

Section Two – Forecast Financial Statements

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Overview of Financial Forecast

This plan retains the central features of last year's ten year forecast, largely unchanged. In last year's plan, the overall rate increase for 2009/10 was forecast to be 6.2%. This plan indicates it will be 7.0%. There are several different rates making up the overall increase. General rates and the Community Services targeted rate increase in total by 6.4%. The kerbside recycling rate goes up by 1.2%. The continued investment in core water and wastewater services sees the City-wide Water and Drainage rates go up by 9.9% and 6.6% respectively.

Comparisons with residential rates in other local authorities have to be made carefully. However, in a sample of 29 local authorities, where the data was adjusted for average water and wastewater consumption, it appears in 2008/09 that the average value Dunedin residential property lies 6th lowest of the 29. On the measure of rates as a percentage of median household income, Dunedin is comparable to both Christchurch and Hamilton.

The next four years, 2010/11 - 2013/14, see total rates increases, respectively, allowing for inflation, of 8.7%, 10.5%, 7.2% and 3.7%. If the growth in the total rating base is only modest the household increase is likely to be similar to the total increase. And if other local authorities hold back on their increases, Dunedin's relatively modest rating levels will become much less so in the future.

Capital Expenditure

The list of major capital expenditures outlined in the 2008/09 Annual Plan continues although the timing and cost of some projects have changed. The main capital expenditures (excluding capitalised interest) are shown in Table 2.1.

Table 2.1 – Capital Expenditure

	2009/10 \$million	2010/11 \$million	2011/12 \$million	2012/13 \$million
Proposed Covered Stadium‡	75.9	62.3	5.3	-
Dunedin Centre Redevelopment	8.4	27.2	9.7	-
Tahuna Secondary Treatment	13.6	30.0	31.0	-
Allanton Effluent Disposal	0.9	3.5	-	-
Otago Settlers Museum Redevelopment‡	10.3	12.7	9.1	0.4
Logan Park Redevelopment	3.3	4.7	5.0	2.7

	2009/10 \$million	2010/11 \$million	2011/12 \$million	2012/13 \$million
Botanic Garden Redevelopment	1.0	2.1	2.1	1.5
Strategic Corridor Upgrades‡	9.5	10.0	-	-
Harbourside Access and Amenities	2.9	2.5	-	-

‡ Partially funded by external revenue sources.

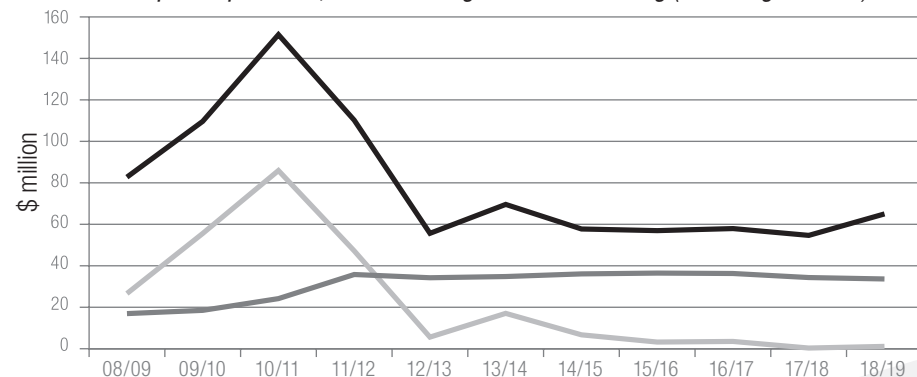
Total capital expenditure for all of Council for 2009/10 is forecast to be \$190.8 million. Last year, the estimate for 2009/10 was \$199.9 million.

Borrowing

With capital expenditure on new projects goes new borrowing.

Chart 2.1 illustrates the steep fall-off in both capital expenditure and new borrowing that occurs on completion of the large projects listed above (excluding the stadium). However, having drawn down a substantial amount of new debt, there remains, for the entire duration of this LTCCP and beyond, the task of repaying it. On top of loans drawn down in earlier years, the cash requirement for interest and principal payments rises quickly from \$16.7 million in 2008/09 to \$36.0 million in 2011/12. Provided there are no further big capital expenditure projects during the decade that require substantial new borrowing, by 2017/18, the cash requirements will have begun to decline.

Chart 2.1 – Capital Expenditure, New Borrowing and Debt Servicing (excluding Stadium)



The impact of the increasing debt levels on the Council's prudential financial ratios is set out in Table 2.2.

The ratio of interest expense to total revenue, for which the Council has set a limit of 8%, is exceeded from 2010/11 to 2016/17. The ratio of interest expense to rates revenue, for which the Council has set a limit of 20%, is exceeded in 2010/11 and 2011/12, the years of peak activity on the stadium.

While this represents a breach of the Council's own Liability Management Policy, it should be noted that the ratio of interest expense to total revenue is, with the exception of the 2011/12 year when the ratio is 11.1%, within the 10% limit set by most other Councils in New Zealand.

Table 2.2 sets out the ratios for the next ten years. Included in the table is a calculation of net debt to revenue. While this is not among the Council's set of prudential ratios, the Council's credit rating agency appears to attach weight to it. We have not yet asked Standard and Poor's (S&P) to check the calculation, but on the face of it, while peaking at 154% in the final year of stadium construction it then steadily declines for the remainder of the decade, to levels well below today's.

Table 2.2: Prudential Financial Ratios (including Stadium)

	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Ratios										
Interest as a % of Rates (less than 20%)	17.2%	23.5%	23.8%	19.3%	18.2%	17.1%	16.0%	14.9%	13.7%	12.6%
Interest as a % of Total Revenue (less than 8%)	7.2%	10.0%	11.1%	9.9%	9.3%	9.1%	8.5%	8.0%	7.4%	6.7%
Cashflow from operations exceeds interest by 2.5 times	5.3	4.1	3.3	2.8	3.1	3.2	3.5	3.7	4.0	4.6
Net debt to revenue	115%	154%	120%	118%	111%	103%	92%	82%	70%	60%

As was noted last year, for the greater proportion of this plan period the Council exceeds or is near the limits of its debt-carrying capacity. While this places the Council slightly in breach of its prudential limits, the use of the tools of its Liability Management Policy and the absence of major new capital after the stadium and the Secondary Treatment Plant indicates an improving financial position. The latter part of the decade sees a gradual improvement in ratios but there remains little room for new borrowing on new projects.

The Council faces other funding risks. These include the possibility that, from time to time, especially as at the time of writing, funding sources will be scarce to the extent that debt providers might not be found easily and those that are available might charge a much higher margin than before.

Increases in project costs might also increase borrowing needs, placing yet further pressure on funding sources and the cost of funds. To date, the Council has managed these risks and expects to continue doing so.

Stadium Effect

The stadium will be transferred from the Council to a Council Controlled Trading Organisation (CCTO) when it is completed. The CCTO will pay for the stadium by raising debt which the Council will in turn use to pay off most of the debt it raised during its construction. This debt raising occurs over 2007/08, 2008/09, 2009/10 and 2010/11.

Around 3% of the private sector funding is forecast to be received prior to the transfer into the CCTO. The remaining 97% will be received by the Council between the 2011/12 and 2021/22 years. This means that an amount of debt, around \$29.1 million, will remain on the Council's books after the stadium is transferred into the CCTO. Under the current forecast for private sector funding, there is sufficient revenue to pay the interest expense and the loan repayments during this time.

Private sector funding consists of sponsorships, corporate seating, and corporate entertainment suites. The majority of this funding is received in equal annual instalments from the time the stadium becomes operational.

Cash Flows from Council Controlled Trading Organisations (CCTO)

Over the last four years the CCTOs have transferred increasing sums to its Council shareholder in accordance with an agreed timetable. The last step in the timetable is 2009/10 where the increase is \$3.3 million, bringing the total transferred in that year to \$23 million. This is likely to exceed the free cash flows of the CCTO group. As such, annual increases of the same amount will soon become unsustainable. This plan therefore forecasts no further increases beyond \$23 million in 2010/11. Indeed, from 2012/13, assuming the stadium proceeds, the cash from the CCTOs falls by \$5 million per annum because the CCTOs will require this sum to service stadium debt.

In short, 2009/10 is the last year of the decade covered by this plan that the Council can reasonably expect to see increases in CCTO contributions for offsetting rate increases.

Summary

The large new projects put forward in the 2008/09 Annual Plan continue to drive up debt, especially over the next three years. The cash requirements to service this debt will more than double by 2011/12. Prudential ratios are met towards the end of the plan period, chiefly by means of big increases in rates, which may in turn raise questions of affordability.

Forecast Financial Statements

Income statement for the Years Ending 30 June 2010 to 30 June 2019

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
Revenue											
Rates Revenue	91,397	97,837	106,338	117,549	126,042	130,763	138,183	142,659	145,874	149,367	151,791
External Revenue	67,664	104,560	111,792	99,060	83,444	88,791	86,133	88,100	90,194	91,318	98,790
DCHL Dividend	15,442	12,762	12,862	12,862	7,862	7,862	7,862	7,862	7,862	7,862	7,862
Waipori Fund Revenue	4,117	4,211	4,384	4,519	4,626	4,734	4,842	4,957	5,076	5,200	5,326
Interest Revenue	11,638	11,548	11,638	16,623	21,607	21,607	21,607	21,607	21,607	21,607	21,607
Unrealised Investment Property Gains	1,459	1,488	1,518	1,549	1,580	1,611	1,643	1,676	1,710	1,744	1,744
Total Revenue	191,717	232,406	248,532	252,162	245,161	255,368	260,270	266,861	272,323	277,098	287,120
Expenditure											
Staff Costs	42,096	44,342	45,470	46,593	48,102	49,322	50,623	52,308	53,874	55,488	57,151
Operational Costs	86,163	87,710	89,445	97,281	104,496	107,578	110,143	112,644	115,939	118,541	120,911
Loan Interest	9,554	10,057	10,718	13,496	22,861	23,539	22,923	21,726	20,473	20,493	19,160
Depreciation	46,008	48,409	50,907	53,162	57,879	59,841	63,436	65,543	67,073	70,482	72,247
Total Expenditure	183,821	190,518	196,540	210,532	233,338	240,280	247,125	252,221	257,359	265,004	269,469
Net Income	7,896	41,888	51,992	41,630	11,823	15,088	13,145	14,640	14,964	12,094	17,651

Estimate of Comprehensive Income for the Years Ending 30 June 2010 to 30 June 2019

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Asset Revaluation	47,367	49,097	52,795	57,213	55,039	56,088	57,399	58,428	59,419	60,419	61,339
Net Income from Operations	7,896	41,888	51,992	41,630	11,823	15,088	13,145	14,640	14,964	12,094	17,651
Total Recognised Revenue and Expenses	55,263	90,985	104,787	98,843	66,862	71,176	70,544	73,068	74,383	72,513	78,990

Estimate of Movements in Equity for the Years Ending 30 June 2010 to 30 June 2019

	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Equity	2,470,241	2,525,504	2,616,489	2,721,276	2,820,119	2,886,981	2,958,157	3,028,701	3,101,769	3,176,152	3,248,665
Total Recognised Revenue and Expenses	55,263	90,985	104,787	98,843	66,862	71,176	70,544	73,068	74,383	72,513	78,990
Closing Equity	2,525,504	2,616,489	2,721,276	2,820,119	2,886,981	2,958,157	3,028,701	3,101,769	3,176,152	3,248,665	3,327,655

Balance Sheet for the Years Ending 30 June 2010 to 30 June 2019

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
Current Assets											
Cash at Bank	16,004	14,119	15,267	18,662	21,901	26,883	34,853	42,451	50,470	59,985	66,702
Investments	28,359	28,393	28,426	28,370	28,404	28,478	28,503	28,590	28,619	28,680	28,677
Accounts Receivable	18,804	18,804	18,804	18,804	18,804	18,804	18,804	18,804	18,804	18,804	18,804
Inventories	520	520	520	520	520	520	520	520	520	520	520
Prepayments	140	140	140	140	140	140	140	140	140	140	140
Derivative Financial Instruments	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583	1,583
	65,410	63,559	64,740	68,079	71,352	76,408	84,403	92,088	100,136	109,712	116,426
Non-current Assets											
Investments	43,110	43,393	43,665	43,924	44,172	44,406	44,628	44,838	45,035	45,220	45,393
Loans and Advances	117,385	114,972	114,608	238,877	238,545	238,473	238,400	238,329	238,256	238,184	238,130
Other Intangible Assets	560	560	560	560	560	560	560	560	560	560	560
Property Plant and Equipment	2,529,270	2,715,681	2,938,081	2,830,907	2,884,947	2,952,127	3,005,221	3,056,418	3,108,133	3,154,135	3,209,657
	2,690,325	2,874,606	3,096,914	3,114,268	3,168,224	3,235,566	3,288,809	3,340,145	3,391,984	3,438,099	3,493,740
Total Assets	2,755,735	2,938,165	3,161,654	3,182,347	3,239,576	3,311,974	3,373,212	3,432,233	3,492,120	3,547,811	3,610,166
Current Liabilities											
Accounts Payable	24,266	24,266	24,266	24,733	24,266	24,266	24,266	24,266	24,266	24,266	24,266
Accrued Expenditure	10,208	10,208	10,208	10,208	10,209	10,208	10,208	10,208	10,208	10,208	10,208
Current Portion of Term Loans	6,755	8,500	128,290	16,624	17,545	17,467	18,580	19,154	18,182	18,594	19,348
	41,229	42,974	162,764	51,565	52,020	51,941	53,054	53,628	52,656	53,068	53,822
Non-current Liabilities											
Term Loans	182,723	272,151	270,772	303,510	293,088	294,032	283,232	268,201	254,239	236,536	218,646
Other Non-current Liabilities	6,279	6,551	6,842	7,153	7,487	7,844	8,225	8,635	9,073	9,542	10,043
	189,002	278,702	277,614	310,663	300,575	301,876	291,457	276,836	263,312	246,078	228,689
Equity	2,525,504	2,616,489	2,721,276	2,820,119	2,886,981	2,958,157	3,028,701	3,101,769	3,176,152	3,248,665	3,327,655
Total Liabilities and Equity	2,755,735	2,938,165	3,161,654	3,182,347	3,239,576	3,311,974	3,373,212	3,432,233	3,492,120	3,547,811	3,610,166

Cashflow Statement for the Years Ending 30 June 2010 to 30 June 2019

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
Cashflow from Operating Activities											
Cash is provided from:											
Rates Revenue	91,397	97,837	106,338	117,549	126,042	130,763	138,183	142,659	145,874	149,367	151,791
Other Revenue	67,664	104,560	111,792	99,060	83,444	88,791	86,133	88,100	90,194	91,318	98,790
DCHL Dividend	15,442	12,762	12,862	12,862	7,862	7,862	7,862	7,862	7,862	7,862	7,862
Waipori Fund Revenue	4,117	4,211	4,384	4,519	4,626	4,734	4,842	4,957	5,076	5,200	5,326
Interest Revenue	11,638	11,548	11,638	16,623	21,607	21,607	21,607	21,607	21,607	21,607	21,607
	190,258	230,918	247,014	250,613	243,581	253,757	258,627	265,185	270,613	275,354	285,376
Cash was applied to:											
Suppliers and Employees	(128,038)	(131,780)	(134,624)	(143,562)	(152,265)	(156,544)	(160,384)	(164,543)	(169,375)	(173,561)	(177,561)
Interest Paid	(9,554)	(10,057)	(10,718)	(13,496)	(22,861)	(23,539)	(22,923)	(21,726)	(20,473)	(20,493)	(19,160)
Total Expenditure	(137,592)	(141,837)	(145,342)	(157,058)	(175,126)	(180,083)	(183,307)	(186,269)	(189,848)	(194,054)	(196,721)
Net Cash from Operating	52,666	89,081	101,672	93,555	68,455	73,674	75,320	78,916	80,765	81,300	88,655
Cashflow from Investing Activities											
Cash is provided from:											
Sale of Assets	22,444	6,547	4,331	233,507	60	61	63	64	66	67	69
Reduction in Loans and Advances	546	2,413	365	345	331	72	72	73	72	72	54
Reduction in Investments	268			56					4		28
	23,258	8,960	4,696	233,909	391	133	135	137	142	139	151
Cash was applied to:											
Capital Expenditure	(107,574)	(190,781)	(223,326)	(120,266)	(55,827)	(69,383)	(57,550)	(56,700)	(57,724)	(54,387)	(64,756)
Increase in Loans and Advances				(124,615)							
Increase in Investments	(296)	(318)	(305)	(259)	(280)	(309)	(247)	(298)	(230)	(246)	(197)
	(107,870)	(191,099)	(223,631)	(245,140)	(56,107)	(69,692)	(57,797)	(56,998)	(57,954)	(54,633)	(64,952)
Net Cash from Investing	(84,612)	(182,139)	(218,935)	(11,231)	(55,716)	(69,559)	(57,662)	(56,861)	(57,812)	(54,494)	(64,801)
Cashflow from Financing Activities											
Cash is provided from:											
Loans Raised	41,328	97,928	126,911	49,361	7,124	18,412	7,779	4,123	4,220	891	1,457
Cash was applied to:											
Loan Repayments	(6,657)	(6,755)	(8,500)	(128,290)	(16,624)	(17,545)	(17,467)	(18,580)	(19,154)	(18,182)	(18,594)
Net Cash from Financing	34,671	91,173	118,411	(78,929)	(9,500)	867	(9,688)	(14,457)	(14,934)	(17,291)	(17,137)
Net Increase/(Decrease) in Cash	2,725	(1,885)	1,148	3,395	3,239	4,982	7,970	7,598	8,019	9,515	6,717

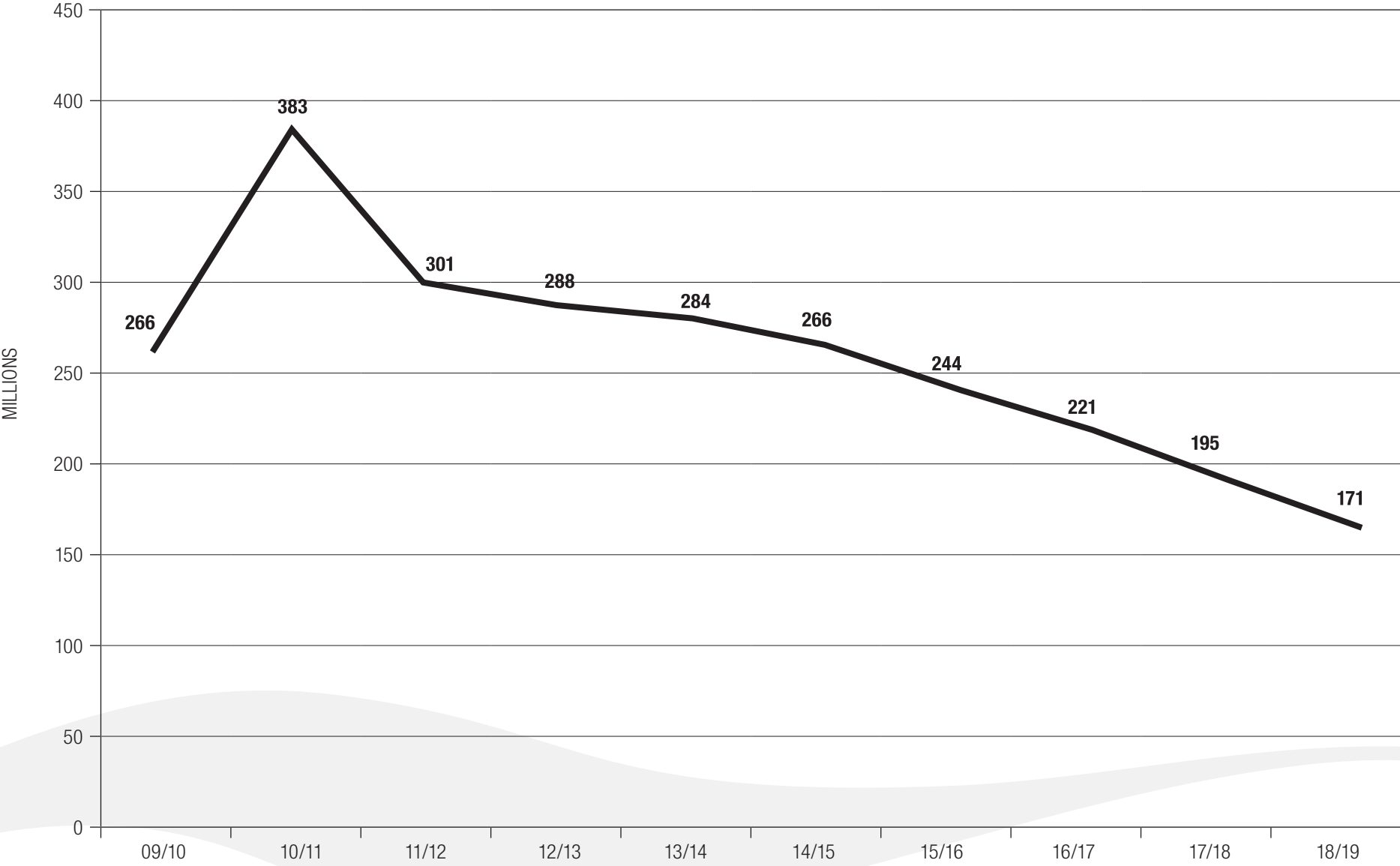
	2008/09	2009/10	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Opening Cash Balance	13,279	16,004	14,119	15,267	18,662	21,901	26,883	34,853	42,451	50,470	59,985
Closing Cash Balance	16,004	14,119	15,267	18,662	21,901	26,883	34,853	42,451	50,470	59,985	66,702

Forecast Financial Statements Notes

for the Years Ending 30 June 2010 to 30 June 2019

	2008/09 \$'000	2009/10 \$'000	2010/11 \$'000	2011/12 \$'000	2012/13 \$'000	2013/14 \$'000	2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000
1 Reconciliation of Operating Profit to Net Cashflows from Operating Activities											
Operating Surplus	7,896	41,888	51,992	41,630	11,823	15,088	13,145	14,640	14,964	12,094	17,651
Add/(less) Non-cash Adjustment											
Depreciation	46,008	48,409	50,907	53,162	57,879	59,841	63,436	65,543	67,073	70,482	72,247
Landfill Aftercare	221	272	291	312	333	356	382	409	438	468	501
Unrealised Investment Property Gains	(1,459)	(1,488)	(1,518)	(1,549)	(1,580)	(1,611)	(1,643)	(1,676)	(1,710)	(1,744)	(1,744)
Net Cashflow from Operating Activities	52,666	89,081	101,672	93,555	68,455	73,674	75,320	78,916	80,765	81,300	88,655
2 Change in Gross Debt	34,671	91,173	118,411	(78,929)	(9,500)	867	(9,688)	(14,457)	(14,934)	(17,291)	(17,137)
3 Ratios											
Interest as a % of Rates (less than 20%)	14.5%	17.2%	23.5%	23.8%	19.3%	18.2%	17.1%	16.0%	14.9%	13.7%	12.6%
Interest as a % of Total Revenue (less than 8%)	6.9%	7.2%	10.0%	11.1%	9.9%	9.3%	9.1%	8.5%	8.0%	7.4%	6.7%
Cashflow from operations exceeds interest by 2.5 times	4.0	5.3	4.1	3.3	2.8	3.1	3.2	3.5	3.7	4.0	4.6
Interest & Loan Repayment as % of Rates	17.7%	17.2%	18.1%	120.6%	31.3%	31.4%	29.2%	28.3%	27.2%	25.9%	24.9%
Interest & Loan Repayment as % of Total Revenue	8.5%	7.2%	7.7%	56.2%	16.1%	16.1%	15.5%	15.1%	14.6%	14.0%	13.1%
4 Ratio of Interest Expense to Term Debt	8.7%	7.1%	7.3%	7.8%	7.7%	7.6%	7.7%	7.7%	7.7%	7.8%	7.8%
5 Net Debt	173,473	266,532	383,795	301,472	288,732	284,616	266,958	244,904	221,951	195,146	171,291
6 Waipori Loans Consolidated Out											
Loan Interest		238	222	205	186	166	144	121	97	70	42
Loan Repayment		203	218	233	250	268	287	308	330	354	379
7 Interest Expense Capitalised	3,703	6,742	14,235	14,494	1,422	209	727	1,067	1,193		

Net Debt Graph



Statement of Accounting Policies

Reporting Entity

The financial statements to be presented are for the reporting entity Dunedin City Council (the Council).

The Dunedin City Council is a Territorial Local Authority governed by the Local Government Act 2002 and these statements are produced under section 98, 99 and 111 of the Local Government Act 2002.

Public benefit entities are reporting entities whose primary objective is to provide goods or services for community or social benefit and where any equity has been provided with a view to supporting that primary objective rather than for a financial return.

The registered address of the Council is 50 The Octagon, Dunedin

The financial statements have been prepared in accordance with the requirements of the Local Government Act 2002, the Companies Act 1993 and the Financial Reporting Act 1993.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Council operates.

Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand Equivalents to IFRSs, and other applicable Financial Reporting Standards, as appropriate for public benefit entities.

The financial statements have been prepared on the historical cost basis, except for the revaluation of certain property, plant and equipment, investment properties, biological assets, derivative financial instruments, financial instruments classified as available for sale and financial instruments held for trading.

The accounting policies have been applied consistently by group entities with only one variation for Public Benefit Entities for Property Plant and Equipment.

Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Depreciation on such assets will cease once classified as held for sale.

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

Sales of goods are recognised when significant risks and rewards of owning the goods are transferred to the buyer, when the revenue can be measured reliably and when management effectively ceases involvement or control.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Rates are set annually by 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.

Revenue from water rates by meter is recognised on an accrual basis. Unbilled usage, as a result of unread meters at year-end, is accrued on an average usage basis.

Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

Where total debt funding for a capital project is greater than or equal to \$5 million and spans more than one financial year, the interest costs are treated as capital expenditure.

All other borrowing costs are recognised in the Income Statement in the period in which they are incurred.

Government Loans

Forestry term liabilities include Ministry of Forestry Suspensory Loans and Ministry of Forestry Repayable Loans. Interest is calculated annually on the suspensory loans, however the interest and principle may be forgiven when the loan conditions are met. Interest is also calculated annually on the repayable loans. The interest and principal is not repayable on repayable loans until harvesting of the trees, planted with the loan monies, occurs.

Employee Entitlements

Entitlements to salary and wages and annual leave are recognised when they accrue to employees. This includes the estimated liability for salaries and wages and annual leave as a result of services rendered by employees up to balance date at current rates of pay.

Entitlements to long service leave and retirement gratuities are calculated on an actuarial basis and are based on the reasonable likelihood that they will be earned by employees and paid by the group.

The Group 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 calculation is based on the value of excess sick leave taken within the previous twelve months.

Goods and Services Tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST, except for receivables and payables which are recognised inclusive of GST.

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The group's liability for current tax is calculated using tax rates that have been enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all 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. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

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. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Property, Plant and Equipment

Property plant and equipment are those assets held by the Council for the purpose of carrying on its business activities on an ongoing basis.

Operational Assets

These include land, buildings, improvements, library books, plant and equipment, and motor vehicles.

Restricted Assets

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

Infrastructure Assets

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

Heritage Assets

These include, but are not limited to, assets held by the Council subject to deeds of agreement, terms and conditions of bequests, donations, trusts or other restrictive legal covenants. The Council's control of these assets is restricted to a management/custodial role.

Operational Assets

Land and Buildings

Land and buildings are stated at re-valued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Fixed Plant and Equipment

Fixed plant and equipment is stated at cost, less any subsequent accumulated depreciation and any accumulated impairment losses.

Motor Vehicles

Motor vehicles and other mobile plant and equipment are stated at cost less any subsequent accumulated depreciation and any accumulated impairment losses.

Office Equipment and Fittings

Office Equipment and Fittings are stated at cost less any subsequent accumulated depreciation less any accumulated impairment losses.

Library Collection

Library collections are stated at cost less any subsequent accumulated depreciation and any impairment losses.

Infrastructure Assets

Land is stated at re-valued amounts being fair value at date of valuation less any subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Landfill assets, being earthworks, plant and machinery and the estimate of site restoration, are stated at cost less any accumulated depreciation and any accumulated impairment losses. The useful life of the landfill is considered to be the period of time to the expiring of the resource consent in 2020.

Buildings and structures are valued on a yearly cycle by an independent valuer. Additions are recorded at cost and depreciated

Roadways and bridges have been stated at their re-valued amounts being fair value based on

depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Roadways and bridges are valued annually by an independent valuer.

Fixed plant has been stated at its re-valued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Fixed plant is valued on a yearly cycle by an independent valuer. Additions are recorded at cost and depreciated.

Reticulation assets, being the reticulation system and networks of water and drainage, have been stated at their re-valued amounts being fair value based on depreciated replacement cost as at the date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The reticulation assets are valued by a Council staff member sufficiently experienced to conduct the valuation. These valuations are subject to review by an independent valuer. Reticulation assets are valued annually.

Vested Assets

Vested Assets are Fixed Assets given to the Council by a third party and could typically include water, drainage and roading assets created in the event of a subdivision. Vested assets also occur in the event of the donation of heritage or art assets by third parties. The value of assets vested are the cost price to the third party to create or purchase that asset and equates to its fair value at the date of acquisition. Vested assets, other than those pertaining to collections, are subsequently depreciated.

Restricted Assets

Land and Buildings

Land and buildings are stated at re-valued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. The revaluations are performed by an independent valuer on a three-yearly cycle.

Road reserve land is stated at re-valued amounts being fair value at date of valuation less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by an independent valuer on a three-yearly cycle.

Fixed Plant and Equipment

Fixed plant has been stated at their re-valued amounts being fair value at the date of valuation based on depreciated replacement cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses. Revaluations are performed by an independent valuer on a five-yearly cycle.

Additions are recorded at cost and depreciated.

Heritage Assets

Heritage assets included are the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Early Settlers Museum and the monuments, statues and outdoor art.

All heritage assets are stated at cost less any subsequent accumulated depreciation and accumulated impairment losses.

Heritage collections not valued include:

The Rare Book Collection, Dunedin Public Library.

Revaluations

Revaluations are performed with sufficient regularity that the carrying amount does not differ materially from that which would be determined using fair values at the balance sheet date.

Public Benefit Entity Revaluations

Revaluation increases and decreases relating to individual assets within a class of assets are offset. Revaluation increases and decreases in respect of assets in different classes are not offset.

Where the carrying amount of a class of assets is increased as a result of a revaluation, the net revaluation increase is credited to the revaluation reserve. The net revaluation increase shall be recognised in profit or loss to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in profit or loss. A net revaluation decrease for a class of assets is recognised in the profit and loss, except to the extent it reverses a revaluation increase previously recognised in the revaluation reserve to the extent of any credit balance existing in the revaluation reserve in respect of the same class of asset.

Depreciation

Depreciation has been charged so as to write off the cost or valuation of assets, other than land, properties under construction and capital work in progress, on the straight line basis (SL). Rates used have been calculated to allocate the assets cost or valuation less estimated residual value over their estimated remaining useful lives.

Where parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items of property, plant and equipment.

Depreciation commences when the assets are ready for their intended use.

Depreciation on revalued assets, excluding land, is charged to the profit and loss. On the subsequent sale or retirement of a revalued asset, the attributable revaluation surplus remaining in the appropriate property revaluation reserve is transferred directly to retained earnings.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets, or where shorter, over the term of the relevant lease.

Depreciation rates and methods used are as follows:

Table 2.3: Depreciation Rates and Methods

Asset Type	Rate	Method
Council Operational Assets		
Buildings	1% to 4%	SL
Fixed plant and equipment	10% to 15%	SL
Motor vehicles	20%	SL
Office equipment and fittings	7.5% to 20%	SL
Library collections	10% to 50%	SL
Infrastructure Assets		
Buildings	1% to 4%	SL
Roadways and bridges	0.5% to 10%	SL
Life cycle used:		
- Kerb and Channel	80 years	
- Shape Corrections	80 years	
- Reseals	11 years	
Footpaths	13.5 years	

Asset Type	Rate	Method
Fixed plant and equipment	10% to 15%	SL
Reticulation	0.50% to 3%	SL
Landfill	15 years	
Heritage assets	0.2%	
Restricted assets		
Buildings	1% to 4%	SL
Fixed plant and equipment	10% to 15%	SL
Hard surfaces	0.5% to 10%	SL

Derecognition

Forestry assets and items of property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the item) is included in the income statement in the year the item is derecognised.

Investment Property

Investment property is property held to earn rentals and/or for capital appreciation. All investment properties are stated at fair value, as determined annually by independent valuers at the balance sheet date.

Gains or losses arising from changes in the fair value of investment properties are recognised in the income statement for the period in which the gain or loss arises.

Intangible Assets

Software is recognised at cost and amortised to the Income Statement on a straight-line basis over the estimated useful life – which is a maximum period of five years.

Research and Development Expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

Patents and Trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

Impairment of assets excluding goodwill

At each balance sheet date, the group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, 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 for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (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. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease to the extent of any previous revaluation increase for that asset (or cash generating unit) that remains in the revaluation reserve. Any additional impairment is immediately transferred to the income statement.

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 only to the extent 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.

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.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less and bank overdraft. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

Financial Instruments

Financial assets and financial liabilities are recognised on the group's balance sheet when the group becomes a party to the contractual provisions of the instrument.

Trade and other receivables

Trade and other receivables are stated at cost less any allowances for estimated irrecoverable amounts.

Loans and other receivables

Loans and other receivables are financial instruments that are measured at amortised cost using the effective interest method. This type of financial instrument includes deposits, term deposits, inter company loans, community loans and mortgages.

Investments in debt and equity securities

Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

Investments in debt and equity securities are financial instruments classified as held for trading and are measured at fair value through profit and loss at balance date. Any resultant gains or losses are recognised in the income statement for the period.

Trade and other payable

Trade and other payable are stated at cost.

Borrowings

Borrowings are initially recorded net of directly attributable transaction costs and are measured at subsequent reporting dates at amortised cost. Finance charges, premiums payable on settlement or redemption and direct costs are accounted for on an accrual basis to the Income Statement using the effective interest method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Financial Liability and Equity

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the group after deducting all of its liabilities.

Derivative financial instruments and hedge accounting

The group's activities expose it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. The group uses foreign exchange forward contracts, foreign exchange options and interest rate swap contracts to hedge these exposures.

The group does not use derivative financial instruments for speculative purposes. However, derivatives that do not qualify for hedge accounting, under the specific IFRS rules, are accounted for as trading instruments with fair value gains/losses being taken directly to the income statement.

The use of financial derivatives in each entity within the group is governed by that entity's policy approved by the governing body. The policies provide written principles on the use of financial derivatives.

Derivative financial instruments are recognised initially at fair value. Subsequent to initial recognition derivative financial instruments are re-measured at fair value.

Changes in the fair value of derivative financial instruments that are designated and effective as hedges of future cash flows are recognised directly in equity and the ineffective portion is

recognised immediately in the income statement. If the cash flow hedge of a firm commitment or forecasted transaction results in the recognition of an asset or a liability, then, at the time the asset or liability is recognised, the associated gains or losses on the derivative that had previously been recognised in equity are included in the initial measurement of the asset or liability. For hedges that do not result in the recognition of an asset or a liability, amounts deferred in equity are recognised in the income statement in the same period in which the hedged item affects net profit or loss.

For an effective hedge of an exposure to changes in the fair value, the hedged item is adjusted for changes in fair value attributable to the risk being hedged with the corresponding entry in profit or loss. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in profit or loss.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the income statement as they arise. Derivatives not designated into an effective hedge relationship are classified as current assets or liabilities.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. At that time, any cumulative gain or loss on the hedging instrument recognised in equity is retained in equity until the forecasted transaction occurs. If a hedged transaction is no longer expected to occur, the net cumulative gain or loss recognised in equity is transferred to net profit or loss for the period.

Derivatives embedded in other financial instruments or other host contracts are treated as separate derivatives when their risks and characteristics are not closely related to those of host contracts and the host contracts are not carried at fair value with unrealised gains or losses reported in the income statement.

Provisions

A provision is recognised in the balance sheet when the group has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions for restructuring costs are recognised when the group has a detailed formal plan for the restructuring that has been communicated to affected parties.

Changes in Accounting Policy

There has been no change in accounting policy from those changes adopted in the 2007/08 Annual Report.

Prospective Financial Statements

The forecast financial statements have been prepared in accordance with FRS-42. They have been prepared using the best information available at the time they were prepared.

Additional Information

1 Separately Disclosed Revenue

Reconciliation of Rates Income - Group Activities to Financial Statements for the Years Ending 30 June 2010 to 30 June 2019

	2008/09 Forecast Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
General Funds											
Economic Development & City Promotion	(14,261)	(15,238)	(14,000)	(11,499)	(11,914)	(12,231)	(12,187)	(12,275)	(12,281)	(12,994)	(12,852)
Transport Network	15,830	16,585	17,708	19,074	19,679	20,411	21,703	22,410	22,950	23,759	24,418
Personal Safety	3,532	3,708	3,716	3,832	3,903	4,050	4,121	4,273	4,377	4,580	4,690
Public Health	1,027	476	464	457	457	436	438	437	447	448	451
City Planning & Urban Design	4,225	4,244	4,838	5,174	5,320	5,556	6,014	6,128	6,259	6,397	6,536
Community Development & Support	6,246	6,938	7,086	7,115	7,207	7,500	7,619	7,742	8,086	8,160	8,351
Museums, Libraries & Art Gallery	17,860	19,714	21,531	22,571	23,795	25,275	26,593	27,844	28,595	29,566	30,279
Sport, Recreation & Leisure	8,301	9,160	9,916	10,838	11,197	11,685	12,028	12,306	12,484	12,864	12,726
Total General Rates	42,760	45,587	51,259	57,562	59,644	62,682	66,329	68,865	70,917	72,780	74,599
Community Services Rate											
Public Health	250	52	96	99	101	103	105	109	111	113	116
Sport, Recreation & Leisure	8,823	9,508	9,789	10,148	10,405	10,637	10,922	11,247	11,527	11,801	12,065
Total Community Services Rates	9,073	9,560	9,885	10,247	10,506	10,740	11,027	11,356	11,638	11,914	12,182
Kerbside Recycling Rate											
Public Health	1,424	1,441	1,495	1,535	1,561	1,597	1,633	1,672	1,713	1,754	1,797
Citywide Water Rate											
Public Health	17,772	19,529	20,297	21,230	22,413	23,768	25,158	25,977	26,639	27,598	28,301
Citywide Drainage Rate											
Public Health	20,315	21,662	23,321	26,890	31,831	31,888	33,944	34,695	34,873	35,225	34,814
Rocklands/Pukerangi Water Scheme Rate											
Public Health	36	39	41	44	45	46	49	51	50	52	54

	2008/09 Forecast Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
Allanton Drainage Rate											
Public Health			21	21	21	21	21	21	21	21	21
Private Street Lighting Rate											
Transport Network	17	19	19	20	21	21	22	22	23	23	24
Total Rates per Financial Statements	91,397	97,837	106,338	117,549	126,042	130,763	138,183	142,659	145,874	149,367	151,791
% Increase in Total Rates	10.4%	7.0%	8.7%	10.5%	7.2%	3.7%	5.7%	3.2%	2.3%	2.4%	1.6%

Analysis of Revenue

	2009/10 Forecast Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
Revenue											
Rates	91,397	97,837	106,338	117,549	126,042	130,763	138,183	142,659	145,874	149,367	151,791
Other Revenue	41,980	70,917	75,019	69,452	52,892	55,740	54,790	55,823	57,123	58,702	60,847
Regulatory Services	4,532	4,356	4,535	4,674	4,786	4,897	5,008	5,128	5,251	5,378	5,510
DCHL Dividend	15,442	12,762	12,862	12,862	7,862	7,862	7,862	7,862	7,862	7,862	7,862
New Zealand Transport Authority	16,893	22,989	25,720	18,155	19,090	21,317	19,297	19,898	20,385	19,625	24,647
City Property Investment	4,259	6,298	6,518	6,779	6,676	6,837	7,038	7,251	7,435	7,613	7,786
Waipori Fund	4,117	4,211	4,384	4,519	4,626	4,734	4,842	4,957	5,076	5,200	5,326
DCHL Interest*	11,638	11,548	11,638	16,623	21,607	21,607	21,607	21,607	21,607	21,607	21,607
Unrealised Investment Property Gains	1,459	1,488	1,518	1,549	1,580	1,611	1,643	1,676	1,710	1,744	1,744
Total	191,717	232,406	248,532	252,162	245,161	255,368	260,270	266,861	272,323	277,098	287,120

All rates revenue is shown gross of rates remissions. Under the Council's Rate Remission Policies, which provide for rates to be remitted in cases of Extreme Financial Hardship.

* Note that in the 2011/12 year, the interest revenue is offset by a subvention payment of \$5 million, and from the 2012/13 year \$10 million.

2 Separately Disclosed Expenditure

Analysis of Expenditure

	2008/09 Forecast Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
Expenditure by Inputs											
Staff Costs	42,096	44,342	45,470	46,593	48,102	49,322	50,623	52,308	53,874	55,488	57,151
Operational Costs	86,163	87,710	89,445	97,281	104,496	107,578	110,143	112,644	115,939	118,541	120,911
Loan Interest	9,554	10,057	10,718	13,496	22,861	23,539	22,923	21,726	20,473	20,493	19,160
Depreciation	46,008	48,409	50,907	53,162	57,879	59,841	63,436	65,543	67,073	70,482	72,247
Total	183,821	190,518	196,540	210,532	233,338	240,280	247,125	252,221	257,359	265,004	269,469

3 Reconciliation of Summary of Cost of Service Statements with Core Council Income Statement

Internal expenditure and revenue

Each significant activity in section 2 is stated at gross of internal costs and revenues. These activity statements reflect the total external operations reflected in the Council Income Statement, as set out below.

Analysis of Expenditure

	2008/09 Forecast Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
Expenditure by Outputs											
Economic Development & City Promotion	21,374	17,046	17,655	25,429	34,311	34,067	34,196	34,194	34,304	34,458	34,508
Transport Network	37,545	40,008	41,820	43,780	44,832	46,012	47,750	48,938	49,962	51,289	52,430
Personal Safety	9,822	9,958	10,224	10,544	10,781	11,092	11,327	11,668	11,952	12,332	12,635
Public Health	57,272	61,092	61,784	62,996	72,346	73,888	75,714	77,552	78,885	81,065	83,084
City Planning & Urban Design	4,980	5,212	5,535	6,110	6,259	6,474	6,857	6,967	7,093	7,224	7,354
Community Development & Support	11,932	12,939	13,385	13,508	13,773	14,395	14,532	14,866	15,556	15,660	16,017
Museums, Libraries & Art Gallery	19,301	20,765	21,877	22,419	25,337	26,459	28,081	29,095	29,634	32,587	33,234
Sport, Recreation & Leisure	21,477	23,473	24,600	25,817	25,976	28,253	28,910	29,439	30,031	30,756	30,895
Corporate Support Activities	118	25	(340)	(71)	(277)	(360)	(242)	(498)	(58)	(367)	(688)
Total	183,821	190,518	196,540	210,532	233,338	240,280	247,125	252,221	257,359	265,004	269,469

4 Capital Management Strategy

The Council manages its capital to ensure that all entities under its control will be able to continue as going concerns. Capital includes Accumulated Funds, Revaluation Reserves, Restricted Reserves, Cash Flow Hedge Reserves and Forestry Revaluation Reserves. It is the nature of a Local Authority Balance Sheet to have the capital structure de-emphasised as a significant measure owing to the fact the local authorities rarely seek an economic return from infrastructure assets. The value of the long-term fixed assets in relation to the public debt is not as significant as the impact of the interest component on the potential rate charge. The measure contained in the Borrowing and Investment Policy provide an indication of the meeting or otherwise of the objectives.

5 Trade and Other Receivables

The Dunedin City Council does not provide for any impairment on rates receivable as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Dunedin City Council to commence legal proceedings to recover any rates that remain unpaid four months after the due date for payment.

The carrying value of trade and other receivables approximates their fair value.

Normally no interest is charged on the accounts receivable although in specific instances interest may be charged. An allowance has been made for estimated irrecoverable amounts determined by reference to past default experience.

6 Inventories

The Council inventories are not pledged as security for liabilities.

7 Other Financial Assets

a) Other current financial assets

Other current financial assets are classified as fair value through profit and loss. Fair value is determined by reference to the appropriate market. These investments are of short-term duration being between an on-call position and twelve months.

b) Other non-current financial assets

Except for the shares in the subsidiary Dunedin City Holdings Limited, the associated advance and other shares, all other non-current financial assets are classified as held at fair value with any changes in value going to the profit and loss account. Fair value is determined by reference to the appropriate market or discounted cash flows. These investments are of greater duration than twelve months.

Waipori Fund equity investments are valued at market value. This reflects the fair value of the equities.

On incorporation, Dunedin City Holdings Limited issued 100,000,000 ordinary shares of \$1 in favour of Dunedin City Council. Only \$100,000 was called and paid up. Since incorporation Dunedin City Holdings Limited has issued additional shares of \$1 each in favour of the Dunedin City Council. The shares carry equal voting rights and are uncalled. The amounts and dates of issue are:

– May 1996	75,000,000
– March 1999	100,000,000
– June 2002	71,000,000

The advance from the Dunedin City Council to the group is subordinated and unsecured. The terms of the advance agreement between the Dunedin City Council and the group are such that there is no obligation on Dunedin City Holdings Limited to transfer economic benefit at any specific time.

The Waipori Fund equity investments have been valued at market value at 30 June 2008. The ongoing assumption in the forecast financial statements is that the value of the equities will not change for the next ten years.

8 Non-Current Liabilities

Core Council term loans are secured by rates revenue. The term loans of the Dunedin City Holdings Limited group are secured by certain assets and undertakings of the group. The multi-option note facility has a borrowing limit of \$350 million. Debt is raised by issuing long dated bonds or by the tender of promissory notes, usually issued for 90 day terms. Three independent banks have underwritten the facility up to \$45 million.

Under the multi-option facility cash is raised using two methods – promissory notes and bonds.

The tender of promissory notes under the multi-option note facility generally raises debt for a term of 90 days before being re-tendered. This type of borrowing is executed at the floating rate at the date of borrowing and exposes the group to cash flow interest rate risk. Interest rate derivatives are taken out to manage that risk. The credit risk from each derivative is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

The second method involves the issuance of bonds at fixed interest rates that expose the group to fair value interest rate risk. Several issues of bonds have been made, or agreed, as follows:

\$40m issued for 8 years, maturing 15/11/13 at a coupon rate of 7.07%

\$50m issued for 10 years, maturing 15/11/16 at a coupon rate of 6.79%

\$60m issued for 10 years, maturing 15/10/17 at a coupon rate of 7.81%

\$40m issued for 3 years, maturing 15/4/11 at a coupon rate of 8.7%

The weighted average interest rate for the multi-option note facility at year end, inclusive of any current portion, was 8.84% (2007: 7.06%).

9 Provisions

Accrued long service leave

The non-current portion of accrued long service leave has been calculated on an actuarial basis and is based on the reasonable likelihood that it will be earned by employees and paid by the group.

10 Property, Plant and Equipment

Land and Buildings

Land and buildings are valued at fair value as at 30 June 2006. They are inflation adjusted annually by 2%.

Infrastructure Assets

Water infrastructure buildings and structures have been valued at depreciated replacement cost as at 30 June 2008. They have been inflation adjusted annually by 2%.

Waste Services infrastructure buildings and structures have been valued on a depreciated replacement cost as at 30 June 2008. They have been inflation adjusted annually by 2%.

Infrastructure assets comprising roads and bridges, traffic signals and signs have been valued at depreciated replacement cost as at 30 June 2008. They have been inflation adjusted annually by 2%.

The water reticulation system was revalued as at 30 June 2008. It has been inflation adjusted annually by 2%.

The drainage reticulation system was revalued as at 30 June 2008. It has been inflation adjusted annually by 2%.

Landfill Assets

Landfill assets have been revalued as at 30 June 2008 by Council staff. They have been inflation adjusted annually by 2%.

Restricted Assets

Land and Buildings

Land and road reserves have been valued as at 30 June 2006. They have been inflation adjusted annually by 2%.

Buildings have been valued as at 30 June 2006. They have been inflation valued adjusted annually by 2%.

Hard Surfaces and Reticulation Systems

Hard surfaces and reticulation systems have been valued as at 30 June 2007. They have been inflation adjusted annually by 2%.

Plant and Equipment

Plant and equipment have been valued as at 30 June 2008. They have been inflation adjusted annually by 2%.

Heritage Assets

Heritage assets include the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, the Early Settlers Museum and the monuments, statues and outdoor art.

The Art Gallery Collection has been valued as a "heritage collection" at estimated current values as at 30 June 1993. This is at deemed cost.

The Theomin Collection has also been valued as a heritage. The collection was valued at estimated current values as at 30 June 1993. This is at deemed cost.

The Otago Settlers Museum Collection has been valued at its estimated insurance value. Individual heritage assets have not been valued.

Monuments, statues and outdoor art have been valued at depreciation replacement value as at 30 June 2006.

The Otago Settlers Association has vested land, buildings and the collection in the Dunedin City Council. The land and buildings are valued as at 30 June 2006.

Heritage collections not valued include the Public Library Rare Book Collection.

11 Investment Property

Investment Properties and Properties Intended for Sale

Investment properties are revalued annually as at 30 June by independent registered valuers, on a net current value basis. Properties intended for resale are valued at the lower of cost and net realisable value. They have been inflation adjusted annually by 2%.

12 Financial Instruments

The consolidated entity's corporate treasury function provides services to the business, co-ordinates access to domestic financial markets and manages the financial risks relating to the operations of the consolidated entity.

The consolidated entity does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes. The use of financial derivatives is governed by

the consolidated entity's policies approved by the Council, which provides written principles on the use of financial derivatives.

Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council and Group. The Council and Group has adopted a policy of only dealing with creditworthy counterparties that are rated the equivalent of investment grade and above. This information is supplied by credit rating agencies. The group's exposure and credit ratings of its counterparties are continually monitored and the aggregate value of transactions undertaken is spread amongst the approved counterparties. In terms of the Ratepayer base the Rating Powers Act provides significant legal remedy to recover amounts owing to the Council.

Financial instruments which potentially subject the Group to credit risk, principally consist of bank balances, accounts receivable, short term investments and various other financial instruments.

Trade receivables consist of a large number of customers spread across diverse industries and geographical areas. The group does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Council and Group is not exposed to any concentration of credit risk. The carrying amounts of the Council and Group's financial assets and financial liabilities are equivalent to their fair value, except with regard to forestry suspensory loans and the term bonds which carry an interest liability below the current market rate. The fair value of the financial instruments is based on quoted market prices for these instruments at balance date.

Policy and practice for the Council is detailed and recorded in the Liability Management Policy and the Investment Policy.

Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges across the group. In all cases the critical terms of both the hedges instrument and the underlying transaction are matched.

Interest Rate Risk

Each entity with material debt within the Dunedin City Council group has its own interest rate risk management policy approved by its own governing body. This policy determines for economic reasons the proportion of projected debt that is fixed by the issue of fixed debt or by interest rate swap. The treasury company monitors on a monthly basis the level of fixed interest rates for the next ten years and compares this against anticipated debt levels.

The Group uses interest rate swaps to manage its exposure to interest rate movements on its multi-option note facility borrowings by swapping a proportion of those borrowings from floating rates to fixed rates. The treasury policies of each company recommends that the level of the fixed interest hedge should be limited to a series of ranges within set debt time periods.

Currency Risk

Certain capital expenditure projects involve expenditure in foreign currency. Where this is identified, the Council puts in place appropriate currency risk management strategies.

Ten-Year Capital Expenditure Programme

The capital expenditure list has been shaded in order to show the different stages for each project.

The different stages are:

Project Stage	Typical Margin of Error	Colour Code
Concept	± 25%	Dark Grey
Initiation and Planning	± 10% to ± 25%	Medium Grey
Execution and Closure	± 5%	Light Grey

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
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‡ Indicates projects with full or partial external funding sources

Economic Development & City Promotion

Stadium

New Capital

Stadium ‡	21,803	75,883	62,320	5,282							
Stadium Borrowing Costs	3,200	5,258	9,356	5,236							
Total	25,003	81,141	71,676	10,518	0	0	0	0	0	0	0

Renewals

Total	0	0	0	0	0	0	0	0	0	0	0
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Total

Total	25,003	81,141	71,676	10,518	0	0	0	0	0	0	0
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Marketing and Communications Agency

New Capital

Octagon Christmas Tree ‡								93			
Total	0	0	0	0	0	0	0	93	0	0	0

Renewals

Graphic Design - minor capital	3		5			11			12		
Total	3	0	5	0	0	11	0	0	12	0	0

Total

Total	3	0	5	0	0	11	0	93	12	0	0
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Dunedin Centre

New Capital

Dunedin Centre Re-development	1,225	8,408	27,220	9,694							
Dunedin Centre Re-development Borrowing Costs	134	310	1,296	2,958							
Total	1,359	8,718	28,516	12,652	0	0	0	0	0	0	0

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Renewals											
General Equipment Upgrade	25	175	878	106	108	111	114	116	119	442	125
Total	25	175	878	106	108	111	114	116	119	442	125
Total	1,384	8,893	29,394	12,758	108	111	114	116	119	442	125
Visitor Centre											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
IBIS Replacement					27	122					
Total	0	0	0	0	27	122	0	0	0	0	0
Total	0	0	0	0	27	122	0	0	0	0	0
Property - Investment											
New Capital											
New Investments	16,300	7,000									
Total	16,300	7,000	0	0	0	0	0	0	0	0	0
Renewals											
Investment Renewals	50	50	51	53	55	56	58	59	61	87	89
Total	50	50	51	53	55	56	58	59	61	87	89
Total	16,350	7,050	51	53	55	56	58	59	61	87	89
Property - Management											
New Capital											
Property Management		215		53			58			62	
Total	0	215	0	53	0	0	58	0	0	62	0
Renewals											
Total	0	0	0	0	0	0	0	0	0	0	0
Total	0	215	0	53	0	0	58	0	0	62	0
Property - Miscellaneous											
New Capital											
Regent Theatre Redevelopment‡		350	6,581								
CCTV Octagon ‡		200					230				
Furtune Theatre Upgrade				53							
Total	0	550	6,581	53	0	0	230	0	0	0	0

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Renewals											
Capital Renewal	65	50	51	53	55	56	58	59	61	87	89
Railway Station Platform Renewal	5	295									
Railway Station Canopy Upgrade Stage 2	220	280									
Gasworks Museum ‡	50	400									
Total	340	1,025	51	53	55	56	58	59	61	87	89
Total	340	1,575	6,632	106	55	56	288	59	61	87	89
Property - Operational											
New Capital											
Civic Centre Accommodation Upgrade	100	2,400									
New Buildings/Alterations	170	150	154	159	164	168	173	178	182	187	191
Waikouaiti Hall	3,650										
Toilets	60	256	140	145	148	152	156	161	166	169	173
Total	3,980	2,806	294	304	312	320	329	339	348	356	364
Renewals											
Renewal/Replacement of Building Services	170	215	184	191	234	201	207	237	243	250	255
Public Toilet Renewals	180	400	257	266	273	279	173	178	183	249	255
Public Hall Renewals		20	21	21	22	22	23	24	24	25	26
Mosgiel Corronation Hall Carpark Asphalt	50										
Municipal Chambers Clock Rebuild										37	
OSM Re-roof			206	212							
Total	400	635	668	690	529	502	403	439	450	561	536
Total	4,380	3,441	962	994	841	822	732	778	798	917	900
Transport Network											
Transportation Operations											
New Capital											
Enhancing the Network											
Mosgiel/Taieri Arterial Routes ‡	495	180	185	1,688	1,238						3,986
Roading Miscellaneous Works	111	118	121	124	127	130	133	137	140	144	147
Seal Extension Programme	778	772	793	815	835	854	874	896	918	941	961
Strategic Corridor Upgrades ‡	450	9,513	10,026			3,119					

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Subdivision Property Purchase	30	30	31	32	32	33	34	35	36	37	37
Dunedin/Port Chalmers Walkway/Cycleway ‡	150	100	1,058	652	780	1,140	1,223				
Mosgiel East ‡	718	840	598			793					
Mosgiel West B ‡			996			2,150					
Safety Improvements											
Cycling Network Implementation ‡	237	209	214	220	225	231					
Mobility Facilities Programme ‡	310	593	608	608	623	638	652	668	685	702	717
Pedestrian Facilities Programme ‡	417	442	454	467	478	490	501	513	526	539	551
Peninsula Projects ‡	3,020	2,375	2,296	973	1,043	898	1,225	2,460	2,521	639	3,736
Road Safety Works Programme ‡	834	884	908	933	955	979	1,002	1,026	1,050	1,077	1,100
Street Lighting Improvements	12	13	14	14	14	14	15	15	15	15	16
Peninsula Information Site Relocation		286									
Tourism, Destination & Attraction Signage	100	60									
Total	7,662	16,415	18,302	6,526	6,350	11,469	5,659	5,750	5,891	4,094	11,251
Renewals											
Bridge Renewals ‡	210	1,103	2,494	622	637	653	668	684	701	718	734
Carriageway Resurfacing ‡	3,190	3,570	3,665	3,767	3,860	3,952	4,043	4,143	4,245	4,350	4,446
Footpath Resurfacing	2,153	2,220	2,279	2,343	2,400	2,457	2,514	2,576	2,639	2,705	2,764
Footpath Resurfacing Central Activity Area		150	154	158	162	166	170	174	178	183	186
Gravel Road Re-metalting ‡	1,001	781	802	825	845	865	885	907	929	952	972
Major Drainage Control ‡	1,110	1,136	1,166	1,199	2,006	2,054	2,102	2,154	2,207	2,261	2,311
Markings ‡	103	170	175	180	184	188	193	197	202	207	212
Retaining Wall Renewal ‡	112	119	122	126	129	132	135	138	142	145	149
Seawall Renewal ‡	1,090	1,200	1,232	1,266	1,622	1,660	1,699	1,741	1,783	1,828	1,868
Shape Correction: Pavement Rehabilitation ‡	2,572	2,520	2,587	2,659	2,724	2,789	2,855	2,924	2,996	3,071	3,138
Shape Correction: Pavement Smoothing ‡	1,687	1,439	1,480	1,519	1,558	1,594	1,628	1,669	1,712	1,754	1,792
Signals ‡	82	207	212	218	223	229	234	240	246	252	257
Signs ‡	317	146	149	154	157	161	165	169	173	177	181
Street Lighting ‡	52	56	57	59	276	283	290	297	304	311	318
Structure Component Replacement ‡	33	248	254	261	268	274	281	287	294	302	308
Total	13,712	15,065	16,828	15,356	17,051	17,457	17,862	18,300	18,751	19,216	19,636
Total	21,374	31,480	35,130	21,882	23,401	28,926	23,521	24,050	24,642	23,310	30,887

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Citipark											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Pay and Display Machines	1,940	300	310	318	325	333	341	349	357	1,049	1,075
Skidata Software Upgrade		25			27			29			32
Skidata Carpark Equipment			207							244	
Lower Moray Place Pay Stations					222						
YMCA & Great King Street Pay Stations						397					
Total	1,940	325	517	318	352	555	738	378	357	1,293	1,107
Total	1,940	325	517	318	352	555	738	378	357	1,293	1,107
Parking Enforcement											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Electronic Ticket Writers	10			106						122	
Total	10	0	0	106	0	0	0	0	0	122	0
Total	10	0	0	106	0	0	0	0	0	122	0
Personal Safety											
Civil Defence & Rural Fires											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Emergency Equipment Replacement Programme	47	47	49	50	51	52	201	55	56	57	59
Total	47	47	49	50	51	52	201	55	56	57	59
Total	47	47	49	50	51	52	201	55	56	57	59

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Public Health											
Asset Planning											
New Capital											
Strategic Model Development	800										
Total	800	0	0	0	0	0	0	0	0	0	0
Renewals											
Total	0	0	0	0	0	0	0	0	0	0	0
Total	800	0	0	0	0	0	0	0	0	0	0
Water Production											
New Capital											
Metro Development - Water Facilities	1,096	536	573	886	305	23	24	25	26	27	27
Taieri River Bridge Bypass		52	159	2,191	2,257						
West Taieri Rural Water Scheme Upgrade	3,638					92	95				
Northern Water Scheme Water Supply Upgrade	6,901										
Total	11,635	588	732	3,077	2,562	115	119	25	26	27	27
Renewals											
Metro Renewals - Water Facilities	183	280	685	1,149	2,032	2,110	2,166	2,299	2,289	2,368	2,451
Deep Creek Pipeline	246	2,281	1,309	1,352	1,393	1,437	1,484	1,533	1,584	1,639	1,825
Rocklands Water Scheme Renewals	3	2				26	3	5			
Total	432	2,563	1,994	2,501	3,425	3,573	3,653	3,837	3,873	4,007	4,276
Total	12,067	3,151	2,726	5,578	5,987	3,688	3,772	3,862	3,899	4,034	4,303
Network Maintenance Operations											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Plant Replacement	16	16	17	17	18	18	19	20	20	21	22
Total	16	16	17	17	18	18	19	20	20	21	22
Total	16	16	17	17	18	18	19	20	20	21	22
Network Management											
New Capital											
Water											

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Metro Development - Pipe Network	52	123	125	129	133	137	142	147	152	157	162
Reticulation Development - Zone Metering	69	69	70	72	75	77	79	82	85	88	91
Reticulation Facilities for Variation 9B	678										
Mosgiel West and East C ‡						1,297					1,123
Wastewater											
Metropolitan Reticulation	166	166	170	174	179	185	191	197	204	211	218
Reticulation Facilities for Variation 9B ‡						323					
Sewer Overflow Mitigation	500	500									
Wastewater Sewer Mosgiel East ‡	333										
Allanton Effluent Disposal		860	3,507								
Gladstone Rd North Pump Station ‡						86	89				
Burns St PS Upgrade Variation 15 ‡										316	327
Pump Station Upgrade for Variation 15 and 9B ‡							120				
Stormwater											
Stormwater Reticulation Upgrades	60	365	221	228	235	242	250	258	266	275	286
Somerville St Stormwater Sewer	1,130	578									
Metro Quality Improvement			105	109	2,559	115	119	123	127	132	136
Total	2,988	2,661	4,198	712	3,181	2,462	990	807	834	1,179	2,343
Renewals											
Water											
Metro Renewals - Pipe Network	546	1,755	1,072	1,544	2,184	2,540	3,420	5,143	5,439	5,992	8,101
Rural Schemes (excl Rocklands)		261	282	265	282	884	401	439	435	447	463
Wastewater											
Pump Stations	191	161	243	237	172	263	185	240	315	326	272
Foul Sewer Renewals (Reticulation & Trunk Mains)	1,054	1,644	2,379	2,801	2,945	3,343	3,954	4,150	4,209	4,375	4,505
Stormwater											
Pump Stations		41	37	64	67	58	42	25	104	113	117
Stormwater Trunk Mains	477	523	568	621	675	1,308	1,649	2,495	2,500	2,969	3,494
Total	2,268	4,385	4,581	5,532	6,325	8,396	9,651	12,492	13,002	14,222	16,952
Total	5,256	7,046	8,779	6,244	9,506	10,858	10,641	13,299	13,836	15,401	19,295

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Wastewater Treatment											
New Capital											
Tahuna Upgrade Stage 1 - Outfall	1,900										
Tahuna Upgrade Stage 2 - Treatment	2,000	13,567	29,999	30,966							
Treatment Borrowing Costs	84	371	1,532	3,607							
Mosgiel Wastewater Pump Station Capacity		500									
Total	3,984	14,438	31,531	34,573	0	0	0	0	0	0	0
Renewals											
Treatment Plants	56	623	840	1,079	1,569	1,652	1,825	1,541	941	1,093	1,119
Tahuna Upgrade Stage 2 - Concrete Channel	140										
Total	196	623	840	1,079	1,569	1,652	1,825	1,541	941	1,093	1,119
Total	4,180	15,061	32,371	35,652	1,569	1,652	1,825	1,541	941	1,093	1,119
Solid Waste											
New Capital											
Compost for Final Cap	30	31	32	33	34	35	35	36	37	38	39
Green Island (GI) LF Gas Collection System	650	1,503	610		392		411		432		453
GILF Litter Fences for New Bunds	12			13			14			15	
Landscaping for Final Cap	30	31	32	33	34	35	36	36	37	38	39
Sawyers Bay (SB) LF Closure	20	153									
Waikouaiti Landfill Transfer Station								260			
Waikouaiti Landfill Decommissioning									133	136	
Waikouaiti Landfill Landscaping									43	44	
GILF Improvements to Final Cap	250	175	181	185	190	194	199	203	208	214	219
GILF Leachate System		200		212		221		233		244	
Total	992	2,093	855	476	650	485	695	768	890	729	750
Renewals											
Landfills Green Island	250	259	108	109	224	230	117	181	370	379	388
Renewal of Litter Bins	23	24	24	25	26	26	27	27	28	29	29
Total	273	282	132	134	250	256	144	208	398	408	417
Total	1,265	2,375	987	610	900	741	839	976	1,288	1,137	1,167

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
City Development											
City Planning											
New Capital											
Citywide Amenity Upgrades	34	508	525	529	163	555	170	581	179	610	188
Harbourside Access & Amenities		2,900	2,481			4,691					
Harbourside Borrowing Costs	54	56	269								
St Clair Sea Wall	129	141									
Total	217	3,605	3,275	529	163	5,246	170	581	179	610	188
Renewals											
Total	0	0	0	0	0	0	0	0	0	0	0
Total	217	3,605	3,275	529	163	5,246	170	581	179	610	188
Community Development & Support											
Housing											
New Capital											
New Housing Units	176	1,286									
Total	176	1,286	0	0	0	0	0	0	0	0	0
Renewals											
Existing Housing Upgrade	450	450	462	478	491	503	518	534	547	561	573
Total	450	450	462	478	491	503	518	534	547	561	573
Total	626	1,736	462	478	491	503	518	534	547	561	573
Cemeteries & Crematorium											
New Capital											
Chapel Heating							33				
Dunedin Cemetery	390	45									
Total	390	45	0	0	0	0	33	0	0	0	0
Renewals											
Cremator Replacement	420										
East Taieri Garage					3						
Larnachs Tomb ‡						277					
Paving			440	589							
Refractory Lining Replacement		110									
Total	420	110	440	589	3	277	0	0	0	0	0
Total	810	155	440	589	3	277	33	0	0	0	0

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Civic Leadership											
New Capital											
Council Chamber/Edinburgh Room Improvements	20										
Total	20	0	0	0	0	0	0	0	0	0	0
Renewals											
Total	0	0	0	0	0	0	0	0	0	0	0
Total	20	0	0	0	0	0	0	0	0	0	0
Museums, Libraries & Art Gallery											
Dunedin Public Libraries											
New Capital											
Blueskin Bay Library Expansion ‡		350	424								
Heritage Collection Purchases	62	65	67	69	71	72	74	76	77	79	81
Heritage Collection Purchases - Trust Funds	10	10	10	11	11	11	11	12	12	12	13
Operational Collections Purchases	966	1,014	1,049	1,073	1,099	1,125	1,151	1,178	1,208	1,238	1,268
Dynix Replacement Project	30	301									
Library Redevelopment					973	8,346	7,745	4,494	4,604		
Library Redevelopment Borrowing Costs					17	209	727	1,067	1,193		
Total	1,068	1,740	1,550	1,153	2,171	9,763	9,708	6,827	7,094	1,329	1,362
Renewals											
Minor Capital Equipment Purchases	50	52	53	54	56	57	59	60	61	63	64
Total	50	52	53	55	56	57	59	60	62	63	65
Total	1,118	1,792	1,603	1,207	2,227	9,820	9,767	6,887	7,155	1,392	1,426
Dunedin Public Art Gallery											
New Capital											
DCC Funded Acquisitions	9	91	52	53	54	56	57	58	60	61	63
DCM Minor Capital Works	40	20	21	21	22	22	23	23	24	24	25
DPAG Environmental Controls ‡	17	501									
DPAG Funded Acquisitions ‡	65	65	67	69	71	72	74	76	77	79	81
Total	131	677	140	143	146	150	153	157	161	165	169

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Renewals											
DPAG HVAC	16	36	22	15	3	3	255				
DPAG Security System			30	28							
Total	16	36	52	43	3	3	255	0	0	0	0
Total	147	713	192	186	149	153	408	157	161	165	169
Otago Settlers Museum											
New Capital											
OSM Redevelopment ‡	5,573	10,326	12,746	9,050	390						
OSM Redevelopment Borrowing Costs	208	649	1,312	1,722							
DCM Minor Capital Works		20	21	21	22	22	23	23	24	24	25
Total	5,781	10,995	14,079	10,793	412	22	23	23	24	24	25
Renewals											
Total	0	0	0	0	0	0	0	0	0	0	0
Total	5,781	10,995	14,079	10,793	412	22	23	23	24	24	25
Sport, Recreation & Leisure											
Aquatic Services											
New Capital											
Hydroslide and Creche	600										
Total	600	0	0	0	0	0	0	0	0	0	0
Renewals											
Moana Pool Double Glazing Replacement		57	59	60	62						
Mosgiel Pool Filter		54									
Mosgiel Pool Upgrade			428	12	12	31	9	60	22	23	23
Port Chalmers Upgrade					20	7		60	22	23	23
St Clair Hot Salt Water Pool	26				17	15	25	26	27	28	28
Gym Equipment Replacement		20	21	22	22	23	24	25	25	25	26
Minor Capital	15	16	16	17	17	17	17	18	19	18	20
Moana Pool Replacement of Filters											75
Rectrac Replacement	150	150									
Total	191	297	524	111	150	93	75	189	115	117	195
Total	791	297	524	111	150	93	75	189	115	117	195

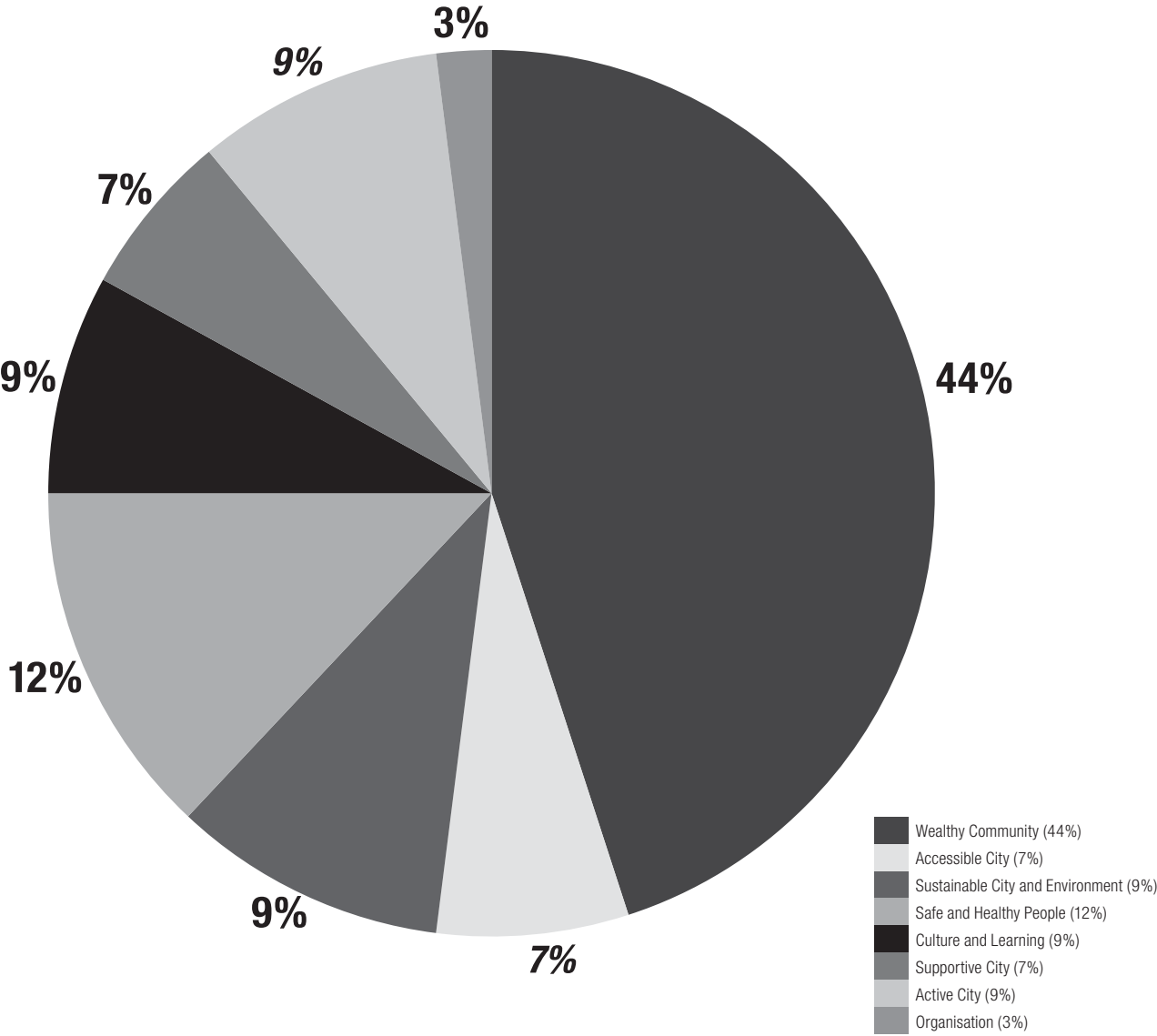
	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Botanic Garden											
New Capital											
Mediterranean Garden ‡	13	170									
Winter Garden							92	8			
Botanic Garden Redevelopment	190	1,010	2,055	2,124	1,452						
Redevelopment Borrowing Costs	23	34	130	281	415						
Total	226	1,214	2,185	2,405	1,867	0	92	8	0	0	0
Renewals											
Aviary		10									
Entranceway Sculpture				93							
Total	0	10	0	93	0	0	0	0	0	0	0
Total	226	1,224	2,185	2,498	1,867	0	92	8	0	0	0
Parks & Reserves											
New Capital											
Recreation Services											
Playground Improvement	257	295	303	313	322	330	339	350	358	368	375
Logan Park Surface Upgrade		212	175								
Logan Park Redevelopment		3,300	4,727	4,991	2,646						
Logan Park Redevelopment Borrowing Costs		64	341	689	990						
Hancock Park Upgrade						415					
Bathgate Park Upgrade					277						
Opoho Park Upgrade							292				
Montecillo Upgrade								309			
Track Enhancements	20										
Te Rauone Toilet Upgrade		70									
Broad Bay Reserve Planting		5									
Back Beach Reserve Landscaping		10									
Kitchener Street Footpath		52									
Otago Boat Harbour Carparking		52									
University Oval Cricket Test Facilities ‡		442									
Booking System Upgrade		150									

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Forrester Park Car Park (Gravel)		30									
Portobello Jetty ‡			808								
Conservation Services											
Harbour Cone Projects		100									
Coastal Conservation	400										
Taiaroa Head Car Park Upgrade		150									
Art in Public Places		100	51	53	55	56	58	59	61	62	64
Recreation & Conservation Services											
Reserve Purchase	50	50	51	53	55	56	58	59	61	62	64
Developer Contributions											
Reserve Development Grandvista ‡		239									
Reserve Development Mosgiel East ‡			1,359								
Reserve Development Mosgiel West ‡				994							
Total	727	5,321	7,815	7,093	4,345	857	747	468	789	492	503
Renewals											
Playground Safety	67										
Parks & Reserves Renewal	267										
Sportsground Renewal	616										
Recreation Services Renewal		723	863	479	309	386	911	231	360	243	346
Conservation Services Renewal		156	94	118	99	124	286	280	111	113	122
Total	949	879	957	597	408	510	1,197	511	471	356	468
Total	1,676	6,200	8,772	7,690	4,753	1,367	1,944	979	1,260	848	971
Corporate Support Activities											
Citifleet											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Vehicle Fleet Replacement	450	665	687	496	508	520	532	545	557	572	585
Truck Deck Replacement	30	40	21	42	44	44	34	70	42	85	25
Truck Renewal	100	50	52	53	54	56	57	58	60	61	63
Total	580	755	760	591	606	620	623	673	659	718	673
Total	580	755	760	591	606	620	623	673	659	718	673

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Customer Services Agency											
New Capital											
Customer Request Logging System		50									
Total	0	50	0	0	0	0	0	0	0	0	0
Renewals											
Contact Centre Applications	150							174			
Total	150	0	0	0	0	0	0	174	0	0	0
Total	150	50	0	0	0	0	0	174	0	0	0
Finance											
New Capital											
AP-EAS		35									
Total	0	35	0	0	0	0	0	0	0	0	0
Renewals											
Corporate Furniture	65	100	70	71	73	75	76	78	80	82	84
AP-EAS								35	95		
Total	65	100	70	71	73	75	76	113	175	82	84
Total	65	135	70	71	73	75	76	113	175	82	84
Network Services											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Business Continuity Plan	123	67	103	116		111	68	128	119		138
Data Communications Network	141	155	134	106	54	56	57	58	60	61	63
Office Automation Equipment	250	250	258	265	271	277	284	291	298	305	312
Desktop Equipment	193	374	386	395	405	414	424	434	445	456	467
Systems Operations	65	65	67	69	71	72	74	76	77	79	81
Voice Communications Infrastructure		45	27	26	27	28	28	29	29	31	31
Total	772	956	975	977	828	958	935	1,016	1,028	932	1,092
Total	772	956	975	977	828	958	935	1,016	1,028	932	1,092

	2008/09 Revised Budget \$'000	2009/10 Budget \$'000	2010/11 Budget \$'000	2011/12 Budget \$'000	2012/13 Budget \$'000	2013/14 Budget \$'000	2014/15 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
‡ Indicates projects with full or partial external funding sources											
Business Solutions											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
Web Communications Equipment		8			9	17			10	10	10
Other Core Council Applications		200	620		43	178			238	732	
Total	0	208	620	0	52	194	0	0	248	742	10
Total	0	208	620	0	52	194	0	0	248	742	10
Information Solutions											
New Capital											
Total	0	0	0	0	0	0	0	0	0	0	0
Renewals											
A3/A4 Scanners					43					49	
Large Format Plotter	30					33					38
Large Format Scanners	50				54	56					63
Dataworks Renewals	25	50	52	53	54	56	57	58	60	60	62
Storage Equipment		20	20	21	21	22	23	23	23	24	25
Land Information System	74	75			542	2,219					
Total	179	145	72	74	716	2,386	80	81	83	134	188
Total	179	145	72	74	716	2,386	80	81	83	134	188
Grand Total	107,573	190,782	223,325	120,733	55,360	69,382	57,550	56,701	57,724	54,388	64,756

2009/10 Capital Expenditure by Outcome Area



2009/10 Capital Expenditure Programme by Outcome Area

The following table demonstrates how the 2009/10 Capital Expenditure Programme contributes to each of the community outcomes:

		2009/10 Budget \$'000	Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
			Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
Economic Development & City Promotion										
Stadium	Stadium	75,883	53,118					7,588	7,588	7,588
	Stadium Borrowing Costs	5,258	3,681					526	526	526
Dunedin Centre	Dunedin Centre Re-development	8,408	5,886		2,522					
	Dunedin Centre Re-development Borrowing Costs	310	217		93					
	General Equipment Upgrade	175	88		88					
Property - Investment	Investment Renewals	7,050	7,050							
Property - Management	Property Management	215								215
Property - Miscellaneous	Capital Renewal	50								50
	Regent Theatre Redevelopment	350			42			154	154	
	CCTV Octagon	200					200			
	Railway Station Platform Renewal	295			148		148			
	Railway Station Canopy Upgrade Stage 2	280			140		140			
	Gasworks Museum	400		80	240			80		
Property - Operational	Civic Centre Accommodation Upgrade	2,400								2,400
	New Buildings/Alterations	150								150
	Toilets	256			128				128	
	Renewal/Replacement of Building Services	215								215
	Public Toilet Renewals	400				400				
	Public Hall Renewals	20			3			8	9	
Transport Network										
Transportation Operations	Mosgiel/Taieri Arterial Routes	180	36	54	36	54				
	Roading Miscellaneous Works	118		118						
	Seal Extension Programme	772	255	255		262				
	Subdivision Property Purchase	30		30						
	Strategic Corridor Upgrades	9,513	1,427	2,854	1,427	2,854				951
	Dunedin/Port Chalmers Walkway/Cycleway	100		30	20			20		30
	Mosgiel East	848	170	254	170	254				

	2009/10 Budget \$'000	Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
		Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
Cycling Network Implementation	208		41	62	41			62	
Mobility Facilities Programme	593		178		267			148	
Pedestrian Facilities Programme	442		111		221			111	
Peninsula Projects	2,375	712	712		475			475	
Road Safety Works Programme	884			265	619			0	
Street Lighting Improvements	13		4		4			4	
Peninsula Information Site Relocation	286	28	257						
Tourism, Destination & Attraction Signage	60	6	54						
Bridge Renewals	1,103	221			221		662		
Carriageway Resurfacing	3,570	714	1,428	357	1,071				
Footpath Resurfacing	2,220	444	666	222	444			444	
Footpath Resurfacing Central Activity Area	150	30	45	15	30			30	
Gravel Road Re-metaling	781	117	156	117	156			234	
Major Drainage Control	1,136	170	341	170	284			170	
Markings	170	17	51	17	51			34	
Retaining Wall Renewal	119	12	36	12	36			24	
Seawall Renewal	1,200	120	240	120	360			360	
Shape Correction: Pavement Rehabilitation	2,520	504	1,008	252	504			252	
Shape Correction: Pavement Smoothing	1,440	288	576	144	288			144	
Signals	206		62		82			62	
Signs	145		44		58			44	
Street Lighting	55		17		22			17	
Structure Component Replacement	247	49	49	25	74			49	
Citipark									
Pay and Display Machines	300		300						
Skidata Software Upgrade	25		25						
Personal Safety									
Civil Defence & Rural Fires									
Emergency Equipment Replacement Programme	47				47				

			Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
			Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
2009/10 Budget \$'000										
Public Health										
Water Production	Metro Development - Water Facilities	536	107		54	375				
	Taieri River Bridge Bypass	52	21		5	26				
	Metro Renewals - Water Facilities	280	140		28	112				
	Deep Creek Pipeline	2,281	1,140		228	912				
	Rocklands Water Scheme Renewals	2	1			1				
Network Maintenance Operations	Plant Replacement	16	2		2	13				
Network Management	Water									
	Metro Development - Pipe Network	123	25		12	86				
	Reticulation Development - Zone Metering	68	14		27	27				
	Metro Renewals - Pipe Network	1,755	878		176	702				
	Rural Schemes Renewals	261	261							
	Wastewater									
	Metropolitan Reticulation	166	50		66	50				
	Sewer Overflow Mitigation	500	50		100	350				
	Allanton Effluent Disposal	860	86		258	516				
	Pump Stations	161	48		48	65				
	Foul Sewer Renewals (Reticulation & Trunk Mains)	1,643	493		493	657				
	Stormwater									
	Stormwater Reticulation Upgrades	366	110		110	146				
	Somerville St Stormwater Sewer	578	116		174	289				
Pump Stations	41	12		12	16					
Stormwater Trunk Mains	523	157		157	209					
Wastewater Treatment	Tahuna Upgrade Stage 2 - Treatment	13,568	3,392		4,070	5,427	678			
	Treatment Borrowing Costs	371	93		111	148	19			
	Mosgjel Wastewater Pump Station Capacity	500	150		150	150	50			
	Treatment Plants	622	187		187	187	61			
Solid Waste	Compost for Final Cap	31			9	22				

		2009/10 Budget \$'000	Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
			Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
	Green Island (GI) LF Gas Collection System	1,503			451	1,052				
	Landscaping for Final Cap	31			9	22				
	Sawyers Bay (SB) LF Closure	152	15		91	46				
	GILF Improvements to Final Cap	175	18		105	53				
	GILF Leachate System	200	20		120	60				
	Landfills Green Island	258	52		103	103				
	Renewal of Litter Bins	23			7	16				
City Planning & Urban Design										
Architecture & Urban Design	Citywide Amenity Upgrades	508			254	254				
	Harbourside Access & Amenities	2,900		725	1,450				725	
	Harbourside Borrowing Costs	56		14	28				14	
	St Clair Sea Wall	140	14		56	28	14	14	14	
Community Development & Support										
Housing	New Housing Units	1,286				257		1,029		
	Existing Housing Upgrade	450				90		360		
Cemeteries & Crematorium	Dunedin Cemetery	45		9	4	5	4	23		
	Refractory Lining Replacement	110				55		55		
Museums, Libraries & Art Gallery										
Dunedin Public Libraries	Heritage Collection Purchases	65		7			52	7		
	Heritage Collection Purchases - Trust Funds	10		1			8	1		
	Operational Collections Purchases	1,014	101				507	304	101	
	Dynix Replacement Project	301					241	60		
	Blueskin Bay Library Expansion	350	35				175	105	35	
	Minor Capital Equipment Purchases	52					41	10		
Dunedin Public Art Gallery	DCC Funded Acquisitions	91	14				63		14	
	Minor Capital Works	20					20			
	DPAG Environmental Controls	501					501			
	DPAG Funded Acquisitions	65	7				46	6	6	
	DPAG HVAC	36		4			32			

			Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
			Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
2009/10 Budget \$'000										
Otago Settlers Museum	OSM Redevelopment	10,327	2,065	2,065			5,164	1,033		
	OSM Redevelopment Borrowing Costs	649	130	130			324	65		
	Minor Capital Works	20					20			
Sport, Recreation & Leisure										
Aquatic Services	Moana Pool Double Glazing Replacement	57	11					17	28	
	Mosgiel Pool Filter	54	11					11	32	
	Gym Equipment Replacement	21	2					4	15	
	Minor Capital	16	2					3	11	
	Rectrac Replacement	150	15					30	105	
Botanic Garden	Building Rationalisation	1,010			202	101	202	505		
	Building Rationalisation Borrowing Costs	34			7	3	7	17		
	Mediterranean Garden	170					37		133	
	Aviary	10			3	7				
Parks & Reserves	Logan Park Surface Upgrade	212			42					170
	Logan Park Redevelopment	3,300			660					2,640
	Logan Park Redevelopment Borrowing Costs	64			13					51
	Playground Improvement	295				118		59		118
	Te Rauone Toilet Upgrade	70			14					56
	Broad Bay Reserve Planting	5			1					4
	Back Beach Reserve Landscaping	10			2					8
	Kitchener Street Footpath	52			10					42
	Forrester Park Car Park (Gravel)	30			6					24
	Otago Boat Harbour Carparking	52			10					42
	Harbour Cone Projects	100			60					40
	Taiaroa Head Car Park Upgrade	150				90				60
	Reserve Purchase	50			20					30
	Art in Public Places	100	10				80	10		
	University Oval Cricket Test Facilities	442	354	44						44
	Booking System Upgrade	150			90					60

		2009/10 Budget \$'000	Economic Well-being		Environmental Well-being		Social and Cultural Well-being			Organisation
			Wealthy Community	Accessible City	Sustainable City	Safe and Healthy People	Culture and Learning	Supportive City	Active City	
	Reserve Development Grandvista	239	48	24	24	24		47	72	
	Recreation Services Renewal	723			145				578	
	Conservation Services Renewal	156			31				125	
Corporate Support Activities										
Citifleet	Vehicle Fleet Replacement	665								665
	Truck Deck Replacement	40								40
	Truck Renewal	50								50
Customer Services Agency	Customer Request Logging System	50								50
Finance	Corporate Furniture	100								100
	AP-EAS	35								35
Network Services	Data Communications Network	155								155
	Business Continuity Plan	67								67
	Office Automation Equipment	250								250
	Desktop Equipment	374								374
	Systems Operations	65								65
	Voice Communications Infrastructure	45								45
Business Solutions	Web Communications Equipment	8								8
	Other Core Council Applications	200								200
Information Solutions	Storage Equipment	20								20
	Land Information System	75								75
	Dataworks Renewals	50								50
Grand Total		190,782	85,817	13,099	17,330	22,537	16,703	12,862	17,155	5,279

Inflation Adjustors

Guidance has been issued by BERL in regard to the appropriate inflation adjustors to use in local government community plans for the years 2010/11 to 2018/19. The BERL inflators have been incorporated into this ten-year plan. Additional allowance has been made in the 2010/11 and 2011/12 years to reflect the impact on operating expenditure relating to the Emissions Trading Scheme.

The Council is using the following adjustors:

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Operating Expenditure									
Inflation Adjustors - Cumulative									
Activity Specific:									
Parks, Botanic Gardens and Property	103.5%	107.6%	110.5%	113.2%	116.5%	120.0%	123.1%	126.0%	128.9%
Transportation	103.4%	107.0%	109.6%	112.1%	114.7%	117.5%	120.3%	123.3%	126.0%
Water and Waste Services	103.0%	107.0%	110.2%	113.6%	117.3%	121.2%	125.2%	129.4%	133.9%
Generic:									
Other Costs	104.1%	107.3%	109.9%	112.4%	115.0%	117.7%	120.5%	123.5%	126.5%
Staff Costs	102.5%	104.9%	107.8%	110.6%	113.5%	116.4%	120.0%	123.8%	127.6%
Inflation Adjustors - Annual									
Activity Specific:									
Parks, Botanic Gardens and Property	3.5%	4.1%	2.7%	2.4%	3.0%	3.1%	2.6%	2.4%	2.3%
Transportation	3.4%	3.5%	2.4%	2.4%	2.3%	2.4%	2.5%	2.5%	2.2%
Water and Waste Services	3.0%	4.0%	3.0%	3.1%	3.3%	3.3%	3.4%	3.5%	3.5%
Generic:									
Other Costs	4.1%	3.1%	2.4%	2.4%	2.3%	2.4%	2.4%	2.5%	2.5%
Staff Costs	2.5%	2.4%	2.7%	2.6%	2.6%	2.6%	3.1%	3.2%	3.1%
Capital Expenditure									
Inflation Adjustors - Cumulative									
Activity Specific:									
Parks, Botanic Gardens and Property	102.8%	106.2%	109.0%	111.7%	115.0%	118.6%	121.6%	124.5%	127.4%
Transportation	102.7%	105.5%	108.1%	110.7%	113.3%	116.0%	118.9%	121.8%	124.5%
Water and Waste Services	102.2%	105.5%	108.7%	112.1%	115.9%	119.7%	123.7%	128.0%	132.4%
Generic:									
Capex - Other	103.4%	105.8%	108.4%	111.0%	113.5%	116.3%	119.1%	122.0%	125.0%
Inflation Adjustors - Annual									
Activity Specific:									
Parks, Botanic Gardens and Property	2.8%	3.3%	2.7%	2.4%	3.0%	3.1%	2.6%	2.4%	2.3%

	2010/11	2011/12	2012/13	2013/14	2014/15	2015/16	2016/17	2017/18	2018/19
Transportation	2.7%	2.8%	2.4%	2.4%	2.3%	2.4%	2.5%	2.5%	2.2%
Water and Waste Services	2.2%	3.2%	3.0%	3.1%	3.3%	3.3%	3.4%	3.5%	3.5%
Generic:									
Capex - Other	3.4%	2.4%	2.4%	2.4%	2.3%	2.4%	2.4%	2.5%	2.5%

The inflation adjustors have been applied in the following manner:

- The staff costs adjustor has been used for staff costs in each activity
- The applicable activity level operational cost adjustor has been applied to operational and capital costs in each activity (excluding the proposed new stadium)
- The applicable activity level operational cost adjustor has been used for rates and external revenue (excluding the Dunedin City Holdings Limited dividend, and the external capital revenue for the proposed new stadium)
- The average activity level operational and staff cost adjustor has been used for internal revenue
- The applicable activity level capital cost adjustor has been applied to depreciation costs in each activity. This should pick up adjustments to depreciation as a result of asset revaluation
- No adjustment for inflation has been made to loans raised, repayments or loan interest
- No adjustments have been made to sales of assets, loans and advances or investments.

Emissions Trading Scheme

The inflation adjustors allow for an increase in energy prices from 1 January 2011, based on emissions at \$50 per tonne.

Additional Information – Prospective Financial Information

Purpose for which the Prospective Financial Information is prepared

The Council has not presented group prospective financial statements because the Council believes that the parent prospective financial statements are more relevant to users.

The main purpose of prospective financial statements in the Community Plan is to provide users with information about the core services that the Council intends to provide ratepayers, the expected cost of those services and, as a consequence, how much the Council requires by way of rates to fund the intended levels of service. The level of rates funding required is not affected by subsidiaries except to the extent that the Council obtains distributions from, or further invests in, those subsidiaries. Such effects are included in the prospective financial statements of the Council.

The forecast financial statements have been prepared in accordance with the Local Government Act 2002.

The Local Government Act 2002 requires a council to, at all times, have a Community Plan for each financial year. A Community Plan must include forecast financial statements.

The purpose of the Community Plan is to:

- a) Describe the activities of the Council;
- b) Describe the community outcomes of the Council's region;
- c) Provide integrated decision-making and co-ordination of the resources of the Council;
- d) Provide a long-term focus for the decisions and activities of the Council;
- e) Provide a basis for accountability of the Council to the community;
- f) Provide an opportunity for participation by the public in decision-making processes on activities to be undertaken by the Council.

The purpose of this Plan is to consult with the community on the spending priorities outlined within the Plan. Following the consultation period, as a result of submissions or the provision of more up-to-date information, there may be changes made to the Plan. The final Community Plan will be adopted on 22 June 2009.

Nature of Prospective Information

The forecast financial statements are prepared in accordance with Financial Reporting Standard 42. They are prepared on the basis of best-estimate assumptions as to future events, which the Council expects to take place as of May 2009.

The Council adopted the Community Plan in June 2009. The Council is responsible for the preparation of the forecast financial statements, the assumptions and the additional information provided in the Plan.

The next ten year forecast financial statements will be prepared for inclusion in the 2010/11 – 2019/20 draft Annual Plan.

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.

Extent to which Prospective Information Incorporates Actual Results

The period covered by the Community Plan contains no actual operating results, but the forecast balance sheet is extrapolated from the audited Statement of Financial Position included in the Dunedin City Council Annual Report as at 30 June 2008.

Basis of Underlying Assumptions

The Community Plan brings together summary information from several vastly detailed and comprehensive strategic planning processes. There are a number of Council strategies, plans and policies that guide the Council's decision-making and influence the content of this plan. Some of the main strategies are listed in the Community Outcomes section of this document.

All Council departments or activities have prepared ten-year Activity Management Plans. These plans have been prepared using standard templates and business assumptions. The most significant business assumption is the provision of the same level of service, which implies there will be no termination of service for any activity.

Significant Forecasting Assumptions, Uncertainties and Risks

The following assumptions, risks and uncertainties have been prepared in accordance with the Council's legislative requirements, and in reference to the Council's Community Plan guidelines, and Activity Plans.

Uncertainty increases as the number of years of prospective financial information increases. These forecast financial statements must be read with caution, utilising the details of financial assumptions contained in this statement. Years 2015 to 2019 must be read with considerable caution even though, in broad terms, the business of the Council will continue as it has for the last 150 years. Uncontrollable external events will significantly affect the forecast. The most significant risks that may impact on the forecast financial statements include unexpected changes to legislation and/or regulations.

The Council is fortunate to have Dunedin City Holdings Limited and its subsidiaries as a source of cash flow, which has often exceeded forecasts. It has been assumed that the organisational structure of the wider Dunedin City Council group, which includes the Holding company and its subsidiaries, will remain unchanged. Further, it is assumed that the business environment in which the subsidiaries operate will not undergo significant change and, therefore, affect their profitability and hence cash flow to the parent Dunedin City Council.

Clarity on the form and impact of climate change is still being researched and debated; and many international agencies and businesses, such as insurance companies, are factoring climate change into their planning. Recurring drought or deluge could affect the engineering standards applied to the Council infrastructure and therefore affect costs. It has been assumed that environmental conditions will not significantly change over the next ten years. It should be noted that climate change impacts are being considered in long term planning (20 – 50 years forward) being undertaken within the major asset owning activities such as water and waste services and transportation.

Description	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Service Priorities	A	It is assumed that the community will continue to endorse the current range of services that the Council provides to the community. Community support for the current range of services has remained static since the 2001 'Choices for the Future' consultation.
Population Growth Projections	A	The 2009/10 Community Plan uses a medium-growth scenario for its population growth projections. The projections were prepared in July 2008 by Council staff with reference to Statistics New Zealand (SNZ) 2001-2021 population forecasts and Business and Economic Research Limited (BERL) 2004 forecasts, analysed in consideration of available Statistics New Zealand 2006 Census data. The BERL Economic and Population Scenarios for Dunedin City 2004 medium growth scenario remains the base for future planning. The total projected growth for the 20-year period of 7.4% with growth of 2.6% in the second decade 2011-2021.
Policies for Significant Assets	A	The Council maintains its current policies for the ownership and management of the significant assets as listed in the Significance Policy.
Natural Disasters	A	The funding provision assumes there will be no major natural disaster of a type that causes widespread and significant damage to Dunedin's infrastructure.
External Factors	A/R	There will be no unexpected changes to legislation, national standards, or other external factors, which alter the nature or extent of services provided by Council.
Levels of Service	A	It is assumed levels of service will be maintained unless otherwise stated in the 2009/10 Community Plan.

Description	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Interest Rates	A	Interest on money borrowed is estimated at 7.75% per annum (excluding money borrowed for the purpose of the proposed new stadium). Interest on money borrowed for the purpose of the proposed new stadium during the construction period, is estimated at 9.62% per annum for the first \$40 million, 6.82% for the next \$50 million and 7.47% per annum over \$90 million. Interest on money borrowed after the stadium is completed is estimated at 7.47% per annum. This assumes no change in the rating given to the Council by Standard and Poor's.
Foreign Exchange	A	There will be no significant fluctuation in the level of the NZ\$.
Fixed Asset Valuations	A	Estimates are prepared based on Council's accounting policies, which in turn are drawn from New Zealand IFRS and NZ GAAP. Those accounting policies include valuation policies appropriate for public benefit entity assets.
Depreciation and Useful Lives	A	Estimates are based on Council's accounting policies and useful lives as stated in the NAMS Manual.
New Zealand Transport Agency and other Subsidies	A	It is assumed NZTA and other ongoing subsidies will continue to be available.
Outsourcing	A	Where Council outsources physical works and professional services, it is assumed this practice will continue.
Global Warming	A	Global warming and/or climate change will not significantly impact on asset management strategies or Council services over the ten-year planning period.

Description	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Size of Organisation	A	Council departments – 35 Council staff FTES – are maintained at current levels The ratio of staff to ratepayers remains at approximately 1.14:100 Number of Council suppliers – remains in the 800 – 1,000 range
Contract Rates	A	Council assumes re-tendering of contracts during 2009/10 will result in cost increases based on staff best estimates. Beyond 2009/10, the BERL inflators have been used.
Inflation	A	Budget lines in each of the ten years from 2009/10 to 2018/19 are based first on a "best estimate" of 2009/10 dollars. From 2010/11 an inflation adjustor is applied to the budgeted amounts. Refer to the Inflation Assumptions on page 217 below for details of inflators used.
Oil Price volatility	U/R	Oil price fluctuations may impact on operational and capital expenditure estimates with fluctuations in fuel pricing and movements in the Construction Cost Index (CCI). Impacts may be positive or negative.
Level of Asset renewal	A	The forecast expenditure for infrastructural asset renewal is sufficient to maintain the current level of service provided by those assets.
Level of Asset renewal	R	There is a risk of deferred maintenance resulting in additional funding requirements and/or reduced service levels not stated or provided in this Plan. The Council is working to improve the level of confidence in the asset renewal forecasts.

Description	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Sources of funds	A	It is assumed that the level of funds available to the Council over the period of this plan will be sufficient to meet the planned service levels.
Changes to planned service levels		The Council assumes that the service issues not provided for, or not fully provided for in the Plan, will be considered by the Council in the future, and in a manner that is consistent with the requirements of the Local Government Act. In doing so, it is assumed that the capacity of the Council to fund these services will be assessed against the key financial management ratios and policies stated in this Plan.
Development Contributions	A/R	It is assumed that Development Contributions can be collected on all capital expenditure related to growth. There is risk around projected growth not occurring, leading to shortfall in Development Contributions revenue.
Industry Capacity for Infrastructure Asset Construction	R	The Plan assumes sufficient design, engineering, and construction capacity will exist in the construction industry to undertake the physical works programme.
Emissions Trading Scheme	A/U	New Zealand Emissions Trading Scheme (ETS) became law on 26 September 2008. Estimates have been prepared on the basis that the scheme will continue in its current form. The change of Government in November 2008 has created uncertainty regarding the future of this legislation.

Activity Level Assumptions, Risks and Uncertainties

The schedule below provides the significant forecasting assumptions, uncertainties and risks for the Council's strategic assets as identified in the Significance Policy as defined in this Plan.

Activity	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Transportation	U	Capital Expenditure – Capacity Issues: Transportation studies confirm Dunedin's transport network generally has sufficient capacity to cater for expected needs over the next 30 years. Some specific areas have been identified where changes are necessary to cater for traffic growth and increasing community expectations – in central city strategic corridors and enhancing the roading/cycling network. The Transportation Strategy 2006 defines the future capital projects. It is possible that this capital programme could change to reflect any change in the Council's overall service priorities.
Solid Waste	U	Capital Expenditure: Predicted changes in legislation may require the closure of the current landfills by 2010. Otago has no Class A landfills to meet the Ministry for Environment (MfE) criteria by 2010 and little opportunity for the export of waste generated. This means a Class A landfill will be required by 2010 or sometime between 2010 and 2023 (when all existing resource consents expire). A new landfill will take five to six years to develop irrespective of whether the landfill is developed by the Council, privately or as a joint venture.

Activity	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Stormwater and Wastewater	U	Capital Expenditure – Asset Renewals: The level of confidence in the long-term funding and asset renewal requirements of the reticulation network is being improved. Implementation of the Three Waters Strategy will assist in achieving this.
	U	Capital Expenditure – Implications of Water and Sanitary Service Assessments: Water and Sanitary Service Assessments have been undertaken as required by the LGA. Community consultation may result in a need to improve reticulated supply, which could have implications on the capital expenditure forecasts in the Community Plan. These cannot be anticipated at this point.
	U	Capital Expenditure – Implications of Regional Council Requirements for "Water Bodies": The Otago Regional Council intends to have all 'water bodies' (lakes, rivers and streams) meeting 'contact recreational guidelines' in the future. This means complying with environmental standards for sporting and recreational use, and within five to ten years the DCC needing resource consent for stormwater discharges. Ultimately, the DCC may need to treat stormwater prior to discharge into urban streams. No allowance for this capital cost has been made in this Plan.

Activity	ARU	Significant Assumption (A), Risk (R) or Uncertainty (U)
Water	U	Capital Expenditure: Information on water asset condition, age and performance, and on the capacity of the system to cope with current and future levels of demand, is sufficient to provide a high level assurance that future renewal asset expenditure in the Community Plan will maintain existing service levels. As better asset information is obtained, budgeted expenditure will be revised.
	U	Capital Expenditure – Implications of New Legislation: New drinking water legislation will likely mandate new standards requiring the Council to upgrade treatment systems in the Outram and Rocklands schemes. No allowance has been made for this in this Plan.
	U	Capital Expenditure – Implications of Water and Sanitary Service Assessments: Water and Sanitary Service Assessments have been undertaken as required by the LGA. Community consultation may result in a need to improve reticulated supply, which could have implications on the capital expenditure forecasts in the Community Plan. These cannot be anticipated at this point.
	A	The Council is assuming that it will continue to draw raw water to current consent levels and that these catchments will continue to provide the current average levels of raw water over the period of this Plan.