Financial Overview

Photo Taken by Jan Weaver

Financial Overview

Introduction

The forecast financial statements in this section outline how Council will be funded for the next 10 years and how that money will be spent. They are based on estimates of costs into the future. It is likely that changes will be needed as events alter and actual quotes for work are obtained.

Statement of Responsibility

The forecast financial statements are prepared on the basis of best-estimate assumptions as to future events which the council expects to take place as of February 2009

Authorisation for issue

This document was authorised for issue by Council on, and is dated, 27 February 2009.

Purpose of preparation

The Local Government Act 2002 requires a council to, at all times, have a Long Term Council Community Plan.

Comparative Information

The 2008/09 comparative information is based on the 2008/09 Annual Plan. The comparative numbers for the Balance Sheet have been adjusted to reflect council's position as at 30 June, 2008, and have subsequently been adjusted due to changes in some asset valuations and delays to programmed capital expenditure.

Cautionary Note

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

Forecasting Assumptions

In establishing the financial forecasts and projections, a number of provisions and assumptions have been made, and these are described in this section.

Useful lives of significant assets

Depreciation rates are as given in the Statement of Accounting Policies.

Risks and Uncertainties

The useful lives are based on historical information. Some assets may last longer than the live stated above because of differing factors and conversely, some assets may deteriorate at a faster rate than the lives stated above.

Depreciation rates of planned asset acquisitions

The same depreciation rates as for all significant assets have been assumed for planned asset acquisitions. These depreciation rates are as given in the Statement of Accounting Policies.

Risks and Uncertainties

The useful lives are based on historical information. Some assets may last longer than the live stated above because of differing factors and conversely, some assets may deteriorate at a faster rate than the lives stated above.

Resource consents

It has been assumed that all current resource consents held by Council will be renewed at the appropriate time, with similar conditions and length of term as currently in place. Any costs associated with Capital Expenditure forecast throughout the ten year period have been included as an integral part of the cost of the asset and will be capitalised and depreciated in line with the physical works carried out.

Risks and Uncertainties

There is a risk that various resource consents held by the Council may not be renewed, or the conditions and term of the resource consent may vary from those currently in place. In addition, there is a risk that renewing resource consent may incur additional costs that have not currently been budgeted for.

Sources of funds for future replacement of significant assets

Capital Expenditure is funded by two key mechanisms:

- General Reserve funding for those assets whose depreciation is funded via rates; and
- Internal Financing for most other assets as set out in the Internal Financing Policy, which forms part of the Council's Treasury Policy.

General Reserve Funding

A number of assets, principally those that are funded by the General Rate or a part of the Overhead component, are depreciated with the amount of depreciation being funded by income or rates. The funds from the funded depreciation are collected in a General Reserve. When the asset requires replacing, the funds are withdrawn from the General Reserve.

Internal Financing

Depreciation is not funded on Infrastructural Assets, Roads or Amenities. When these assets are required to be replaced, the community of benefit needs to fund these via an internal loan. The community of benefit is required to fund the interest costs as well as make provision to repay the loan over a period of 20 years.

Risks and Uncertainties

There is a risk that some communities with significant capital requirements due to the condition of the asset or the requirement to upgrade their assets, that the level of debt that they owe becomes unsustainable. Council will monitor the level of debt on a regular basis to ensure such communities can sustain the costs associated with the provision of the asset.

Projected growth change factors

See the Development Contributions Policy for details of projected growth. The effects of the growth will be factored in when determining:

- The level of financial contributions which will flow through the organization
- The level of vested assets that the Council is expected to take ownership of.
- The level of Capital Value and number of rating units in determining the level rates per property.

Risks and Uncertainties

The projected growth may occur at rates significantly different to those predicted, with consequences for the above areas. The projections have been made based upon the best information that we have available, and will be updated as this Plan is updated.

Approach to potential climate change impacts & potential societal changes

The Sustainability section of the Plan (p.62) states the Council's position on Climate Change, and the Hurunui District Profile section (p.13) and Council Activities Section (p.63.) indicate a major societal change in the District's aging population. The Council has considered the effects of these in its planning, but are of the opinion that there is not sufficient certainty surrounding the detail of the projections in these areas for them to be incorporated as specific financial forecasting assumptions in the LTCCP.

The Council is mindful of the current economic crisis and outlook and will look for increased efficiencies in this regard. A recession period has been explicitly factored into its Development Contributions Policy.

Other potential societal changes were considered by the Council, but were not seen to be significant.

Risks and Uncertainties

These factors may have a stronger impact than anticipated. The Council will monitor the situation and seek to adapt accordingly.

Inflation

In preparing the LTCCP, the Council is required to use best estimates in determining the level of costs to be budgeted in the future. As a result, the Council is required to account for the effect of price changes or inflation that is expected to occur over the ten year period.

To develop a consistent approach for local government to account for inflation, the Society of Local Government Managers (SOLGM) contracted Business and Economic Research Limited (BERL) to construct forecasts for inflation.

The Hurunui District Council has endorsed the rates produced by BERL and have used these rates as the assumption for accounting for inflation in the preparation of the LTCCP.

Rates used:

Year Ending	Road	Water	Energy	Other
Jun-09	4.6%	6.3%	9.6%	3.8%
Jun-10	3.9%	2.9%	2.7%	2.7%
Jun-11	2.7%	2.5%	3.1%	2.7%
Jun-12	3.3%	3.0%	3.2%	2.5%
Jun-13	2.3%	2.8%	3.3%	2.5%
Jun-14	2.4%	3.3%	3.4%	2.4%
Jun-15	2.2%	2.9%	2.7%	2.5%
Jun-16	2.3%	3.5%	3.6%	2.6%
Jun-17	2.4%	3.6%	3.7%	2.5%
Jun-18	2.5%	3.3%	3.8%	2.4%
Jun-19	2.2%	3.3%	3.7%	2.5%

In applying the inflation rates in the preparation of the budgets, the Council has set a budget based in 2009/2010 dollars for each of the ten years of the LTCCP. For each of the succeeding years of the LTCCP, the following cumulative inflation rates have been applied to each applicable cost or income.

Cumulative Inflation Rates:

Year Ending	Road	Water	Energy	Other
Jun-11	2.7%	2.5%	3.1%	2.7%
Jun-12	6.1%	5.6%	6.4%	5.3%
Jun-13	8.6%	8.5%	9.9%	7.9%
Jun-14	11.1%	12.1%	13.7%	10.5%
Jun-15	13.6%	15.3%	16.7%	13.3%
Jun-16	16.2%	19.3%	20.9%	16.3%
Jun-17	19.0%	23.6%	25.3%	19.2%
Jun-18	21.9%	27.6%	30.1%	22.1%
Jun-19	24.6%	31.8%	34.9%	25.2%

Risks and Uncertainties

Inflation in some areas may increase at a rate different to that forecast. Some types of costs (e.g. Roading and Transport Costs) have been subject to wild fluctuations in recent years, and as a result, it is inherently difficult to predict trends with accuracy.

New Zealand Transport Agency Subsidy rates

To fund roading operational and capital expenditure, the Council receives a percentage of the cost as a subsidy from the New Zealand Transport Agency (NZTA). The subsidy rate is based on a calculation performed nationally which takes into account the land value of each District Council area. For the 2008/2009 financial year, the subsidy rates were as follows:

- Operating Expenditure	50%
- Capital Expenditure	50%
- Minor Safety Improvements	60%
- Level Crossing Warnings	100%
- Special Purpose Roading	100%

There has been no indication that any of these rates are expected to change in the next three years, therefore the Council has made the assumption that subsidy rates are to remain constant over the life of the LTCCP.

Risks and Uncertainties

The NZTA subsidy rates are based on a calculation which takes into account the land value of the Hurunui District as a comparison with other local authorities throughout the country. Should the land value of the Hurunui increase or decrease at a rate different to the average over the country, the calculation may result in the subsidy rate for the Hurunui increasing or decreasing.

Assets vested in Council

When a developer carries out a subdivision, they are required to vest various assets to Council.

These assets include any new roads, water mains, sewer mains, footpaths and landscaped areas. The Council is then responsible for the maintenance and future replacement of those assets.

To determine the value of the assets to be vested, the Council made assumptions based on an analysis of the costs of recent subdivisions in the District. The average costs were assumed as follows:

- Roading (incl. Footpaths) $7,000 per section
- Sewer $1,500 per section
- Water $1,500 per section

These amounts will be applicable to all urban areas and the amounts will be multiplied by the numbers of urban sections created in each year to arrive at the total assets to be added to the Council's asset register. This will also be inflation-adjusted each year according to the BERL inflation forecasts as described in the assumption for inflation. Each addition to the asset register will be depreciated by any appropriate depreciation charge. Please note that no vested assets will be applied to rural sections.

To balance the books, the introduction of the asset value needs to be reflected in income, therefore, there will be a corresponding income line called "Vested Assets Income".

Risks and Uncertainties

The assumption has based the level of assets vested to Council on an analysis of recent major subdivisions carried out in the District. Some subdivisions may not result in any further assets to be vested in the Council as there has already been adequate capacity provided for the new sections and some subdivisions may have a greater amount of assets vested into Council as there may be a greater per property costs associated with the subdivision.

Revaluation of Roading & Infrastructural Assets

The Council will adopt an approach of revaluing its buildings, roading and infrastructural assets on a three yearly basis to comply with the New Zealand equivalent to International Financial Reporting Standards.

Up to June 2008, the Council had a policy of revaluing its roading network and infrastructural assets on an annual basis, so the last applicable valuation was completed as at June 2008. Under the approach of revaluing on a three yearly basis, the next revaluation is expected to take place as of June 2011, with further revaluations due for June 2014 and June 2017.

The Council has made the assumption that the book values of the roading and infrastructural assets as at the revaluation dates will be increased by the cumulative inflation rates as per the BERL inflation forecasts as described in the assumption for inflation. The depreciation charge will be amended to reflect the remaining useful life of each asset and the charge made on the revalued amount of the asset.

An example of how the cumulative inflation will be applied is as follows:

- A length of water pipe may have a value of $1,000 as of 1 July 2008 - the date of its last revaluation.
- The next revaluation is set for 1 July 2011, and the cumulative inflation rate for water expenditure over that period is 12.1%, therefore the new value should be $1,121.
- The next revaluation is set for 1 July 2014, and the cumulative inflation rate for water expenditure over that period is 22.6%, therefore the new value should be $1,226.
- The next revaluation is set for 1 July 2017, and the cumulative inflation rate for water expenditure over that period is 35.2%, therefore the new value should be $1,352.

Any movement in the valuation of the roading and infrastructural assets is recognised in the asset revaluation reserve.

The movements, along with any increase on capital purchases made in the intervening years have been applied to the existing values to arrive at the revalued amount for each asset.

Risks and Uncertainties

Inflation in some areas may increase at a rate different to that forecast. Some types of costs (e.g. Roading and Transport Costs) have been subject to wild fluctuations in recent years, and as a result, it is inherently difficult to predict trends with accuracy.

Interest rates

The movement of interest rates has a wide ranging effect on the Council. The Council's cash investments derive interest at the market rates; the Council is vulnerable to the lending rates for its external borrowing requirements; and the Council's internal financing policy bases the interest paid or charged to individual communities on those applicable rates.

Over the course of the 2008 calendar year, the Official Cash Rate released by the Governor of the Reserve Bank moved from 8.75% at the start of the year to 5.00% at the end of the year.

Based on the low interest rates currently in the market and advice received from Council's treasury advisors, the Council has made the following assumption for interest rates for the entire ten year period:

- Council will receive an average of 4.5% on its cash investments.
- Council will be charged an average rate of interest on its external borrowings at 6.25%.
- Communities that hold internal loans with Council will be charged interest at 7.25% (100 basis points over the level of interest Council is charged for external borrowings).
- Communities that have built up reserves for future capital expenditure will be credited interest at 4.5% (the same level the Council is expected to receive from its cash investments)
- Any internal loans to the Hanmer Springs Thermal Reserve will be charged an interest rate of 9.25% (300 basis points above the level of interest Council is charged for external borrowings)

Risks and Uncertainties

The Council is exposed to the market with respect to interest rates and as such, the rates will be subject to adjustment over the period of the long-term council community plan. Where interest rates do change, the change will be immediately reflected in the level of interest charged or paid to the relevant communities as well as being reflected in the level of interest the Council receives on its cash investments or charged on its external borrowings.

Emissions Trading Scheme

The Emissions Trading Scheme is currently in legislation, however the new government has indicated that there will be delays in its application due to a review taking place. Until there is more detail released as to what, if any, changes are to be made to the current legislation, the Council will not allow for any changes to the budgets used in the preparation of this plan.

Changes to Council's business dictated by as yet unknown/unconfirmed legislation or central government policy change.

Due to the recent change of Government, the level of uncertainty in this area is too high for any changes to be sufficiently quantifiable to be taken into account for the present plan. The Council remains aware of the key issues on a qualitative level, and will take them into account as best they are able.

Statement of Accounting Policies

Reporting Entity

Hurunui District Council is a territorial local authority as governed by the Local Government Act 2002 and is domiciled in New Zealand.

The Hurunui District Council group consists of the ultimate parent Hurunui District Council (HDC) and its subsidiary Hurunui Holdings Limited (HHL) (100% owned) and associate Enterprise North Canterbury (50% equity share). All HDC subsidiaries and associates are incorporated and domiciled in New Zealand.

The primary objective of HDC is to provide goods and services for the community or social benefit rather than making a financial return.

Accordingly, HDC has designated itself and the group as public benefit entities for the purposes of New Zealand equivalents to International Financial Reporting Standards ("NZ IFRS").

The seat of the Council is at Amberley.

Basis of Preparation

The financial statements of the Hurunui District Council have been prepared in accordance with the requirements of the Local Government Act 2002. The financial statements have been prepared in accordance with New Zealand generally accepted accounting practice (NZ GAAP) and comply with NZ IFRS and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

This set of financial statements has been prepared in accordance with the requirements of NZ IFRS. The opening balances for the 2009/10 year are based on forecast closing balances for the 2008/09 year.

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

The Council authorised the prospective financial statements on 26 February 2009.

The Council, who are authorised to do so and believe that the assumptions underlying these prospective financial statements are appropriate, has approved the Long-term Council Community Plan for distribution.

The Council and management of the Hurunui District Council accept responsibility for the preparation of their prospective financial statements, including the appropriateness of the assumptions underlying the prospective financial statements and all other required disclosures.

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

The Council intends to update the prospective financial statements subsequent to the submission hearings in May 2009. The final prospective financial statements are then to be presented to the Council for adoption in June 2009.

Statement of compliance

The financial information contained within this report has been prepared in accordance with the generally accepted accounting practice in New Zealand as required under section 111 of the Local Government Act 2002, and the Long-term Council Community Plan requirements of section 93. It is audited under section 84 of the Local Government Act 2002.

The financial statements comply with applicable Financial Reporting Standards, which include New Zealand equivalents to International Financial Reporting Standards (NZ IFRS). The financial statements incorporated in the Long-term Council Community Plan have been prepared in compliance with Financial Reporting Standard (FRS) number 42; Prospective Financial Statements.

The Hurunui District Council is a Public Benefit Entity and has applied the PBE exemptions allowable under New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

Cautionary Note

The information in the prospective financial statements is to outline service and spending priorities in the statement of proposal for the long term Council Community Plan and may not be appropriate for any other use.

Consolidation

The Council has not consolidated the forecast financial statements to include the Council's subsidiary Hurunui Holdings Limited. The Council believes consolidation for the purpose of the Long-term Council Community Plan will not be material as Hurunui Holdings Limited operates essentially as a shelf company with a limited number and scale of transactions.

Measurement base

The financial statements have been prepared on the historical cost basis, modified by the revaluation of certain assets.

Functional and presentation currency

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($'000). The functional currency of the HDC is New Zealand dollars.

Changes in accounting policies

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

Significant Accounting Policies

Basis of Consolidation

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

Subsidiaries

HDC consolidates as subsidiaries in the group financial statements all entities where HDC 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 HDC controls the majority voting power on the governing body or where such policies have been irreversibly predetermined by HDC or where the determination of such policies is unable to materially impact the level of potential ownership benefits that arise from the activities of the subsidiary.

HDC 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 directly attributable to the business combination.

Any excess of the cost of the business combination over HDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised as goodwill. If HDC's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised exceeds the cost of the business combination, the difference will be recognised immediately in the statement of financial performance.

Investments in subsidiaries are valued as available for sale investments in HDC's own "parent entity" financial statements.

Associates

HDC accounts for an investment in an associate in the group financial statements using the equity method. An associate is an entity over which the HDC has significant influence and that is neither a subsidiary nor an interest in a joint venture. The investment in an associate is initially recognised at cost and the carrying amount is increased or decreased to recognise HDC's share of the surplus or deficit of the associate after the date of acquisition. HDC's share of the surplus or deficit of the associate is recognised in HDC's statement of financial performance. Distributions received from an associate reduce the carrying amount of the investment.

If HDC's share of an associate's deficit equals or exceeds its interest in the associate, HDC discontinues recognising its share of further deficits. After HDC's interest is reduced to zero, additional deficits are provided for, and a liability is recognised, only to the extent that HDC has incurred legal or constructive obligations or made payments on behalf of the associate. If the associate subsequently reports surpluses, HDC will resume recognising its share of those surpluses only after its share of surpluses equals the share of deficits not recognised.

HDC's share in the associate's surplus or deficits resulting from unrealised gains on transactions between the HDC and its associates is eliminated.

HDC's investments in associates are carried at cost in HDC's own "parent entity" financial statements.

Revenue

Revenue is measured at the fair value of consideration received.

Rates revenue

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

Rates collected on behalf of the Canterbury Regional Council (ECan) are not recognised in the financial statements as HDC is acting as an agent for ECan.

Other revenue

Water Billing is recognised on volumes delivered on accrual basis.

New Zealand Transport Agency roading subsidies are recognised as revenue upon entitlement which is when conditions pertaining to eligible expenditure have been fulfilled.

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

Sales of goods are recognised when the significant risks and rewards of ownership of the assets have been transferred to the buyer which is usually when the goods are delivered and title has passed.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Dividend income from investments is recognised as revenue, net of imputation credits, when the shareholders' rights to receive payment have been established.

Other revenue including assets vested in Council, with or without restrictions, is recognised as revenue when control over the assets is obtained.

Development contributions

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

Development contributions are classified as part of "Other Revenue".

Borrowing costs

All borrowing costs are recognised as expenses in the statement of financial performance in the period in which they are incurred.

Council does not capitalise borrowing costs associated with funding capital works in progress, as required by NZ IAS 23. This is in accordance with the decision of the Accounting Standards Review Board to indefinitely defer the adoption of NZ IAS 23.

Income tax

Income tax 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 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 at balance date.

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

Deferred tax liabilities are generally recognised for taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences 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 the accounting profit nor taxable profit.

Deferred tax is recognised on taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the company 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 substantially enacted by balance date.

Current tax and deferred tax is charged or credited to the statement of financial performance, except when it relates to items charged or credited directly to equity, in which case the tax is dealt with in equity.

Leases

Financial 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, HDC recognises finance leases as assets and liabilities in the statement of financial position and is depreciated over its useful life. If there is no certainty as to whether HDC will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

Assets held under finance leases are recognised as assets of the Group at their fair value at the date of acquisition or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

Operational leases

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

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value, and with original maturities of three months or less.

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises direct materials and, where applicable, direct labour costs and those overheads that have been incurred in bringing the inventories to their present location and condition. Cost is calculated using the weighted average method.

Net realisable value represents the estimated selling price less all estimated costs of completion and costs to be incurred in marketing, selling and distribution.

Financial Assets

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

Financial assets and liabilities are initially measured at fair value plus transaction costs unless they are carried at fair value through profit and loss in which case transaction costs are recognised in the statement of financial performance.

Investments

Investments are recognised on a trade-date basis and are initially measured at fair value, including transaction costs. At subsequent reporting dates, debt securities that the Group has the expressed intention and ability to hold to maturity (held-to-maturity debt securities) are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts.

Investments other than held-to-maturity debt securities are classified as either held-for-trading or available-for-sale, and are measured at subsequent reporting dates at fair value.

Where securities are held for trading purposes, gains and losses arising from changes in fair value are included in the statement of financial performance for the period.

For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the statement of financial performance for the period.

Impairment of investments

An impairment loss is recognised in the statement of financial performance when there is objective evidence that the asset is impaired, and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.

Derivative financial instruments

The Group uses derivative financial instruments (primarily interest rate hedges and foreign currency forward contracts) to hedge the risks associated with foreign currency fluctuations relating to certain firm commitments and forecasted transactions. The use of financial derivatives is governed by the Group's policies approved by the Council and the HHL board of directors, which provide written principles on the use of financial derivatives consistent with the Group's risk management strategy. The Group does not use derivative financial instruments for speculative purposes.

Such derivatives are initially recorded at fair value on contract date and are adjusted to fair value at subsequent reporting dates. Changes in the fair value of derivative financial instruments are recognised in the statement of financial performance as they arise.

Non-current assets held for sale

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

Any impairment losses for write downs or non-current assets held for sale are recognised in the statement of financial performance. Any increase in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

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

Property, plant & equipment

Property, plant and equipment consists of:

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

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

Infrastructure assets — Infrastructure assets are the fixed utility systems owned by the Council. Each asset class includes all items that are required for the network.

Property, Plant and Equipment are at stated values less accumulated depreciation and impairment losses.

Fixtures and Fittings, Motor Vehicles, Plant and Equipment, and Library Books are stated at cost less accumulated depreciation and impairment losses.

Additions

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

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

Disposals

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

Subsequent Costs

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

Revaluation

An assets fair value at the date of revaluation is equal to the revalued amount. Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at balance date and this is generally every three years.

Revaluation increments and decrements are credited or debited to the asset revaluation reserve for that class of asset. Where this results in a debit balance in the asset revaluation reserve, this balance is expensed in the statement of financial performance. Any subsequent increase on revaluation that offsets a previous decrease in value is recognised in the statement of financial performance will be recognised up to the amount previously expensed, and then credited to the revaluation reserve for that class of asset.

Operational Land and Buildings

Land and Buildings were valued by QV Valuations (Registered Valuers) as at 30 June 2008. The basis of valuation is fair value with reference to highest and best use, as at 30 June 2008. They are stated at valuation less accumulated depreciation and accumulated impairment.

Properties in the course of construction for production, rental or administrative purposes, or for purposes not yet determined, are carried at cost, less any recognised impairment loss. Cost includes professional fees.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Council and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the statement of financial performance during the financial period in which they are incurred.

Restricted Assets

Certain infrastructure assets and land have been vested in the Council as part of the subdivisional consent process. The vested reserve land has been initially recognised at the most recent appropriately certified government valuation. Vested infrastructure assets have been valued based on the estimated quantities of infrastructure components vested and the current "in the ground" cost of providing identical services.

Infrastructural asset classes; roads, water reticulation, sewerage reticulation and stormwater systems

Infrastructural assets are recorded at valuation established using depreciated replacement cost, plus additions at cost less accumulated depreciation and accumulated impairment losses.

The roading valuation includes land under the roading network. The valuation of this land is based on the average rateable value of land in the associated ward as determined by QV Valuations (Registered Valuers) as at 30 June 2005. Under NZ IFRS HDC has elected to use the fair value of the land under roads as at 30 June 2005 as deemed cost. Land under roads is not longer revalued.

Roading assets have been valued at depreciated replacement cost as at 30 June 2008. The valuation was performed internally by the Manager of Engineering Services, B M Yates, registered Engineer.

Water and Sewage Assets have been valued at depreciated replacement cost as at 1 July 2008. The valuation was performed internally by the Manager of Engineering Services, B M Yates, Registered Engineer. The additions since the revaluation were valued internally by the Manager of Engineering Services, B M Yates.

Certain infrastructural assets have been vested in Council as part of the subdivision consent process. Vested infrastructure assets have been valued based on the estimated quantities of the components vested in Council.

Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment and intangible assets other than land and heritage assets, at rates which will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. Depreciation of these assets commences when the assets are ready for their intended use.

Depreciation on revalued assets is charged to the statement of financial performance. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the properties revaluation reserve is transferred directly to retained earnings.

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of financial performance.

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

Asset Class	Useful Life	Depreciation Rate
Buildings - wooden (excluding properties intended for sale)	50 years	2%
Buildings - concrete (excluding properties intended for sale)	100 years	1%
Furniture and fittings: administration	5 years	20%
Furniture and fittings: pensioner flats	10 years	10%
Library books	3 – 8 years	12.5 – 33.3%
Computer hardware	3 - 4 years	25 – 33.33%
Motor vehicles	5 years	20%
Thermal pools, plant	5 years	20%
Plant and machinery (excluding Council infrastructural assets)	10 years	10%
Small plant	3 years	33.33%
Roads, Streets and Bridges		
- Land under roads	Not depreciated	
- Pavement formation	Not depreciated	
- Pavement layers (sealed)	100 years	1%
- Pavement layers (unsealed)	Not depreciated	
- Pavement surface (sealed)	Average 16 years	6.25%
- Pavement surface (unsealed)	12 years	8.33%
- Culverts	25 - 50 years	2 - 4%
- Kerb and channel	50 - 80 years	1.25 - 2%
- Footpaths	20 - 75 years	1.33 - 5%
- Bridges – timber	70 years	1.43%
- Bridges – concrete and other	100 years	1%
- Retaining walls	50 years	2%
- Traffic signs	12 years	8.33%
- Street lighting	15 - 25 years	4 – 6.67%
Sewage		
- Pipes	50 - 80 years	1.25 - 2%
- Pipes other	40 years	2.5%
- Pumps and controls	10 - 25 years	4 - 10%
- Manholes	50 – 80 years	1.25 – 2%
- Treatment plant	25 - 60 years	1.67 - 4%
Water		
- Pipes	50 - 80 years	1.25- 2%
- Pipes other	50 - 80 years	1.25- 2%
- Reservoir and tanks	80 years	1.25%
- Pumps and controls	10 - 25 years	4 - 10%
- Pump stations/intakes	20 - 60 years	1.67 - 5%
- Treatment plant	10 - 80 years	1.25 - 10%
Intangible assets	3 years	33.3%

Intangible assets

Software acquisition and development

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

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

Amortisation

The carrying value of intangible assets with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the assets is available for use and ceases at the date that the asset is derecognised. The amortization charge for each period is recognised in the statement of financial performance.

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

Computer software	3 – 4 years	25 – 33%
Aerial Photos	10 years	10%

Forestry assets

Forestry and other biological assets are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognised in the statement of financial performance. Point-of-sale costs include all costs that would be necessary to sell the assets, excluding costs necessary to transport the assets to market.

The fair value of standing timber older than 10 years, being the age at which it becomes marketable, is based on the market price of the estimated recoverable wood volumes, net of harvesting costs. The fair value of younger standing timber is based on the present value of the net cash flows expected to be generated by the plantation at maturity. The present values are calculated using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Forests are valued annually by Laurie Forestry Ltd. Any increase or decrease in the valuation is reflected in the statement of financial performance.

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 its cost, including transactions costs.

After initial recognition, the Group measures all investment property at fair value as determined annually by an independent valuer. Gains or losses arising from a change in the fair value of investment property are recognised in the statement of financial performance.

Impairment of non-financial assets

At each reporting date, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists and for indefinite life intangibles, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash generating unit to which the asset belongs. Recoverable amount is the greater of market value less costs to sell and value in use.

The Group measures the value in use of assets whose future economic benefits are not directly related to their ability to generate net cash inflows held, at depreciated replacement cost.

In assessing value in use for other assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount.

For non-revalued assets, impairment losses are recognised as an expense immediately.

For revalued assets, other than investment property, the impairment loss is treated as a revaluation decrease to the extent it reverses previous accumulated revaluation increments for that asset class.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that any impairment losses had been previously charged to equity.

Employee Entitlements

Provision is made in respect of the Group's liability for retiring gratuity allowances, annual and long service leave, and sick leave.

Short-term benefits

Employee benefits that the 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.

The 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 the Council anticipates it will be used by staff to cover those future absences.

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

Long service leave and retiring gratuity

The retiring gratuity and long service leave liability is assessed on an actuarial basis using current rates of pay taking into account years of service, years to entitlement and the likelihood staff will reach the point of entitlement.

Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event (either legal or constructive), and it is probable that the Group will be required to settle that obligation. Provisions are measured at management's best estimate of the expenditure required to settle the obligation at balance date, and are discounted to present value where the effect is material. Provisions are not recognised for future operating losses.

As operator of the Waikari Landfill, the Council has a legal obligation under the resource consent to provide ongoing maintenance and monitoring services at the landfill site after closure. A provision for post-closure costs is recognised as a liability when the obligation for post-closure costs arises.

The provision is measured based on the present value of future cash flows expected to be incurred, taking into account future events including new legal requirements, and known improvements in technology, where there is sufficient evidence that these events will occur. The provision includes all other costs associated with landfill post-closure.

Amounts provided for landfill post-closure are capitalised to the landfill asset where they give rise to future economic benefits to be obtained. Components of the capitalised landfill asset are depreciated over their useful lives. The discount rate used is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Goods and Services Tax

These financial statements have been prepared exclusive of GST, except for receivables and payables, which are GST inclusive. Where GST is not recoverable as an input tax, it is recognised as part of the related asset or expense

Budget Figures

The budget figures are those approved by the Council at the beginning of the year after a period of consultation with the public as part of the LTCCP or Annual Plan process. The budget figures have been prepared in accordance NZ GAAP and are consistent with the accounting policies adopted by the Council for the preparation of the financial statements.

Cost Allocation

HDC has derived the net cost of service for each significant activity of the Council using a system of cost allocation.

Direct Costs are charged directly to significant activities. Indirect costs are charged to significant activities based on cost drivers and related activity/usage information. '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.

The costs of internal services not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and the like.

Critical accounting estimates and assumptions

The preparation of financial statements in conformity with NZ IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources.

Management has exercised the following critical judgments in applying the accounting policies to the preparation of the 2009-2019 Long Term Council Community Plan. Estimates over useful lives of property, plant and equipment and intangible assets, classification of property as an investment property, landfill aftercare provision, probability of reaching vesting date for long service liability, sick leave provisions, valuations of infrastructural assets. Therefore, actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which the estimate is revised if the revision affects only that period or the period of the revision and future periods if the revision affects both current and future periods.

Prospective Statement of Comprehensive Income

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Revenue											
District Wide Rates	5,044	5,109	5,402	5,537	5,952	5,908	5,828	5,884	5,911	6,004	6,057
Targeted Rates	6,253	6,713	7,001	7,223	7,431	7,723	8,178	8,328	8,566	8,790	8,999
Development Contributions	648	473	822	772	791	784	777	801	772	794	817
External Interest Received	475	118	103	96	91	104	127	125	158	300	391
NZTA Subsidies	3,362	3,454	4,258	3,737	3,822	3,907	3,994	4,083	4,179	4,279	4,371
Hanmer Springs Thermal Pools and Spa	5,425	6,687	7,549	8,308	8,952	9,024	9,076	9,565	9,954	10,422	10,845
Other Income	3,613	5,085	3,850	3,387	3,760	5,004	4,456	5,300	5,047	4,005	4,369
	24,820	**27,639**	**28,985**	**29,060**	**30,800**	**32,455**	**32,436**	**34,085**	**34,585**	**34,594**	**35,848**
Less Expenditure											
Employee Benefits	4,306	4,306	4,422	4,534	4,646	4,758	4,879	5,008	5,133	5,258	5,391
Direct Expenditure	13,468	15,480	15,932	16,581	17,058	17,481	17,880	18,235	18,789	19,322	19,731
External Interest Paid	443	286	561	545	484	469	375	203	63	0	0
Depreciation	5,431	5,655	5,803	6,499	6,566	6,628	7,043	7,063	7,088	7,508	7,529
	23,648	**25,727**	**26,719**	**28,159**	**28,754**	**29,335**	**30,176**	**30,509**	**31,072**	**32,088**	**32,651**
Net Surplus/(Deficit) before tax	**1,172**	**1,912**	**2,266**	**901**	**2,046**	**3,120**	**2,260**	**3,576**	**3,513**	**2,506**	**3,197**
Tax expense	0	0	0	0	0	0	0	0	0	0	0
Net Surplus/(Deficit) after tax	**1,172**	**1,912**	**2,266**	**901**	**2,046**	**3,120**	**2,260**	**3,576**	**3,513**	**2,506**	**3,197**
Add Other Comprehensive Income											
Vested Asset Income	763	410	708	646	662	680	696	714	710	729	748
Gains/(Losses) on Asset Revaluation	5,488	0	21,720	0	0	18,161	0	0	18,091	0	0
Gains/(Losses) on Forestry Revaluation	0	325	325	325	308	31	(425)	(1,185)	(935)	108	(227)
	6,251	**735**	**22,754**	**971**	**970**	**18,872**	**271**	**(470)**	**17,866**	**837**	**521**
Total Comprehensive Income	**7,423**	**2,648**	**25,020**	**1,872**	**3,016**	**21,992**	**2,531**	**3,106**	**21,379**	**3,343**	**3,718**
Summary of Capital Expenditure											
Community Services and Facilities	5,261	2,355	851	414	393	3,752	382	1,523	1,319	404	1,515
Growth & Development	0	15	15	0	0	0	0	0	0	0	0
Environment & Safety	62	67	79	141	113	63	28	107	167	143	75
Utility Services & Infrastructure	10,008	7,010	7,695	5,731	7,245	5,594	5,700	6,255	6,018	6,603	6,259
Hanmer Springs Thermal Pools & Spa	250	4,347	3,658	635	200	200	200	200	200	200	200
Governance & Corporate Services	209	366	278	337	271	307	256	323	275	330	289
	15,790	**14,160**	**12,577**	**7,257**	**8,222**	**9,916**	**6,566**	**8,409**	**7,978**	**7,679**	**8,338**

Prospective Statement of Comprehensive Income and Activity Summaries

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Reconciliation between Income and Activity Summaries											
Community Services and Facilities	2,456	3,877	2,640	2,734	2,879	4,191	3,320	3,358	3,325	3,383	3,431
Growth & Development	1,243	1,335	1,370	1,405	1,437	1,470	1,508	1,545	1,582	1,622	1,659
Environment & Safety	2,376	2,392	2,446	2,511	2,541	2,620	2,653	2,720	2,800	2,881	2,961
Utility Services & Infrastructure	13,329	14,200	16,200	15,354	16,288	16,224	16,671	17,137	17,572	18,101	18,560
Hanmer Springs Thermal Pools & Spa	5,425	6,687	7,549	8,308	8,952	9,024	9,076	9,565	9,954	10,422	10,845
Governance	848	787	820	879	886	886	924	925	955	1,055	995
Commercial Activities (Forestry & Treasury)	1,005	1,027	1,498	1,575	1,569	1,899	2,450	3,088	2,744	1,717	2,053
Corporate Services	3,884	3,562	3,462	3,657	3,746	3,790	3,940	3,991	4,106	4,325	4,313
	30,567	**33,866**	**35,985**	**36,423**	**38,298**	**40,104**	**40,542**	**42,329**	**43,038**	**43,505**	**44,817**
Less Council Overheads	(4,256)	(4,392)	(4,514)	(4,681)	(4,792)	(4,861)	(5,036)	(5,111)	(5,236)	(5,484)	(5,495)
Less Internal Interest Paid	(1,491)	(1,835)	(2,485)	(2,682)	(2,705)	(2,789)	(3,070)	(3,133)	(3,217)	(3,427)	(3,473)
	24,820	**27,639**	**28,985**	**29,060**	**30,800**	**32,455**	**32,436**	**34,085**	**34,585**	**34,594**	**35,848**
Reconciliation between Expenditure and Activity Summaries											
Community Services and Facilities	3,158	3,530	3,570	3,703	3,822	3,866	4,040	4,066	4,117	4,251	4,313
Growth & Development	1,243	1,335	1,370	1,405	1,437	1,470	1,508	1,545	1,582	1,622	1,659
Environment & Safety	2,376	2,392	2,446	2,511	2,541	2,620	2,653	2,720	2,800	2,881	2,961
Utility Services & Infrastructure	12,747	13,473	13,752	14,559	14,785	15,161	15,732	15,967	16,249	16,927	17,272
Hanmer Springs Thermal Pools & Spa	3,952	5,462	6,227	6,726	6,943	7,064	7,190	7,319	7,451	7,590	7,729
Governance	782	787	820	879	886	886	924	925	955	1,055	995
Commercial Activities (Forestry & Treasury)	761	1,101	1,527	1,605	1,583	1,633	1,765	1,707	1,732	1,836	1,833
Corporate Services	4,376	3,874	4,006	4,134	4,255	4,284	4,470	4,505	4,639	4,839	4,858
	29,395	**31,954**	**33,718**	**35,522**	**36,252**	**36,984**	**38,282**	**38,753**	**39,525**	**40,999**	**41,620**
Less Council Overheads	(4,256)	(4,392)	(4,514)	(4,681)	(4,792)	(4,861)	(5,036)	(5,111)	(5,236)	(5,484)	(5,495)
Less Internal Interest Paid	(1,491)	(1,835)	(2,485)	(2,682)	(2,705)	(2,789)	(3,070)	(3,133)	(3,217)	(3,427)	(3,473)
	23,648	**25,727**	**26,719**	**28,159**	**28,754**	**29,335**	**30,176**	**30,509**	**31,072**	**32,088**	**32,651**

Prospective Statement of Changes in Equity

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Equity at the start of the year	268,601	271,482	274,129	299,149	301,022	304,037	326,029	328,560	331,666	353,044	356,387
Add Total Comprehensive Income for Year	7,423	2,648	25,020	1,872	3,016	21,992	2,531	3,106	21,379	3,343	3,718
Equity at the end of the year	**276,024**	**274,129**	**299,149**	**301,022**	**304,037**	**326,029**	**328,560**	**331,666**	**353,044**	**356,387**	**360,105**

Prospective Statement of Financial Position

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Public Equity											
Accumulated General Reserves	152,195	145,572	148,872	150,744	153,760	157,590	160,121	163,227	166,515	169,858	173,575
Other Reserves	4,435	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227	5,227
Asset Revaluation Reserves	119,504	123,330	145,050	145,050	145,050	163,212	163,212	163,212	181,303	181,303	181,303
Total Public Equity	**276,134**	**274,129**	**299,149**	**301,022**	**304,037**	**326,029**	**328,560**	**331,666**	**353,044**	**356,387**	**360,105**
Current Assets											
Cash & Cash Equivalents	6,786	2,572	2,273	2,061	2,613	3,125	3,557	4,002	4,334	4,398	4,534
Accounts Receivable	1,579	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445	2,445
Inventories	108	146	146	146	146	146	146	146	146	146	146
Other current assets	0	167	167	167	167	167	167	167	167	167	167
	8,473	**5,330**	**5,031**	**4,819**	**5,371**	**5,883**	**6,315**	**6,760**	**7,092**	**7,156**	**7,292**
Non-Current Assets											
Operational Assets	25,297	31,432	31,456	31,444	31,302	31,166	30,933	31,967	32,878	32,808	32,587
Restricted Assets	25,806	32,470	35,869	35,796	35,222	38,003	37,410	36,792	36,128	35,545	36,068
Infrastructural Assets	224,245	212,484	237,574	238,430	240,783	259,602	259,962	260,869	279,617	280,451	280,932
Intangible Assets	0	56	37	25	44	29	19	42	28	19	44
Forestry Assets	1,500	2,040	2,366	2,691	2,999	3,030	2,605	1,420	485	593	366
Other Financial Assets	675	604	604	604	604	604	604	604	604	604	604
Investments	0	0	0	0	0	0	0	0	1,000	4,000	7,000
	277,523	**279,087**	**307,907**	**308,990**	**310,954**	**332,434**	**331,533**	**331,694**	**350,740**	**354,019**	**357,601**
Total Assets	**285,996**	**284,417**	**312,937**	**313,810**	**316,325**	**338,317**	**337,848**	**338,454**	**357,832**	**361,175**	**364,893**
Current Liabilities											
Accounts Payable	3,943	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655	3,655
Other Current Liabilities	0	1,056	1,056	1,056	1,056	1,056	1,056	1,056	1,056	1,056	1,056
	3,943	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**	**4,711**
Non Current Liabilities											
Term Debt	0	5,500	9,000	8,000	7,500	7,500	4,500	2,000	0	0	0
Other Non Current Liabilities	5,919	77	77	77	77	77	77	77	77	77	77
	5,919	**5,577**	**9,077**	**8,077**	**7,577**	**7,577**	**4,577**	**2,077**	**77**	**77**	**77**
Total Liabilities	**9,862**	**10,288**	**13,788**	**12,788**	**12,288**	**12,288**	**9,288**	**6,788**	**4,788**	**4,788**	**4,788**
Net Assets	**276,134**	**274,129**	**299,149**	**301,022**	**304,037**	**326,029**	**328,560**	**331,666**	**353,044**	**356,387**	**360,105**

Prospective Statement of Cash Flows

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Cash Flows from Operating Activities											
Cash provided from:											
Rates	11,325	11,822	12,403	12,760	13,383	13,631	14,006	14,212	14,477	14,794	15,055
Hanmer Springs Thermal Reserve	5,425	6,687	7,549	8,308	8,952	9,024	9,076	9,565	9,954	10,422	10,845
Other Income	7,484	9,011	8,930	7,896	8,373	9,696	9,227	10,183	9,997	9,078	9,557
External Interest	475	118	103	96	91	104	127	125	158	300	391
Money Received from Other Authorities	1,200	2,356	2,420	2,481	2,542	2,603	2,669	2,740	2,808	2,877	2,950
	25,909	**29,995**	**31,405**	**31,541**	**33,342**	**35,058**	**35,106**	**36,825**	**37,393**	**37,471**	**38,798**
Cash paid to:											
Cost of Services	17,552	19,786	20,355	21,115	21,704	22,239	22,758	23,243	23,922	24,580	25,122
Interest Paid	443	286	561	545	484	469	375	203	63	0	0
Money paid to Other Authorities	1,200	2,356	2,420	2,481	2,542	2,603	2,669	2,740	2,808	2,877	2,950
	19,195	**22,428**	**23,336**	**24,141**	**24,731**	**25,311**	**25,803**	**26,187**	**26,793**	**27,457**	**28,072**
Net Cash Flow from Operating Activities	**6,714**	**7,567**	**8,069**	**7,400**	**8,612**	**9,747**	**9,303**	**10,639**	**10,600**	**10,014**	**10,727**
Cash Flows from Investing Activities											
Cash provided from:											
Sale of Fixed Assets	0	0	0	0	0	0	0	0	0	0	0
Sale of Investments	0	500	0	0	0	0	0	0	0	0	0
	0	**500**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash paid to:											
Purchase of Fixed Assets	13,704	13,750	11,869	6,611	7,560	9,236	5,870	7,694	7,268	6,950	7,590
Purchase of Investments	0	0	0	0	0	0	0	0	1,000	3,000	3,000
	13,704	**13,750**	**11,869**	**6,611**	**7,560**	**9,236**	**5,870**	**7,694**	**8,268**	**9,950**	**10,590**
Net Cash Flows from Investing Activities	**(13,704)**	**(13,250)**	**(11,869)**	**(6,611)**	**(7,560)**	**(9,236)**	**(5,870)**	**(7,694)**	**(8,268)**	**(9,950)**	**(10,590)**
Cash Flows from Financing Activities											
Cash provided from:											
Loans Raised	5,919	5,500	3,500	0	0	0	0	0	0	0	0
	5,919	**5,500**	**3,500**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Cash paid to:											
Loan Repayments	0	0	0	1,000	500	0	3,000	2,500	2,000	0	0
	0	**0**	**0**	**1,000**	**500**	**0**	**3,000**	**2,500**	**2,000**	**0**	**0**
Net Cash Flows from Financing Activities	**5,919**	**5,500**	**3,500**	**(1,000)**	**(500)**	**0**	**(3,000)**	**(2,500)**	**(2,000)**	**0**	**0**
Net Increase/(Decrease) in Cash Held	**(1,071)**	**(183)**	**(299)**	**(211)**	**552**	**511**	**433**	**445**	**332**	**64**	**136**
Opening Cash Balance	7,857	2,755	2,572	2,273	2,061	2,613	3,125	3,557	4,002	4,334	4,398
Closing Cash Balance	**6,786**	**2,572**	**2,273**	**2,061**	**2,613**	**3,125**	**3,557**	**4,002**	**4,334**	**4,398**	**4,534**

Prospective Statement of Cash Flows - Reconciliation

	Annual Plan 2008/09 $000's	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Total Comprehensive Income	**7,423**	**2,648**	**25,020**	**1,872**	**3,016**	**21,992**	**2,531**	**3,106**	**21,379**	**3,343**	**3,718**
Non Cash Items:											
Vested Assets	(763)	(410)	(708)	(646)	(662)	(680)	(696)	(714)	(710)	(729)	(748)
Gains/(Losses) on Asset Revaluation	(5,488)	0	(21,720)	0	0	(18,161)	0	0	(18,091)	0	0
Gains/(Losses) on Forestry Revaluation	0	(325)	(325)	(325)	(308)	(31)	425	1,185	935	(108)	227
Depreciation	5,432	5,655	5,803	6,499	6,566	6,628	7,043	7,063	7,088	7,508	7,529
	(819)	**4,920**	**(16,951)**	**5,528**	**5,596**	**(12,244)**	**6,772**	**7,533**	**(10,778)**	**6,671**	**7,009**
	6,604	**7,567**	**8,069**	**7,400**	**8,612**	**9,747**	**9,303**	**10,639**	**10,600**	**10,014**	**10,727**
Movements in Working Capital:											
(Increase)/Decrease in Accounts Receivable	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Inventories	0	0	0	0	0	0	0	0	0	0	0
(Increase)/Decrease in Other current assets	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in Accounts Payable	0	0	0	0	0	0	0	0	0	0	0
Increase/(Decrease) in Other Current Liabilities	0	0	0	0	0	0	0	0	0	0	0
	0	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Net Cash Flow from Operating	**6,604**	**7,567**	**8,069**	**7,400**	**8,612**	**9,747**	**9,303**	**10,639**	**10,600**	**10,014**	**10,727**

Prospective Summary of Capital Expenditure

	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Community Services & Facilities										
Library	60	61	63	64	66	67	69	71	73	74
Township Facilities										
- Amberley Ward	376	370	46	62	3,433	49	45	55	69	1,297
- Amuri Ward	71	34	65	31	24	31	22	1	1	1
- Cheviot Ward	18	15	16	16	17	17	17	0	0	0
- Glenmark Ward	0	0	0	0	0	0	0	0	0	0
- Hanmer Springs Ward	156	100	121	119	111	113	100	82	149	28
- Hurunui Ward	22	23	23	24	24	25	26	26	27	27
- Self Funded Amenities	0	0	0	0	0	0	0	0	0	0
Medical Centres										
- Amuri	1,010	0	0	0	0	0	0	0	0	0
- Cheviot	6	6	6	0	0	0	0	1,000	0	0
- Hanmer Springs	0	0	0	0	0	0	0	0	0	0
- Hurunui	0	0	0	0	0	0	0	0	0	0
Property	0	51	0	0	0	0	0	0	0	0
Public Toilets	50	0	0	0	0	0	0	0	0	0
Cemeteries	2	2	2	2	2	2	2	2	2	2
Parks & Reserves	586	188	72	73	75	77	1,242	81	83	85
Grants & Services Awards	0	0	0	0	0	0	0	0	0	0
	2,355	**851**	**414**	**393**	**3,752**	**382**	**1,523**	**1,319**	**404**	**1,515**
Growth & Development										
Tourism	0	0	0	0	0	0	0	0	0	0
Visitor Information Centre	0	0	0	0	0	0	0	0	0	0
Economic Development	15	15	0	0	0	0	0	0	0	0
	15	**15**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Environment & Safety										
Resource Management & Planning	0	26	0	32	28	0	0	66	0	0
Civil Defence	12	17	44	0	0	28	0	0	31	0
Rural Fire	23	36	63	54	0	0	70	72	73	75
Building Compliance	32	0	34	0	35	0	37	0	39	0
Public Health & Liquor Licencing	0	0	0	27	0	0	0	30	0	0
Animal Control	0	0	0	0	0	0	0	0	0	0
	67	**79**	**141**	**113**	**63**	**28**	**107**	**167**	**143**	**75**

	Year 1 2009/10 $000's	Year 2 2010/11 $000's	Year 3 2011/12 $000's	Year 4 2012/13 $000's	Year 5 2013/14 $000's	Year 6 2014/15 $000's	Year 7 2015/16 $000's	Year 8 2016/17 $000's	Year 9 2017/18 $000's	Year 10 2018/19 $000's
Utility Services & Infrastructure										
Roading										
- Subsidised Roading	3,815	4,971	3,862	3,953	4,044	4,135	4,230	4,332	4,438	4,536
- Special Purpose Roading	7	7	7	7	7	7	7	8	8	8
- Unsubsidised Roading	195	26	27	303	28	28	29	30	30	31
- Subsidised Road Safety Programme	0	0	0	0	0	0	0	0	0	0
- Technical Services Business Unit	38	39	40	41	42	43	44	45	46	48
- Vested Assets	287	496	453	464	475	485	496	491	503	514
Waste Minimisation	0	0	0	0	0	0	0	0	0	0
Sewerage										
- Amberley	47	23	264	544	12	188	22	13	260	8
- Cheviot	5	0	0	10	35	12	84	0	0	39
- Greta Valley	1	0	3	19	1	20	0	0	1	0
- Hanmer Springs	16	0	16	10	101	11	0	0	0	8
- Hawarden	5	0	0	434	0	9	445	245	0	8
- Motunau Beach	11	0	0	38	0	0	13	13	127	0
- Waikari	0	0	0	76	0	0	8	0	37	8
- Vested Assets	62	106	97	99	103	105	109	109	113	117
Stormwater/Drainage										
- Hanmer Springs	300	0	0	0	0	0	0	0	0	0
- Amberley	970	0	0	109	0	0	0	90	0	0
- Jed River Clearance	0	0	0	0	0	0	0	0	0	0
Water Supplies										
- Amberley	309	406	5	271	11	20	55	0	116	0
- Amuri Plains	0	0	0	0	0	0	0	0	0	0
- Ashley Rural	245	242	196	201	197	203	210	217	224	232
- Balmoral	46	4	16	0	0	0	0	0	0	0
- Cheviot	113	654	141	58	97	62	70	66	75	71
- Culverden Township	8	5	5	5	22	8	53	6	6	7
- Hanmer Springs	17	243	256	241	17	4	0	0	0	0
- Hawarden-Waikari	13	5	7	2	45	19	15	0	0	0
- Hurunui Rural	205	203	209	215	215	221	223	231	239	246
- Leithfield Beach	0	110	8	0	0	0	0	0	0	0
- Waiau Rural	198	21	13	16	11	12	8	8	8	8
- Waiau Township	1	27	9	28	27	0	6	0	0	0
- Waipara Township	36	2	2	2	2	2	19	2	258	253
- Vested Assets	62	106	97	99	103	105	109	109	113	117
	7,010	**7,695**	**5,731**	**7,245**	**5,594**	**5,700**	**6,255**	**6,018**	**6,603**	**6,259**
Hanmer Springs Thermal Pools & Spa	**4,347**	**3,658**	**635**	**200**	**200**	**200**	**200**	**200**	**200**	**200**
Governance	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Corporate Services	**366**	**278**	**337**	**271**	**307**	**256**	**323**	**275**	**330**	**289**
	14,160	**12,577**	**7,257**	**8,222**	**9,916**	**6,566**	**8,409**	**7,978**	**7,679**	**8,338**