Buller Recreation Limited and the Buller Health Trust.

Buller District Council measures the cost of a business combination as the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, in exchange for control of the subsidiary plus any costs attributable to the business combination.

Any excess of the cost of the business combination over Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities, is recognised as goodwill. If Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities exceeds the cost of the business combination, the difference will be recognised immediately in the surplus or deficit.

The purchase method of consolidation has been used to prepare the consolidated financial statements, which involves adding together like items of assets, liabilities, equity, revenue and expenses on a line by line basis. All significant intra-group balances, transactions, revenue and expenses are eliminated on consolidation.

Buller District Council's investment in its subsidiaries is carried at cost in the Buller District Council's own "parent entity" financial statements.

Associates

An associate is an entity over which Buller District Council has significant influence and that is neither a subsidiary nor an interest in a joint venture.

Buller District Council accounts for an investment in an associate using the equity method. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise the share of the surplus or deficit of the associate.

The Council has one: The Denniston Heritage Charitable Trust. There is no equity investment and therefore no results are equity accounted for in these prospective financial statements.

Joint ventures

A joint venture is a contractual arrangement whereby two or more parties undertake an economic activity that is subject to joint control.

Buller District Council has a 50/50 joint venture interest in the Westport Airport Authority with Ministry of Transport.

Buller District Council recognises in its prospective financial statements the assets it controls, the liability and expenses it incurs, and the share of revenue that it earns from the joint venture.

Revenue

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

Rates revenue

The following policies for rates have been applied:

- General rates, Targeted rates (excluding water-by-meter), and uniform annual general charges are recognised at the start of the financial year to which the rates resolution relates. They are recognised at the amounts due. The Council considers that the effect of payment of rates by instalments is not sufficient to require discounting of rates receivables and subsequent recognition of interest revenue.
- Rates arising from late payment penalties are recognised as revenue when rates become overdue.
- Revenue from water-by-meter rates is recognised on an accrual basis based on usage. Unbilled usage, as a result of unread meters at year end, is accrued on an average usage basis.
- Rates remissions are recognised as a reduction of rates revenue when the Council has received an application that satisfies its rates remission policy.
- Rates collected on behalf of the West Coast Regional Council (WCRC) are not recognised in the prospective financial statements, as the Council is acting as an agent for the WCRC.

Other Revenue

Buller District Council receives Government Grants from the New Zealand Transport Authority, which subsidises part of Buller District Council's costs in maintaining the local roading infrastructure. Grants are received from the Ministry of Health for eligible water schemes. The subsidies are recognised as revenue upon entitlement as conditions pertaining to eligible expenditure are fulfilled.

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

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

Rental revenue is recognised on a straight-line basis.

Interest revenue is recognised using the effective interest method.

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

Borrowing costs

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

Grant expenditure

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

Discretionary grants are those grants that Buller District Council has no obligation to award and are recognised as expenditure when a successful applicant has been notified of the Buller District Council's decision.

Income tax

Income tax expense in relation to the surplus or deficit for the period comprises current tax and deferred tax.

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

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

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

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

Deferred tax is recognised on taxable temporary differences arising from investments in subsidiaries and associates, and interests in joint ventures, except where the Council can control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, using tax rates that have been enacted or substantively enacted by balance date.

Current tax and deferred tax is charged or credited against the surplus or deficit for the period, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Finance leases

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

At the commencement of the lease term, Buller District Council recognises finance leases as assets and liabilities in the Prospective Statement of Financial Position at the lower of the fair value of the leased item or the present value of the minimum lease payments.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether Buller District Council will obtain ownership at the end of the lease term, the asset is fully depreciated over the lease term or useful life, whichever is the shortest.

Operating leases

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

Cash and cash equivalents

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

Bank overdrafts are shown as current liabilities in the Prospective Statement of Financial Position.

Trade and other receivables

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

Loans, including loans to community organisations made by Buller District Council at nil, or below market interest rates, are initially recognised at the present value of their expected future cash flows, discounted at the current market rate of return for a similar asset / investment. They are subsequently measured at amortised cost using the effective interest method. The difference between the face value and the present value of the expected future cash flows of the loan is recognised in the surplus or deficit.

A provision for impairment of receivables is established when there is objective evidence that Buller District Council will not be able to collect all the amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

The amount of the provision is the difference between the assets carrying amount and the present value of estimated future cash flows, discounted using the effective interest method.

Inventories

Inventories held for distribution or consumption in the provision of services that are not supplied on a commercial basis are measured at the lower of cost and current replacement cost.

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

The write down from cost to current replacement cost or net realisable value is recognised in the surplus or deficit.

Non-current assets held for sale

Non-current assets held for sale are classified as held for sale if their carrying amount will be recovered principally through the sale transaction rather than through continuing use. Non-current assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of non-current assets held for sale are recognised in the surplus or deficit.

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

Non-current assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

Financial assets

Buller District Council classifies its financial assets into the following four categories:

- Financial assets at fair value through surplus or deficit;
- Held-to-maturity investments;
- Loans and receivables; and
- Fair value through other comprehensive revenue.

The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at every reporting date.

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

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

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

The quoted market price used is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. Buller District Council uses a variety of methods and makes assumptions that are based on market conditions existing at balance date.

Quoted market prices or dealer quotes for similar instruments are used for long-term debt instruments held. Other techniques, such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Financial assets at fair value through surplus or deficit

This category has two sub-categories:

- Financial assets held for trading
- Those designated at fair value through surplus or deficit inception

A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management.

Derivatives are also categorised as held for trading unless they are designated as hedges. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

After initial recognition they are measured at their fair values. Gains or losses on re-measurement are recognised in the surplus or deficit.

Currently Buller District Council recognises derivative financial instruments in this category.

Held to maturity investments

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in the surplus or deficit.

Currently Buller District Council does not hold any financial assets in this category.

Loans and receivables

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

After initial recognition they are measured at amortised cost using the effective interest method. Gains and losses when the asset is impaired or de-recognised are recognised in

the surplus or deficit. Loans and receivables are classified as "trade and receivables" and "short term investments" in the Prospective Statement of Financial Position.

Investments in this category include loans to subsidiaries and other companies and term deposits.

Fair value through other comprehensive revenue and expenses

Financial assets at fair value through other prospective comprehensive revenue and expenses are those that are designated into this category at initial recognition or are not classified in any of the other categories above.

This category encompasses:

- Investments that Buller District Council intends to hold long-term but which may be realised before maturity.
- Shareholdings that Buller District Council holds for strategic purposes. Buller District Council's investments in its subsidiary and associate companies are not included in this category as they are held at cost whereas this category is to be measured at fair value.

After initial recognition these investments are measured at their fair value.

Gains and losses are recognised directly in other prospective comprehensive revenue and expenses except for impairment losses, which are recognised in the surplus or deficit.

Investments in this category include shares in other companies.

Impairment of financial assets

At each balance sheet date Buller District Council assesses whether there is any objective evidence that a financial asset or group of financial assets is impaired. Any impairment losses are recognised in the surplus or deficit.

Any cumulative losses previously recognised in equity will be removed from equity and shown in the surplus or deficit.

- Term deposits, loans to subsidiaries and associates, and community loans (loans and receivables)

Impairment is established when there is evidence that the Council and group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payments are indicators that the asset is impaired.

- Listed and unlisted shares, listed bonds (fair value through other comprehensive revenue and expense)

For shares, a significant or prolonged decline in the fair value of the shares below its cost is considered to be objective evidence of impairment. For listed bonds, significant financial difficulties of the debtor, probability that the debtor will enter into bankruptcy, receivership or liquidation and default in payment is considered to be objective evidence of impairment.

Derivative financial instruments

Buller District Council uses derivative financial instruments to hedge exposure to interest rate risks arising from financing activities. In accordance with its treasury policy, Buller District Council does not hold or issue derivative financial instruments for trading purposes. However, derivatives that do not qualify for hedge accounting are accounted for as trading instruments.

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently re- measured at their fair value at each balance date.

The gain or loss on re-measurement to fair value is recognised immediately in surplus or deficit. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged.

The fair value of interest rate swaps is the estimated amount that Council would receive or pay to terminate the swap at the balance sheet date, taking into account current interest rates and the current creditworthiness of the swap counterparties. The fair value of forward contracts is their quoted market price at the balance sheet date, being the present value of the quoted forward price.

Buller District Council has not adopted hedge accounting to account for its derivative financial instruments.

Property, plant and equipment

Property, plant and equipment consist of:

Council Assets – These include land, buildings, plant and machinery, motor vehicles, office equipment, library books and the Airport runway.

Infrastructure assets – These include roads, footpaths, traffic facilities, streetlights, bridges, culverts, water reticulation, storm water reticulation, sewerage reticulation and landfill.

Westport Harbour assets – These include land, buildings, wharves, plant and machinery, office equipment, motor vehicles and harbour vessels.

WestReef Services Limited assets – These include leasehold improvements, plant and equipment, office equipment, office furniture, fittings and computer equipment.

Buller Health Trust assets – These include plant and equipment and furniture and fittings.

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

Additions

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

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

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

The costs of day-to-day servicing of property, plant and equipment are recognised in the surplus or loss as they are incurred.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to Buller District Council and the cost of the item can be measured reliably.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment, other than land or erosion protection assets, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives.

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

Council assets	Depreciation rate (%)	Useful life (Years)
Motor vehicles	15%	7
Office equipment	10% to 50%	2 - 10
Plant and machinery	3.33% to 15%	7 - 30
Buildings	1% to 10%	10 - 100
Library books	10%	10
Airport runway:		
Basecourse	1.3%	75
Seal	5%	20

Westport Harbour assets	Depreciation rate (%)	Useful life (Years)
Wharves	1.67%	60
Buildings	2.5%	40
Plant and machinery	3.3% to 10%	10 - 30
Office equipment	20% to 33.5%	3 - 5
Motor vehicles	10% to 20%	5 - 10
Harbour vessels	5% to 6.7%	15 - 20

Infrastructure assets	Depreciation rate (%)	Useful life (Years)
Roads:		
Formation	Not depreciated	
Basecourse - unsealed roads	Not depreciated	
Basecourse - sealed roads	1% to 2%	50 - 100
Seal	4% to 12.5%	8 - 25
Footpaths:		
Basecourse	Not depreciated	
Pavement	1.25% to 10%	10 - 80
Traffic facilities	5% to 10%	10 - 20
Street lights	3.33%	30
Bridges	1% to 2%	50 - 100
Culverts	1.11% to 1.25%	80 - 90
Water Reticulation:		
Drains	Not depreciated	
Kerb and channelling	1.25%	80
Pipes	1.10% to 4.10%	25 - 100
Valves, hydrants	1.67%	60
Intake structures	1.11% to 2%	50 - 90
Reservoirs	1.25%	80
Resource consents	2.85%	35
Pump stations	2% to 6.67%	15 - 50
Treatment equipment	2% to 6.67%	15 – 50
Tunnels	0.7% to 4%	25 - 150
Stormwater Reticulation:		
Pipes	1% to 1.54%	65 - 100
Sewerage Reticulation:		
Pipes	1% to 1.42%	70 - 100

Treatment plants	1.11% to 6.67%	15 - 90
Pump stations	1.11% to 6.67%	15 - 90
Manholes	1.11%	90

Capital work in progress is not depreciated. The total cost of the project is transferred to Property Plant and Equipment on its completion and then depreciated.

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

Revaluation

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

Council land - The Airport land was revalued to fair value as determined by market based evidence by an independent valuer. The most recent valuation was performed by Quotable Value with an effective date as at 30 June 2005. Council land is recognised at deemed cost.

Harbour land - The Harbour land was revalued to fair value as determined by market based evidence by an independent valuer. The most recent valuation was performed by Quotable Value with an effective date as at 30 June 2005. Harbour land is recognised at deemed cost.

Infrastructural assets – The infrastructural assets are valued on a three yearly valuation cycle at fair value determined on a depreciated replacement cost basis with preparation or peer review by an independent valuer. At balance date Buller District Council assesses the carrying values of its infrastructural assets to ensure that they do not differ materially from the assets fair value. The most recent valuation of roading and transport, and Three Waters assets was performed by BECA and the valuation is effective as at 30 June 2022. All Roading and Transport, and Three Waters infrastructural asset classes carried at valuation were valued. The total value of infrastructural assets as at the valuation date at 30 June 2022 was $410.135 million.

Accounting for revaluation

Buller District Council accounts for revaluations of property, plant and equipment on a class of assets basis.

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

Intangible assets

Software acquisition and development

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

Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include the software development employee costs and an appropriate portion of relevant overheads.

Staff training costs are recognised in the surplus or deficit when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life.

Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows: Computer software 3 to 5 years 20 to 33.3%.

Goodwill

Goodwill is initially measured at its cost, being the excess of the cost of the acquisition over Buller District Council's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Goodwill on acquisition of subsidiaries is included in intangible assets by applying the purchase method. Goodwill arising in business combinations is not amortised. Instead, goodwill is tested for impairment annually. After initial recognition, Buller District Council measures goodwill at cost less any accumulated impairment losses. An impairment loss recognised for goodwill will not be reversed in any subsequent period.

Goodwill is allocated to cash generating units for the purpose of impairment testing. The allocation is made to those cash generating units or groups of cash generating units that are expected to benefit from the business combination, in which the goodwill arose.

Investment property

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

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

After initial recognition, Buller District Council measures all investment property at fair value as determined annually by an independent valuer. The most recent valuation of investment property was carried out by Quotable Valuations with an effective date as at 30 June 2021.

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

Impairment of non-financial assets

Property, plant and equipment assets, measured at fair value are not required to be reviewed and tested for impairment. The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then the asset class is revalued.

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

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

Intangible assets subsequently measured at cost that have an indefinite useful life, and goodwill, are not subject to amortisation and are tested annually for impairment.

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

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash generating assets

Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return.

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

Value in use for cash generating assets

Cash-generating assets are those assets that are held with the primary objective of generating a commercial return.

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

Employee entitlements

Short term benefits

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

These include salaries and wages accrued up to balance date, annual leave earned to, but not yet taken at balance date, retiring and long service leave entitlements expected to be settled within 12 months, and sick leave.

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

Buller District Council recognises a liability and expense for bonuses where contractually obliged or where there is a past practice that has created a constructive obligation.

Long term benefits

- Long service leave and retirement leave

Entitlements that are payable beyond 12 months, such as long service leave and retirement gratuities, have been calculated on an actuarial basis. The calculations are based on:

Likely future entitlements accruing to staff, based on years of service, years to entitlement and the likelihood that staff will reach the point of entitlement; and

The present value of the estimated future cashflows. A discount rate of 1.9%, and an inflation factor of 3.9% were used. The discount rate is based on the weighted average of Government interest rates for stock with terms to maturity similar to those of the relevant liabilities. The inflation factor is based on the expected long term increase in remuneration for employees.

Superannuation schemes

- Defined contributions schemes

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

Provisions

Buller District Council recognises a provision for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that expenditures will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not recognised for future operating losses.

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

Payables

Short-term creditors and other payables are recorded at their face value.

Borrowings

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

Equity

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

The components of equity are:

- Retained earnings;
- Restricted reserves; and
- Asset revaluation reserve.

Goods and Services Tax (GST)

All items in the prospective financial statements are stated exclusive of GST, except for receivables and payables, which are stated on a GST inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

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

The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as an operating cash flow in the Prospective Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

Cost allocation

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

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

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using an appropriate cost driver.

Critical accounting estimates and assumptions

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

The estimates and assumptions that form a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below.

Classification of property

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

Landfill aftercare provision

The Landfill Aftercare Provision Note (if applicable) discloses an analysis of the exposure of Buller District Council in relation to estimates and uncertainties surrounding the landfill aftercare provision.

Infrastructural assets

There are a number of assumptions and estimates used when performing valuations over infrastructural assets which include:

- The physical deterioration and condition of an asset, e.g., Council could be carrying an asset at an amount that does not reflect its actual condition. This is particularly so for those assets which are not visible such as stormwater, wastewater and water supply pipes that are underground. The risk is minimised by Council performing a combination of physical inspections and condition modelling assessments of underground assets;
- Estimating any obsolescence or surplus capacity of an asset; and
- Estimates are made when determining the remaining useful lives over which the asset will be depreciated. These estimates can be impacted by local conditions, e.g., weather patterns and traffic growth. If useful lives do not reflect the actual consumption of the benefits of the asset, then Council could be over or under estimating the annual depreciation charge recognised as an expense in the surplus or deficit. To minimize the risk, Council's infrastructural asset useful lives have been determined with reference to the NZ Infrastructure Asset Valuation and Depreciation Guidelines published by the National Asset Management Steering Group, and have been adjusted for local conditions based on past experience. Asset inspections, deterioration and condition modelling are also carried out regularly as part of Council's Asset management planning activities, which gives Council further assurance over its useful life estimates.

Experienced independent valuers prepare Council's roading asset revaluations and three waters revaluations. The last roading revaluation was prepared by BECA on 30 June 2022. The last three waters revaluation was prepared by BECA on 30 June 2022.