

The background image shows the interior of the Dunedin Railway Station. A large, white rectangular sign with the word 'DUNEDIN' in bold, black, sans-serif capital letters hangs from the ceiling. To the left, a large, round, white clock with black numbers and hands is visible. The station's architecture features a high, vaulted glass and steel roof structure. Below the sign, there are several arched doorways with dark frames and light-colored walls. The overall atmosphere is industrial and historic.

Section 3 – Forecast Financial Statements

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Forecast Financial Statements

Inflation Adjusted Statement of Revenue and Expense for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Revenue												
Rates Revenue	125,228	125,228	130,049	136,521	143,368	149,205	155,136	162,195	165,934	172,354	176,301	180,852
External Revenue	54,785	54,909	55,719	57,192	58,287	60,507	62,859	64,530	66,662	69,100	73,117	75,307
Development and Financial Contributions	797	797	1,303	667	684	965	1,010	1,109	1,653	1,167	1,166	1,143
Subsidies and Grants	21,739	21,291	19,377	24,659	28,458	26,604	19,382	19,407	19,839	20,802	19,164	21,070
DCHL Dividend and Interest	10,450	10,450	5,902	5,902	6,185	6,717	7,252	7,788	8,350	8,390	8,438	8,475
Waipori Fund Revenue	3,561	3,561	3,801	3,896	3,995	4,105	4,222	4,346	4,486	4,632	4,793	4,965
Interest Revenue	530	530	150	150	150	150	150	150	150	150	150	150
Unrealised Investment Property Gains	2,342	2,380	2,440	2,501	2,563	2,628	2,693	2,761	2,830	2,900	2,973	3,047
Total Revenue	219,432	219,146	218,741	231,488	243,690	250,881	252,704	262,286	269,904	279,495	286,102	295,009
Expenditure												
Staff Costs	45,708	46,303	49,268	49,334	50,163	51,300	52,665	53,802	55,084	56,509	57,926	59,492
Operational Costs	96,589	95,678	96,800	98,848	101,273	103,669	107,658	110,549	114,097	118,777	126,455	130,853
Loan Interest	17,842	16,457	18,063	17,660	17,634	17,455	17,223	16,708	15,939	14,726	13,388	11,936
Depreciation	53,809	53,811	53,446	55,301	56,963	58,010	60,305	62,706	64,826	65,416	67,752	69,264
Total Expenditure	213,948	212,249	217,577	221,143	226,033	230,434	237,851	243,765	249,946	255,428	265,521	271,545
Net Surplus/(Deficit)	5,484	6,897	1,164	10,345	17,657	20,447	14,853	18,521	19,958	24,067	20,581	23,464
Attributable to:												
Dunedin City Council	5,484	6,897	1,164	10,345	17,657	20,447	14,853	18,521	19,958	24,067	20,581	23,464

Inflation Adjusted Estimate of Comprehensive Revenue and Expense for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Gain on Asset Revaluation	69,379	73,161	57,291	48,500	80,177	55,509	59,105	96,307	70,635	76,424	114,789	90,573
Total Other Comprehensive Revenue and Expenses	69,379	73,161	57,291	48,500	80,177	55,509	59,105	96,307	70,635	76,424	114,789	90,573
Net Surplus/(Deficit)	5,484	6,897	1,164	10,345	17,657	20,447	14,853	18,521	19,958	24,067	20,581	23,464
Total Comprehensive Revenue and Expenses	74,863	80,058	58,455	58,845	97,834	75,956	73,958	114,828	90,593	100,491	135,370	114,037
Attributable to:												
Dunedin City Council	74,863	80,058	58,455	58,845	97,834	75,956	73,958	114,828	90,593	100,491	135,370	114,037

Inflation Adjusted Estimate of Changes in Equity for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Opening Equity	2,878,932	2,811,246	2,891,304	2,949,759	3,008,604	3,106,438	3,182,394	3,256,352	3,371,180	3,461,773	3,562,264	3,697,634
Total Comprehensive Revenue and Expense	74,863	80,058	58,455	58,845	97,834	75,956	73,958	114,828	90,593	100,491	135,370	114,037
Closing Equity	2,953,795	2,891,304	2,949,759	3,008,604	3,106,438	3,182,394	3,256,352	3,371,180	3,461,773	3,562,264	3,697,634	3,811,671

Public Equity for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Accumulated Funds	1,691,122	1,695,781	1,696,800	1,706,933	1,724,708	1,745,383	1,759,719	1,777,655	1,797,546	1,821,025	1,840,941	1,863,786
Restricted Reserves	6,424	8,490	8,635	8,848	8,730	8,502	9,019	9,604	9,671	10,259	10,924	11,543
Revaluation Reserves	1,274,817	1,199,429	1,256,720	1,305,219	1,385,396	1,440,905	1,500,010	1,596,317	1,666,952	1,743,376	1,858,165	1,948,738
Cashflow Hedge Reserves	(18,568)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)	(12,396)
Total	2,953,795	2,891,304	2,949,759	3,008,604	3,106,438	3,182,394	3,256,352	3,371,180	3,461,773	3,562,264	3,697,634	3,811,671

Inflation Adjusted Statement of Financial Position for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
Current Assets												
Cash at Bank	16,365	6,217	684	591	716	918	1,224	1,608	2,067	2,570	3,446	4,219
Deposits	0	0	0	0	0	0	0	0	0	0	0	0
Investments	19,641	18,858	18,202	17,756	17,310	17,364	17,418	17,473	17,527	17,581	17,635	17,689
Accounts Receivable	16,129	13,759	14,289	15,000	15,752	16,393	17,045	17,821	18,232	18,937	19,371	19,871
Inventories	817	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502	1,502
Prepayments	128	296	296	296	296	296	296	296	296	296	296	296
Derivative Financial Instruments	0	0	0	0	0	0	0	0	0	0	0	0
Non-current assets held for sale	0	0	0	0	0	0	0	0	0	0	0	0
	53,080	40,632	34,973	35,145	35,576	36,473	37,485	38,700	39,624	40,886	42,250	43,577

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<i>Non-current Assets</i>												
Investments	58,467	61,214	61,757	62,299	62,839	63,367	63,467	63,567	63,667	63,767	63,767	63,767
Investments in Council Controlled Organisations	199,535	231,806	234,357	236,908	239,459	242,010	244,561	247,112	249,663	252,214	254,765	257,316
Loans and Advances	2,604	4,120	2,700	3,077	3,455	3,201	3,651	4,101	4,551	5,001	5,451	5,901
Other Intangible Assets	2,322	2,334	2,334	2,334	2,334	2,334	2,334	2,334	2,334	2,334	2,334	2,334
Property Plant and Equipment	2,943,022	2,856,342	2,912,301	2,968,864	3,060,468	3,131,344	3,195,132	3,298,178	3,369,076	3,447,822	3,559,551	3,648,901
	3,205,950	3,155,816	3,213,449	3,273,482	3,368,555	3,442,256	3,509,145	3,615,292	3,689,291	3,771,138	3,885,868	3,978,219
<i>Total Assets</i>	3,259,030	3,196,448	3,248,422	3,308,627	3,404,131	3,478,729	3,546,630	3,653,992	3,728,915	3,812,024	3,928,118	4,021,796
<i>Current Liabilities</i>												
Short Term Loans	0	0	0	0	0	0	0	0	0	0	0	0
Accounts Payable	21,155	17,519	17,897	18,436	19,006	19,457	19,906	20,472	20,659	21,128	21,309	21,547
Employee Entitlements	6,403	6,428	6,530	6,650	6,782	6,921	7,072	7,230	7,400	7,583	7,779	7,987
Accrued Expenditure	4,589	5,035	5,085	5,136	5,187	5,239	5,291	5,344	5,397	5,451	5,506	5,561
Derivative Financial Instruments	18,574	12,401	12,401	12,401	12,401	12,401	12,401	12,401	12,401	12,401	12,401	12,401
Current Portion of Term Loans	14,899	14,854	12,753	13,381	14,548	15,398	16,086	18,361	19,352	20,159	21,309	18,471
	65,620	56,237	54,666	56,004	57,924	59,416	60,756	63,808	65,209	66,722	68,304	65,967
<i>Non-current Liabilities</i>												
Term Loans	230,662	240,102	235,092	235,014	230,664	227,714	220,217	209,599	192,428	173,533	152,675	134,653
Other Non-current Liabilities	8,953	8,805	8,905	9,005	9,105	9,205	9,305	9,405	9,505	9,505	9,505	9,505
	239,615	248,907	243,997	244,019	239,769	236,919	229,522	219,004	201,933	183,038	162,180	144,158
<i>Equity</i>	2,953,795	2,891,304	2,949,759	3,008,604	3,106,438	3,182,394	3,256,352	3,371,180	3,461,773	3,562,264	3,697,634	3,811,671
<i>Total Liabilities and Equity</i>	3,259,030	3,196,448	3,248,422	3,308,627	3,404,131	3,478,729	3,546,630	3,653,992	3,728,915	3,812,024	3,928,118	4,021,796

Inflation Adjusted Cashflow Statement for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<i>Cashflow from Operating Activities</i>												
Cash is provided from:												
Rates Revenue	125,228	125,228	130,049	136,521	143,368	149,205	155,136	162,195	165,934	172,354	176,301	180,852
Other Revenue	77,321	76,997	76,399	82,518	87,429	88,076	83,251	85,046	88,154	91,069	93,447	97,520
DCHL Dividend and Interest	10,450	10,450	5,902	5,902	6,185	6,717	7,252	7,788	8,350	8,390	8,438	8,475
Waipori Fund Revenue	3,561	3,561	3,801	3,896	3,995	4,105	4,222	4,346	4,486	4,632	4,793	4,965
Interest Revenue	530	530	150	150	150	150	150	150	150	150	150	150
	217,090	216,766	216,301	228,987	241,127	248,253	250,011	259,525	267,074	276,595	283,129	291,962
Cash was applied to:												
Suppliers and Employees	(142,197)	(141,881)	(145,968)	(148,082)	(151,336)	(154,869)	(160,223)	(164,251)	(169,081)	(175,286)	(184,381)	(190,345)
Interest Paid	(17,842)	(16,457)	(18,063)	(17,660)	(17,634)	(17,455)	(17,223)	(16,708)	(15,939)	(14,726)	(13,388)	(11,936)
Total Expenditure	(160,039)	(158,338)	(164,031)	(165,742)	(168,970)	(172,324)	(177,446)	(180,959)	(185,020)	(190,012)	(197,769)	(202,281)
<i>Net Cash from Operating</i>	57,051	58,428	52,270	63,245	72,157	75,929	72,565	78,566	82,054	86,583	85,360	89,681
<i>Cashflow from Investing Activities</i>												
Cash is provided from:												
Sale of Assets	2,249	2,249	80	82	2,709	3,050	89	92	94	98	101	105
Reduction in Loans and Advances	707	707	2,572	72	72	704						
Reduction in Investments	224	224	710	500	500							
	3,180	3,180	3,362	654	3,281	3,754	89	92	94	98	101	105
Cash was applied to:												
Capital Expenditure	(58,494)	(51,034)	(49,754)	(60,945)	(68,535)	(73,799)	(62,384)	(66,776)	(62,353)	(64,936)	(61,821)	(65,099)
Increase in Loans and Advances	(1,419)	(767)	(1,152)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)	(450)
Increase in Investments	(3,694)	(34,138)	(3,148)	(3,147)	(3,145)	(3,133)	(2,705)	(2,705)	(2,705)	(2,705)	(2,605)	(2,605)
	(63,607)	(85,939)	(54,054)	(64,542)	(72,130)	(77,382)	(65,539)	(69,931)	(65,508)	(68,091)	(64,876)	(68,154)
<i>Net Cash from Investing</i>	(60,427)	(82,759)	(50,692)	(63,888)	(68,849)	(73,628)	(65,450)	(69,839)	(65,414)	(67,993)	(64,775)	(68,049)

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
<i>Cashflow from Financing Activities</i>												
Cash is provided from:												
Loans Raised (includes \$30 m Stadium transfer of debt on 30/6/15)	7,415	33,038	7,743	13,303	10,198	12,449	8,589	7,743	2,180	1,265	450	450
Cash was applied to:												
Loan Repayments	(12,163)	(12,163)	(14,854)	(12,753)	(13,381)	(14,548)	(15,398)	(16,086)	(18,361)	(19,352)	(20,159)	(21,309)
<i>Net Cash from Financing</i>	(4,748)	20,875	(7,111)	550	(3,183)	(2,099)	(6,809)	(8,343)	(16,181)	(18,087)	(19,709)	(20,859)
<i>Net Increase/(Decrease) in Cash</i>	(8,124)	(3,456)	(5,533)	(93)	125	202	306	384	459	503	876	773
Opening Cash Balance	24,489	9,673	6,217	684	591	716	918	1,224	1,608	2,067	2,570	3,446
Closing Cash Balance	16,365	6,217	684	591	716	918	1,224	1,608	2,067	2,570	3,446	4,219

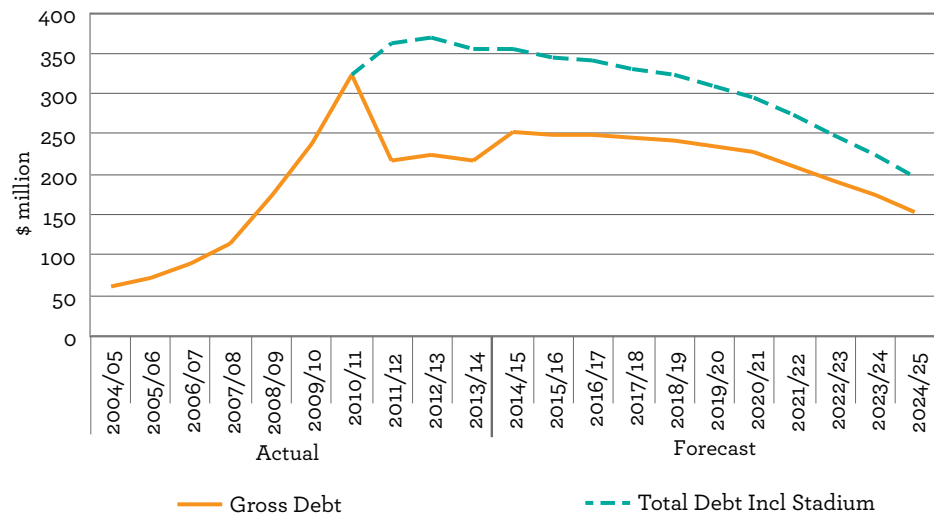
Forecast Financial Statements Notes for the Years Ending 30 June 2015 to 30 June 2025

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
1 Reconciliation of Operating Profit to Net Cashflows from Operating Activities												
Operating Surplus	5,484	6,897	1,164	10,345	17,657	20,447	14,853	18,521	19,958	24,067	20,581	23,464
Add/(less) Non-cash Adjustment												
Depreciation	53,809	53,811	53,446	55,301	56,963	58,010	60,305	62,706	64,826	65,416	67,752	69,264
Landfill Aftercare	100	100	100	100	100	100	100	100	100	0	0	0
Unrealised Investment Property Gains	(2,342)	(2,380)	(2,440)	(2,501)	(2,563)	(2,628)	(2,693)	(2,761)	(2,830)	(2,900)	(2,973)	(3,047)
Net Cashflow from Operating Activities	57,051	58,428	52,270	63,245	72,157	75,929	72,565	78,566	82,054	86,583	85,360	89,681
2 Change in Gross Debt	(4,748)	20,875	(7,111)	550	(3,183)	(2,099)	(6,809)	(8,343)	(16,181)	(18,087)	(19,709)	(20,859)
3 Debt Ratios												
Interest as a % of Rates (less than 20%)	14.4%	13.3%	14.0%	13.0%	12.4%	11.8%	11.2%	10.4%	9.7%	8.6%	7.6%	6.6%
Interest as a % of Total Revenue (less than 8%)	8.2%	7.5%	8.3%	7.6%	7.2%	7.0%	6.8%	6.4%	5.9%	5.3%	4.7%	4.0%
Cashflow from operations exceeds interest by 2.5 times	3.2	3.5	2.9	3.6	4.1	4.3	4.2	4.7	5.1	5.9	6.4	7.5
Interest and Loan Repayment as % of Rates	24.2%	23.1%	25.5%	22.4%	21.8%	21.6%	21.2%	20.3%	20.8%	19.9%	19.1%	18.5%
Interest and Loan Repayment as % of Total Revenue	13.7%	13.1%	15.0%	13.1%	12.7%	12.8%	12.9%	12.5%	12.7%	12.2%	11.7%	11.3%
Ratio of Interest Expense to Term Debt	7.2%	7.0%	7.2%	7.1%	7.1%	7.1%	7.2%	7.2%	7.2%	7.3%	7.3%	7.3%
Debt/Equity	8.3%	8.8%	8.4%	8.3%	7.9%	7.6%	7.3%	6.8%	6.1%	5.4%	4.7%	4.0%

	Annual Plan 2014/15 \$'000	Forecast 2014/15 \$'000	2015/16 \$'000	2016/17 \$'000	2017/18 \$'000	2018/19 \$'000	2019/20 \$'000	2020/21 \$'000	2021/22 \$'000	2022/23 \$'000	2023/24 \$'000	2024/25 \$'000
4 Debt (includes \$30 million DVL debt from 30 June 2015)												
Net Debt	229,196	248,739	247,161	247,804	244,496	242,194	235,079	226,352	209,713	191,122	170,538	148,905
Gross Debt	245,561	254,956	247,845	248,395	245,212	243,112	236,303	227,960	211,780	193,692	173,984	153,124
5 Waipori Loans Consolidated Out												
Loan Interest	118	123	99	73	45	15						
Loan Repayment	321	321	344	369	396	413						
Balance of Borrowing from Waipori Fund	1,522	1,522	1,177	808	413							
6 Interest Expense Capitalised	59	59										
7 Liquidity Ratios (including available line of credit)												
Available Line of Credit (\$270m less Gross Debt)		15,044	22,155	21,605	24,788	26,888	33,697	42,040	58,220	76,308	96,016	116,876
Working Capital		(561)	2,462	746	2,440	3,945	10,426	16,932	32,635	50,472	69,962	94,486
Current Ratio		72%	64%	63%	61%	61%	62%	61%	61%	61%	62%	66%
Liquidity		6,038	7,616	6,974	10,281	12,582	19,697	28,423	45,063	63,653	84,239	105,871
Liquidity Ratio		69%	51%	52%	53%	55%	57%	59%	61%	63%	66%	69%
8 Net Cash Received from DCHL	10,450	10,450	5,902	5,902	6,185	6,717	7,252	7,788	8,350	8,390	8,438	8,475

Gross Debt Chart

The graph illustrates gross debt (core Council debt) actual for the 2004/05 – 2013/14 years and forecast for the 2014/15 – 2024/25 years. Gross debt declined in the 2011/12 year due to the sale of the Stadium to Council-owned company, Dunedin Venues Limited. The blue line shows core Council debt plus all Stadium debt. It does not include debt of other Council-owned companies.



Statement of Accounting Policies

1 Reporting Entity

The forecast financial statements 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.

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 2013.

These financial statements are presented in New Zealand dollars because that is the currency of the primary economic environment in which the Council operates. These financial statements have been rounded to the nearest \$1,000.

The forecast financial statements are for the years ending 30 June 2015 to 2025. They were approved on 29 June 2015.

2 Significant Accounting Policies

Basis of Accounting

The financial statements have been prepared in accordance with NZ GAAP. In accordance with the new Accounting Standards Framework the Council is classified as a Tier 1 Public Sector Public Benefit Entity (PBE). These prospective financial statements are prepared under Tier 1 PBE International Public Sector Accounting Standards (IPSAS).

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 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.

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.

Government grants are received from the New Zealand Transport Agency, which subsidises part of the costs of maintaining the local roading infrastructure. The subsidies are recognised as revenue upon entitlement, as conditions pertaining to eligible expenditure have been fulfilled.

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.

Revenue from traffic and parking infringements is recognised when the infringement notice is issued.

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 surplus and deficit in the period in which they are incurred.

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 Council.

The Council recognises a liability for sick leave to the extent that absences in the coming year are expected to be greater than the sick leave entitlements earned in the coming year. The calculation is based on the value of excess sick leave taken within the previous twelve months.

Good and Service 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.

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 revalued 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 accumulated impairment losses.

Infrastructure Assets*Land*

Land is stated at revalued 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

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 2013.

Buildings and Structures

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

Roadways and Bridges

Roadways and bridges have been stated at their revalued 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

Fixed plant has been stated at their revalued 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

Reticulation assets, being the reticulation system and networks of water and drainage, have been stated at their revalued 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, Buildings and Structures*

Land, buildings and structures are stated at revalued 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.

Hard Surfaces and Reticulation Systems

Hard surfaces and reticulation systems are stated at revalued 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

Road reserve land is stated at revalued 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.

Playground and Soft-Fall Areas

Playground and soft-fall areas are stated at revalued 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 four yearly cycle.

Fixed Plant and Equipment

Fixed plant and equipment has been stated at their deemed cost being fair value at the date of valuation based on depreciated replacement cost less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

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 Toitu Otago 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.

Revaluations

Revaluations are performed with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair values at 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 the surplus or deficit to the extent that it reverses a net revaluation decrease of the same class of assets previously recognised in the surplus or deficit. A net revaluation decrease for a class of assets is recognised in the surplus or deficit, 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 asset's 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 Statement of

Comprehensive Income. 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:

	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		
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	
Water treatment plants and facilities	1% to 15%	SL
Sewerage treatment plants and facilities	1% to 15%	SL
Stormwater treatment plants and facilities	1% to 15%	SL
Water reticulation	0.50% to 3%	SL
Sewerage reticulation	0.50% to 3%	SL
Stormwater reticulation	0.50% to 3%	SL
Landfill	15 years	
Heritage assets	0.2%	

	Rate	Method
Restricted Assets		
Buildings	1% to 4%	SL
Fixed plant and equipment	10% to 15%	SL
Hard surfaces	0.5% to 10%	SL
Playground and soft-fall areas	2% to 10%	SL

Derecognition

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 surplus or deficit 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 surplus or deficit for the period in which the gain or loss arises.

Intangible Assets

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

Carbon credits purchased are recognised at cost on acquisition. They are not amortised but are instead tested for impairment annually. Carbon credits are derecognised when they are used to satisfy carbon omission obligations.

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 Council 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 Council 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 in the surplus or deficit, 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 surplus or deficit.

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 in the surplus or deficit.

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 of 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 Council's balance sheet when the Council 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

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

Investments in debt and equity securities are financial instruments classified as held for trading and are measured at fair value. Any changes in value, creating gains or losses are recognised in the surplus or deficit for the period.

Trade and Other Payables

Trade and other payables 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 surplus or deficit 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 Council after deducting all of its liabilities.

Derivative Financial Instruments and Hedge Accounting

The Council's activities expose it primarily to the financial risks of changes in interest rates. The Council uses interest rate swap contracts to hedge these exposures.

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

The use of financial derivatives is governed by Council's policies which 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 surplus or deficit. 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 surplus or deficit in the same period in which the hedged item affects net surplus or deficit.

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 the surplus or deficit. Gains or losses from re-measuring the derivative, or for non-derivatives the foreign currency component of its carrying amount, are recognised in the surplus or deficit.

Changes in the fair value of derivative financial instruments that do not qualify for hedge accounting are recognised in the surplus or deficit 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 the surplus or deficit 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 surplus or deficit.

Provisions

A provision is recognised in the balance sheet when the Council 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 Council has a detailed formal plan for the restructuring that has been communicated to affected parties.

Changes in Accounting Policy

There have been no changes in accounting policy in the current year.

Prospective Financial Statements

The forecast financial statements have been prepared in accordance with Tier 1 PBE International Public Sector Accounting Standards (IPSAS) including PBE IPSAS 42. They have been prepared using the best information available at the time they were prepared.

Additional Information

1. Separately Disclosed Revenue

The Council is required to show the total amount of general rates in each group of activity section prior to the impact of any dividend income. This statement takes into account the dividend income and reconciles to the overall general rate budget for the Council.

The total general rate from each group of activities plus the general rate contribution, shown below, add to the total general rate income shown in the overall Funding Impact Statement for the Council.

Reconciliation of Rates Income – Group Activities to Financial Statements for the Years Ending 30 June 2015 to 30 June 2025

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
<i>General Rates as per Group of Activities</i>											
Economic Development and City Promotion	4,116	4,369	4,166	4,248	4,421	4,464	4,593	4,766	4,861	4,995	5,239
City Investment	3,440	4,950	4,950	4,950	4,950	4,950	4,950	5,750	5,750	5,750	5,750
Roading and Footpaths	20,180	18,743	19,962	22,503	24,196	25,868	26,934	27,797	28,749	29,461	30,388
Solid Waste	506	621	606	621	638	656	676	697	720	745	772
Planning and Regulatory	7,889	7,817	8,076	8,382	8,557	8,972	9,335	9,621	9,899	10,178	10,217
Community Development and Support	13,745	13,473	13,828	13,738	14,202	14,880	14,853	15,189	16,044	16,014	16,380
Museums, Libraries and Art Gallery	23,946	23,145	23,715	24,210	25,960	27,049	27,460	28,118	28,917	29,512	30,377
Sport, Recreation and Leisure	10,884	9,571	10,450	10,912	11,630	11,939	12,435	12,285	14,017	12,954	13,515
Corporate Support Activities	2,984	3,819	3,881	4,198	4,067	3,890	4,097	3,991	4,073	4,216	3,944
	87,689	86,507	89,633	93,761	98,621	102,669	105,332	108,215	113,031	113,825	116,580
<i>General Rate Contribution</i>											
City Investment	(19,056)	(13,792)	(14,706)	(15,027)	(15,823)	(16,864)	(17,708)	(18,608)	(19,010)	(19,609)	(20,109)
Roading and Footpaths	(3,236)	(3,447)	(3,588)	(3,844)	(3,956)	(4,085)	(4,211)	(4,483)	(4,513)	(4,832)	(4,974)
Solid Waste	(952)	(1,148)	(585)	(973)	(1,365)	(1,687)	(1,661)	(1,900)	(1,978)	(94)	(111)
Community Development and Support	(88)	(87)	(135)	(173)	(238)	(303)	(370)	(432)	(523)	(604)	(694)
Corporate Support Activities	(250)										
	(23,583)	(18,474)	(19,014)	(20,017)	(21,382)	(22,937)	(23,950)	(25,423)	(26,025)	(25,139)	(25,888)

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
General Rates as per total Funding Impact Statement and Financial Statements											
General Rates											
Economic Development and City Promotion	4,116	4,369	4,166	4,248	4,421	4,464	4,593	4,766	4,861	4,995	5,239
City Investment	(15,616)	(8,842)	(9,756)	(10,077)	(10,873)	(11,914)	(12,758)	(12,858)	(13,260)	(13,859)	(14,359)
Roading and Footpaths	16,944	15,295	16,374	18,659	20,240	21,784	22,723	23,314	24,235	24,629	25,414
Solid Waste	(446)	(527)	21	(352)	(727)	(1,030)	(986)	(1,203)	(1,258)	651	661
Planning and Regulatory	7,889	7,817	8,076	8,382	8,557	8,972	9,335	9,621	9,899	10,178	10,217
Community Development and Support	13,657	13,386	13,693	13,565	13,964	14,577	14,483	14,758	15,521	15,410	15,685
Museums, Libraries and Art Gallery	23,946	23,145	23,715	24,210	25,960	27,049	27,460	28,118	28,917	29,512	30,377
Sport, Recreation and Leisure	10,884	9,571	10,450	10,912	11,630	11,939	12,435	12,285	14,017	12,954	13,515
Corporate Support Activities	2,733	3,819	3,881	4,198	4,067	3,890	4,097	3,991	4,073	4,216	3,944
Total General Rates	64,106	68,033	70,619	73,744	77,239	79,732	81,382	82,792	87,006	88,687	90,692
Community Services Rate											
Sport, Recreation and Leisure	10,486	10,704	10,947	11,209	11,491	11,792	12,113	12,462	12,841	13,239	13,675
Kerbside Recycling Rate											
Solid Waste	2,688	2,796	2,866	2,939	3,020	3,106	3,197	3,299	3,407	3,525	3,652
Citywide Water Rate											
Water Supply	18,873	19,242	19,917	20,223	21,626	23,990	26,038	26,069	25,335	25,986	26,767
Citywide Drainage Rate											
Sewerage and Sewage	23,771	24,203	26,094	28,054	28,428	28,283	30,013	31,987	33,232	34,021	35,020
Stormwater	4,466	4,108	4,940	5,981	6,103	6,853	7,988	7,775	8,899	9,227	9,590
Allanton Drainage Rate											
Sewerage and Sewage	20	20	20	20	20	20	20	20	20	20	20
Blanket Bay Drainage Rate											
Sewerage and Sewage	4	4	4	4	4	4	4	4	4	4	4

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
<i>Curles Point Drainage Rate</i>											
Sewerage and Sewage	3	3	3	3	3	3	3	3	3	3	3
<i>Heritage Earthquake Strengthening Rate</i>											
Planning and Regulatory		66	132	197	263	329	395	461	526	592	592
<i>Warm Dunedin Rate</i>											
Community Development and Support	290	341	437	437	437	437	437	437	437	331	147
<i>Private Street Lighting Rate</i>											
Roading and Footpaths	19	29	29	30	30	31	32	33	34	35	36
<i>Economic Dev/Tourism Non-residential</i>											
Economic Development and City Promotion	500	500	513	526	540	555	572	590	609	630	653
<i>Private Drainage Warrington Rate</i>											
Planning and Regulatory	1	1	1	1	1	1	1	1	1	1	1
<i>Total Rates per Financial Statements</i>	125,228	130,049	136,521	143,368	149,205	155,136	162,195	165,934	172,354	176,301	180,852
<i>% Increase</i>											
Total Rates	3.1%	3.8%	5.0%	5.0%	4.1%	4.0%	4.6%	2.3%	3.9%	2.3%	2.6%
Total Rates excluding voluntary rates	3.0%	3.8%	4.9%	5.0%	4.0%	3.9%	4.5%	2.3%	3.9%	2.3%	2.7%

Note: Voluntary rates include Heritage Earthquake Strengthening rates and Eco-Housing Rates

Analysis of Revenue

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Revenue											
Rates	125,228	130,049	136,521	143,368	149,205	155,136	162,195	165,934	172,354	176,301	180,852
Other Revenue	42,668	43,231	44,482	45,465	47,560	49,550	50,837	52,546	54,531	58,063	59,727
Regulatory Services	3,765	4,022	4,041	4,143	4,257	4,378	4,507	4,652	4,803	4,970	5,149
DCHL Dividend and Interest	10,450	5,902	5,902	6,185	6,717	7,252	7,788	8,350	8,390	8,438	8,475
New Zealand Transport Authority	20,165	17,313	23,322	24,394	17,227	18,161	18,151	18,546	19,468	17,787	19,645
Subsidies and Grants (excl NZTA)	1,126	2,064	1,337	4,064	9,377	1,222	1,256	1,294	1,334	1,378	1,425
Development and Financial Contributions	797	1,303	667	684	965	1,010	1,109	1,653	1,167	1,166	1,143
City Property Investment	8,476	8,466	8,669	8,679	8,690	8,930	9,186	9,464	9,766	10,083	10,431
Waipori Fund	3,561	3,801	3,896	3,995	4,105	4,222	4,346	4,486	4,632	4,793	4,965
Other Interest	530	150	150	150	150	150	150	150	150	150	150
Unrealised Investment Property Gains	2,380	2,440	2,501	2,563	2,628	2,693	2,761	2,830	2,900	2,973	3,047
Total	219,146	218,741	231,488	243,690	250,881	252,704	262,286	269,904	279,495	286,102	295,009

2. Separately Disclosed Expenditure

Analysis of Expenditure

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
<i>Expenditure by Inputs</i>											
Staff Costs	46,303	49,268	49,334	50,163	51,300	52,665	53,802	55,084	56,509	57,926	59,492
Operational Costs	95,384	96,581	98,624	100,928	103,433	107,415	110,173	113,839	118,511	126,041	130,568
Audit Fees	294	219	224	345	236	243	376	258	266	414	285
Loan Interest	16,457	18,063	17,660	17,634	17,455	17,223	16,708	15,939	14,726	13,388	11,936
Depreciation	53,811	53,446	55,301	56,963	58,010	60,305	62,706	64,826	65,416	67,752	69,264
Total	212,249	217,577	221,143	226,033	230,434	237,851	243,765	249,946	255,428	265,521	271,545

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

	2014/15 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
<i>Expenditure by Outputs</i>											
Economic Development and City Promotion	5,356	5,806	5,627	5,757	5,960	6,058	6,218	6,456	6,594	6,801	7,096
Roading and Footpaths	43,022	42,598	43,389	44,526	45,711	47,028	48,436	49,873	51,346	52,636	54,186
City Investment	3,768	5,873	5,828	5,809	5,583	5,345	5,322	5,300	5,218	5,143	5,079
Water Supply	24,209	24,971	25,880	26,790	27,067	27,811	28,508	29,464	30,085	31,093	31,401
Sewage and Sewerage	27,574	26,908	27,756	28,083	28,361	28,901	29,423	29,873	29,030	29,563	30,332
Stormwater	5,438	5,399	5,620	5,834	6,033	6,245	6,444	6,714	7,001	7,301	7,637
Solid Waste	9,006	9,220	9,597	9,710	10,337	10,594	10,884	11,143	11,387	15,653	16,234
Planning and Regulatory	14,775	14,950	15,293	15,724	16,034	16,586	17,033	17,637	18,116	18,675	19,159
Community Development and Support	23,149	24,276	24,716	24,653	25,046	26,167	26,148	26,775	28,064	28,062	28,458
Museums, Libraries and Art Gallery	25,215	25,078	25,504	26,008	26,968	28,320	29,100	29,938	30,797	31,588	32,275
Sport, Recreation and Leisure	27,497	27,071	27,719	28,523	28,988	30,748	31,947	32,590	33,556	34,670	35,672
Corporate Support Activities	3,240	5,427	4,214	4,616	4,346	4,048	4,302	4,181	4,232	4,336	4,016
Total	212,249	217,577	221,143	226,033	230,434	237,851	243,765	249,946	255,428	265,521	271,545

Internal Expenditure and Revenue

Each group activity in Section Two is stated at gross of internal costs and revenues. These activity statements reflect the total external operations reflected in the Council Income Statement.

The Council is required by the Local Government Act 2002 to include a Funding Impact Statement (FIS) for each group of activities. The content of this statement is prescribed by the Local Government Act 2002. The Council has also disclosed an Income Statement and a Cashflow Statement for each group which discloses the same financial information as the FIS but complies with Generally Accepted Accounting Practice.

4. Depreciation

	2015/16 Forecast \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Depreciation											
Economic Development and City Promotion	7	9	9	9	10	10	1	1	1	1	1
Roading and Footpaths	18,876	18,794	19,148	19,502	20,118	20,738	21,394	22,155	22,904	23,725	24,626
City Investment											
Water Supply	9,528	9,837	10,231	10,585	10,647	11,045	11,348	11,885	12,056	12,591	12,428
Sewage and Sewerage	9,599	9,145	9,652	9,999	10,109	10,503	10,930	11,108	10,064	10,508	11,035
Stormwater	2,604	2,632	2,754	2,863	2,927	3,055	3,161	3,330	3,507	3,691	3,899
Solid Waste	682	587	613	543	575	604	614	598	635	434	469
Planning and Regulatory	2	6	6	10	5	6	6	6	6	7	7
Community Development and Support	5,656	5,725	5,950	6,120	6,287	6,488	6,709	6,947	7,206	7,340	7,298
Museums, Libraries and Art Gallery	2,085	2,084	2,101	2,159	2,129	2,442	2,522	2,552	2,644	2,726	2,605
Sport, Recreation and Leisure	3,029	3,052	3,190	3,318	3,476	3,723	4,239	4,354	4,583	4,859	5,048
Corporate Support Activities	1,743	1,575	1,647	1,855	1,727	1,691	1,782	1,890	1,810	1,870	1,848
Total Depreciation Expense	53,811	53,446	55,301	56,963	58,010	60,305	62,706	64,826	65,416	67,752	69,264

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 the 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

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.

Other Non-Current Financial Assets

The Dunedin City Holdings Limited and the Dunedin Venue Management Limited advance loans, advances and other community loans are all classified as loans and receivables and are measured at amortised cost. With the exception of shares in Dunedin City Holdings Limited and Dunedin Venues Management Limited, all other non-current financial assets are classified as fair value through profit and loss and are measured at fair value with any changes in value going to the profit and loss account. These investments are of greater duration than twelve months.

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:

Incorporation	100,000,000
May 1996	75,000,000
March 1999	100,000,000
June 2002	75,000,000
September 2008	250,000,000
April 2011	250,000,000
Total number of Shares	850,000,000

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 2014. The ongoing assumption in the forecast financial statements is that the value of the equities will not change for the next 10 years.

8. Non-Current Liabilities

Core Council term loans are secured by rates revenue. The term loans of the Council are raised through Dunedin City Treasury Limited, a subsidiary of Dunedin City Holdings Limited.

9. Provisions

Landfill

There are five landfill aftercare provisions dealing with the closed North Taieri landfill, the Green Island landfill and three other provisions dealing with the remaining smaller landfills. The estimated aftercare costs have had an annual inflation rate of 2% applied to them and the aftercare has been estimated to continue until 2043.

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 Operational Assets

Land and buildings are valued at fair value as at 30 June 2012. They have been inflation adjusted 3 yearly from 30 June 2015 by 3.8%.

Infrastructure Assets

Water infrastructure buildings and structures have been valued at depreciated replacement cost as at 30 June 2014. They have been inflation adjusted annually.

Waste Services infrastructure buildings and structures have been valued on a depreciated replacement cost as at 30 June 2014. They have been inflation adjusted annually.

Infrastructure assets comprising roads, bridges and footpaths, lights, traffic signals and signs have been valued at depreciated replacement cost as at 30 June 2014. They have been inflation adjusted annually.

The water reticulation system was revalued as at 30 June 2014 by Council staff. It has been inflation adjusted annually.

The drainage reticulation system was revalued as at 30 June 2014 by Council staff. It has been inflation adjusted annually.

Landfill Assets

Landfill assets have been revalued as at 30 June 2014 by Council staff. They have been inflation adjusted annually.

Restricted Assets

Land and Buildings

Land and road reserves have been valued as at 30 June 2012. They have been inflation adjusted annually by 2.5%.

Buildings have been valued as at 30 June 2012. They have been inflation valued adjusted annually by 2.5%.

Hard Surfaces and Reticulation Systems

Hard surfaces and reticulation systems have been valued as at 30 June 2014. They have been inflation adjusted annually by 2.5%.

Playground and Soft-Fall Areas

Playground and soft-fall areas have been valued as at 30 June 2012. They have been inflation adjusted annually by 2.5%.

Heritage Assets

Heritage assets include the Art Gallery Collection at the Dunedin Public Art Gallery, the Theomin Collection at Olveston, Toitū Otago 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 asset. The collection was valued at estimated current values as at 30 June 1993. This is at deemed cost.

The Toitū Otago Settlers Museum Collection has been valued at its estimated insurance value in 2002. This is at deemed cost. Individual heritage assets have not been valued.

Monuments, statues and outdoor art have been valued at depreciation replacement value as at 30 June 2012.

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 2012.

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 2.5%.

12. Financial Instruments

A Council owned Company, Dunedin City Treasury Limited provides services to the Council and other Council owned companies. It 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. The Council 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. Exposure and credit ratings of counterparties are continually monitored and the aggregate value of transactions undertaken is spread amongst the approved counterparties. In terms of the ratepayer base, the Local Government (Rating) Act 2002 provides significant legal remedy to recover amounts owing to the Council.

Financial instruments which potentially subject the Council 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 Council does not have any significant credit risk exposure to any single counterparty or group of counterparties having similar characteristics.

The Council is not exposed to any concentration of credit risk. The carrying amounts of the 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 Treasury Management Policy.

Effectiveness of cash flow hedges

The matched terms method is the method used in applying hedges. 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 10 years and compares this against anticipated debt levels.

The Council 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.

Currency Risk

The foreign exchange policy of the Council allows for funds spent in foreign currency to be protected by foreign currency hedging to protect NZD cash flows. Funds spent in foreign currency are remitted from New Zealand at the earliest opportunity.

13. 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 seeks 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 measures contained in the Borrowing and Investment Policy provide an indication of the meeting or otherwise of the objectives.

14. Internal Borrowing

The Sewage and Sewerage group of activities includes internal borrowing from the Waipori Fund as follows:

	2015/16 Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000
Loan Interest	123	99	73	45	15
Loan Repayment	321	344	369	396	413
Balance of Borrowing from Waipori Fund	1,522	1,177	808	413	

Ten Year Capital Expenditure Programme

For Years Ending 30 June 2015 to 30 June 2025

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Economic Development and City Promotion															
Visitor Centre															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
IBIS Replacement	90				90										
Total	90	0	0	0	90	0	0	0	0	0	0	0	0	0	0
Total	90	0	0	0	90	0	0	0	0	0	0	0	0	0	0
City Investment															
Property – Investment															
New Capital															
Wall Street Development	1,410	136			1,546										
South Dunedin Community Complex					0			2,625	2,964						
Total	1,410	136	0	0	1,546	0	0	2,625	2,964	0	0	0	0	0	0
Renewals															
Investment Renewals	50				50	350	358	368	377	388	399	411	424	438	453
Total	50	0	0	0	50	350	358	368	377	388	399	411	424	438	453
Total	1,460	136	0	0	1,596	350	358	2,993	3,341	388	399	411	424	438	453

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Roading and Footpaths															
Transportation															
New Capital															
Enhancing the Network															
Mosgiel/Taieri Arterial															
Riccarton Road	375			(255)	120	255									
Roading Miscellaneous Works	170				170	120	122	124	127	131	134	138	142	147	151
Subdivision Property Purchase					0	31	31	32	33	34	35	36	37	38	39
* Mosgiel East			110		110	490	608								
* Mosgiel West B					0		983	2,013							
St Clair Sea Wall, Ramp and Stairs	225			(225)	0	225									
* Caversham Tunnel	81	(2)		(60)	19	60									
* Traffic Services					0		3,041	3,109							
Safety Improvements															
* Portobello and Harington Point Road Improvements	3,095	(16)			3,080	1,100	9,520	9,733							
* Minor Improvements	1,410	187			1,597	1,200	1,318	1,347	1,379	1,414	1,452	1,493	1,538	1,587	1,638
Street Lighting Improvements	30				30	30	30	31	32	33	34	35	36	37	38
* Strategic Cycle Network	2,600	(77)		(850)	1,673	2,435	1,772	4,469	1,567	1,571	1,579	1,589	1,602	1,620	1,672
Wickcliffe Cycle/Walk Connection	441				441										

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
SH88 – 80 Anzac Ave Access	615				615										
Vogel St Project		23			23										
* Central City Project					0	250	406	2,519	3,268	4,079	3,351	2,297	3,656		
*Weir Road Tidewater					0	721									
Total	9,042	115	110	(1,390)	7,878	6,917	17,831	23,377	6,406	7,262	6,585	5,588	7,011	3,429	3,538
Renewals															
* Bridge Renewals					0					544	559				2,520
* Carriageway Resurfacing	4,201				4,201	4,100	4,157	4,249	4,350	4,459	4,580	4,709	4,851	5,004	5,165
Footpath Resurfacing	1,756				1,756	1,310	1,713	2,073	2,653	2,719	2,793	2,872	2,839	2,929	3,024
Footpath Resurfacing Central Activity Area	654				654				2,421	2,482	2,549				
* Gravel Road Re-metalting	862				862	750	760	777	849	870	894	919	947	976	1,008
* Major Drainage Control	1,243				1,243	1,200	1,217	1,244	1,273	2,088	2,145	2,205	2,272	2,343	2,419
* Traffic Services Renewal	630	160			790	560	568	580	594	609	626	643	663	684	706
* Shape Correction: Pavement Rehabilitation	3,290				3,290	2,400	2,433	2,487	2,547	2,610	2,681	4,020	4,141	4,272	4,409
* Structure Component Replacement	2,883				2,883	952	1,571	1,606	1,645	1,686	1,732	1,780	1,834	1,892	1,953
Council Funded Renewals	95			(95)	0										
Turnbolls Bay Retaining Wall Renewal	840				840										
Cycle Network Renewals					0				212	218	223	230	237	244	252
Total	16,454	160	0	(95)	16,519	11,272	12,419	13,018	16,544	18,285	18,782	17,378	17,784	18,344	21,456
Total	25,496	275	110	(1,485)	24,397	18,189	30,250	36,395	22,950	25,547	25,367	22,966	24,795	21,773	24,994

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Citipark															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Pay and Display Machines	200				200	200	308	315	324	333	343	236	244	252	261
Skidata Software Upgrade					0								122		
Total	200	0	0	0	200	200	308	315	324	333	343	236	366	252	261
Total	200	0	0	0	200	200	308	315	324	333	343	236	366	252	261
Parking Enforcement															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Electronic Ticket Writers					0		123								157
Total	0	0	0	0	0	0	123	0	0	0	0	0	0	0	157
Total	0	0	0	0	0	0	123	0	0	0	0	0	0	0	157

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Water															
New Capital															
Water Network – Augmentation and Efficiency	128			(94)	35	94	104	107	221	114	944	122	127	132	138
Reticulation Development – Zone Metering	72				72			160	166	171					
* Mosgiel East C and West B Watermain					0				733						
Formalising Out of Zone Connections	350				350										
Water – Risk, Compliance and Efficiency	150				150	650	109	107	110	114	118	122	127	132	138
Security of Supply	1,282			(1,266)	16		4,806	224	55	1,482	47	979			
Asset Management Information System (AMIS)	800	75		(400)	475	250	156								
Total	2,782	75	0	(1,760)	1,098	994	5,175	598	1,285	1,881	1,109	1,223	254	264	275
Renewals															
Water – Raw Water, Supply and Plant Renewals	3,570			(1,000)	2,570	2,468	1,687	1,871	2,069	2,394	2,684	2,814	2,478	2,575	2,683
Water – Network Renewals	3,685				3,685	3,842	5,158	5,855	6,839	8,640	10,201	9,939	9,466	9,839	10,251
Total	7,255	0	0	(1,000)	6,255	6,310	6,845	7,726	8,908	11,034	12,885	12,753	11,944	12,414	12,935
Total	10,037	75	0	(2,760)	7,353	7,304	12,020	8,324	10,193	12,915	13,994	13,976	12,198	12,678	13,210

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Wastewater															
New Capital															
Tahuna Upgrade Stage 2 – Treatment		351			351										
Tahuna – Gas to Energy Project		300			300										
Tahuna Biosolids Project	3,050			(2,800)	250	4,200									
Treatment Borrowing Costs	59				59										
Wastewater – Risk, Compliance and Efficiency	31				31				552	570	590				
Wastewater – Augmentation and Efficiency	173			(98)	75	198	104	107	166	171	177	184	191	198	206
* Reticulation Facilities for Variation 9B	0				0		313								
* Gladstone Rd North Pump Station	162				162										
* Burns St Pump Station Upgrade Variation 15					0				571						
Total	3,475	651	0	(2,898)	1,228	4,398	417	107	1,289	741	767	184	191	198	206

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Renewals															
Foul Sewer Renewals (Reticulation and Trunk Mains)	4,509	173			4,682	3,147	4,125	4,614	4,652	4,805	6,036	6,875	7,476	7,770	8,096
Treatment Plants	1,800	99		(899)	1,000	2,883	882	909	938	969	1,593	2,263	2,478	2,575	2,683
Total	6,309	272	0	(899)	5,682	6,030	5,007	5,523	5,590	5,774	7,629	9,138	9,954	10,345	10,779
Total	9,784	923	0	(3,797)	6,910	10,428	5,424	5,630	6,879	6,515	8,396	9,322	10,145	10,543	10,985
Stormwater															
New Capital															
Stormwater – Augmentation and Efficiency	0				0	50	260	1,489	55	57	325	336	356	370	385
Stormwater – Consent Compliance	395			(388)	7	408	21	21	22	23	24	25	25	26	28
Total	395	0	0	(388)	7	458	281	1,510	77	80	349	361	381	396	413
Renewals															
Stormwater – Network Renewals	867	405			1,272	1,275	2,044	2,472	2,894	3,556	4,329	4,001	4,994	5,190	5,408
Total	867	405	0	0	1,272	1,275	2,044	2,472	2,894	3,556	4,329	4,001	4,994	5,190	5,408
Total	1,262	405	0	(388)	1,279	1,733	2,325	3,982	2,971	3,636	4,678	4,362	5,375	5,586	5,821

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Solid Waste															
New Capital															
Compost for Final Cap	33				33	33	33			36	37		40		
Green Island Landfill (GILF) Gas Collection System	265				265		389		410		263		183		
GILF Litter Fences for New Bunds	13				13				14						
Landscaping for Final Cap	33				33										
Waikouaiti Landfill Transfer Station					0	150									
Waikouaiti Landfill Decommissioning					0		103	53							
GILF Improvements to Final Cap	100				100	100	188	105	198	111	210	118	224	126	
GILF Leachate System					0	135		220		233		247		264	
Total	444	0	0	0	444	418	713	378	622	380	510	365	447	390	0
Renewals															
Landfills Green Island	109				109	163	334	342	352	362	372	384	397	411	425
Renewal of Litter Bins					0	25		26		27		29		31	
Total	109	0	0	0	109	188	334	368	352	389	372	413	397	442	425
Total	553	0	0	0	553	606	1,047	746	974	769	882	778	844	832	425

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Planning and Regulatory Services															
City Development															
New Capital															
Citywide Amenity Upgrades		25			25	500	615	788	1,755	1,805	2,287	1,180	1,219	1,009	
Total	0	25	0	0	25	500	615	788	1,755	1,805	2,287	1,180	1,219	1,009	0
Renewals															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	25	0	0	25	500	615	788	1,755	1,805	2,287	1,180	1,219	1,009	0
Regulatory Services															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Noise Meters					0			37							46
Total	0	0	0	0	0	0	0	37	0	0	0	0	0	0	46
Total	0	0	0	0	0	0	0	37	0	0	0	0	0	0	46

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Community Development and Support															
Events and Community Development															
New Capital															
* Octagon Christmas Tree					0				86						
Total	0	0	0	0	0	0	0	0	86	0	0	0	0	0	0
Renewals															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	86	0	0	0	0	0	0
Housing															
New Capital															
New Housing Units					0	1,700	1,536	1,575	1,724	1,108	1,139	1,174	1,211	1,251	1,294
Total	0	0	0	0	0	1,700	1,536	1,575	1,724	1,108	1,139	1,174	1,211	1,251	1,294
Renewals															
Existing Housing	1,450				1,450	598	581	595	611	628	646	665	687	709	733
Total	1,450	0	0	0	1,450	598	581	595	611	628	646	665	687	709	733
Total	1,450	0	0	0	1,450	2,298	2,117	2,170	2,335	1,736	1,785	1,839	1,898	1,960	2,027
Cemeteries and Crematorium															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Chapel Heating					0		30								
Paving	255				255										
Vehicle and Pedestrian Accessway Renewals					0		138			150	45	59	165		
Total	255	0	0	0	255	0	168	0	0	150	45	59	165	0	0
Total	255	0	0	0	255	0	168	0	0	150	45	59	165	0	0

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Property – Miscellaneous															
New Capital															
Fortune Theatre Upgrade	50				50										
Total	50	0	0	0	50	0	0	0	0	0	0	0	0	0	0
Renewals															
Capital Renewal	100	17		(37)	80	207	113	577	555	321	46	70	133	100	142
CCTV Octagon					0			210			228				
Total	100	17	0	(37)	80	207	113	787	555	321	274	70	133	100	142
Total	150	17	0	(37)	130	207	113	787	555	321	274	70	133	100	142
Property – Operational															
New Capital															
Toilets					0	200			162	166	171	176	182	188	194
Dunedin Centre Re-development		64			64										
Civic Centre and Library Lighting Upgrade	225	(21)		(186)	18	186									
Total	225	43	0	(186)	82	386	0	0	162	166	171	176	182	188	194
Renewals															
Renewal/Replacement of Building Services	430			(240)	190	740	563	609	674	615	604	681	606	625	647
Public Toilet Renewals	103			(43)	60	123	82	84	86	89	114	117	121	125	129
Public Hall Renewals	25				25	45	21	42	119	111	108	100	182	194	129
Dunedin Centre Piano Replacement					0			275							
Total	558	0	0	(283)	275	908	666	1,010	879	815	826	898	909	944	90
Total	783	43	0	(469)	357	1,294	666	1,010	1,041	981	997	1,074	1,091	1,132	1,099

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Civil Defence and Rural Fires															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Emergency Equipment Replacement Programme	48				48	50	51	53	54	56	34	35	37	38	39
Total	48	0	0	0	48	50	51	53	54	56	34	35	37	38	39
Total	48	0	0	0	48	50	51	53	54	56	34	35	37	38	39
Civic Leadership															
New Capital															
Mayoral Reception					0										
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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Museums, Libraries and Art Gallery															
Dunedin Public Libraries															
New Capital															
Heritage Collection Purchases	68				68	68	70	72	74	76	78	81	83	86	89
Heritage Collection Purchases – Trust Funds	10				10	10	10	11	11	11	11	12	12	13	13
Library Project Planning					0		154								
Central Library Refurbishment					0					2,138	2,201				
Radio Frequency Identification (RFID)	299	(5)			294										
Total	377	(5)	0	0	372	78	234	81	83	2,225	2,290	93	95	99	102
Renewals															
Minor Capital Equipment Purchases	55				55	55	56	57	59	61	62	64	66	69	71
Operational Collections Purchases	913				913	913	936	960	1,040	1,070	1,101	1,137	1,174	1,214	1,258
Total	968	0	0	0	968	968	992	1,017	1,099	1,131	1,163	1,201	1,240	1,283	1,329
Total	1,345	(5)	0	0	1,340	1,046	1,226	1,098	1,182	3,356	3,453	1,294	1,335	1,382	1,431

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Dunedin Public Art Gallery															
New Capital															
DCC Funded Acquisitions	50				50	106	109	111	115	118	121	125	129	134	138
* DPAG Society Funded Acquisitions	30	81		(81)	30	111	31	32	32	33	34	35	37	38	39
DPAG Minor Capital Works	20				20	20	21	21	22	22	23	24	24	25	26
Additional Collection Store Painting Racks					0				54		57				
Basement Store					0					226					
Total	100	81	0	(81)	100	237	161	164	223	399	235	184	190	197	203
Renewals															
Heating and Ventilation System	24	0			24	22	6	18	181	348	9	47	9	15	
DX Dehumidification Project		135			135	80									
Exhibition Lighting	110				110	50	51		11	11	11	12	12	13	13
Security Cameras					0	10	26	32	32						
Visitor Facilities Upgrade	100				100					56			61		
Goods Lift Renewal					0				432						
Chilled Water Pipe Replacement					0				151						
Total	234	135	0	0	369	162	83	50	807	415	20	59	82	28	13
Total	334	216	0	(81)	469	399	244	214	1,030	814	256	243	272	225	216

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Toitū Otago Settlers Museum															
New Capital															
Minor Capital Works	20				20	20	21	21	22	22	23	24	24	25	26
Acquisitions	50				50	50	51	53	54	56	57	59	61	63	65
Total	70	0	0	0	70	70	72	74	76	78	80	83	85	88	91
Renewals															
Heating and Ventilating Renewal					0			53			114	177	122		
Exhibition IT Equipment Renewal					0			95							
Total	0	0	0	0	0	0	0	148	0	0	114	177	122	0	0
Total	70	0	0	0	70	70	72	222	76	78	194	260	207	88	91

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Sport, Recreation and Leisure															
Aquatic Services															
New Capital															
* Mosgiel Pool					0		410		14,578						
Total	0	0	0	0	0	0	410	0	14,578	0	0	0	0	0	0
Renewals															
Moana Pool Double Glazing Replacement	57				57	57	58	60							
Moana Pool Replacement of Filters					0				65	67	69				
Mosgiel Pool Filter	54				54										
Mosgiel Pool	8				8	52	19	20	20	21	21	22	23	24	24
Port Chalmers					0	52	19	20	20	21	21	22	23	24	24
St Clair Hot Salt Water Pool	22				22	23	23	24	25	25	26	27	28	29	30
Moana Pool	16				16	16	16	16	17	17	18	18	19	20	20
Gym Equipment Replacement	21				21	21	21	22	22	23	24	24	25	26	27
Bulkhead Replacement		75			75										
Total	178	75	0	0	253	221	156	162	169	174	179	113	118	123	125
Total	178	75	0	0	253	221	567	162	14,747	174	179	113	118	123	125

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Botanic Garden															
New Capital															
Administration Building Workshop Upgrade					0		21								
Botanic Garden Redevelopment	1,244	118			1,362										
Total	1,244	118	0	0	1,362	0	21	0	0	0	0	0	0	0	0
Renewals															
Winter Garden	60				60										
Asphalt and Paving Renewal					0				35	22		159	1,135	213	132
Entranceway Sculpture and Ornamental Paving					0			158							
Total	60	0	0	0	60	0	0	158	35	22	0	159	1,135	213	132
Total	1,304	118	0	0	1,422	0	21	158	35	22	0	159	1,135	213	132
Parks and Reserves															
New Capital															
Recreation Services															
Playground Improvement					0		21	164	169	173	178	184	190	196	203
* University of Otago Oval Cricket Lights					0	2,200									
Conservation Services															
Art in Public Places					0		102				114				129
Developer Contributions															
* Reserve Development Mosgiel East	39			(39)	0	1,106	205								
* Reserve Development Mosgiel West					0							1,125			
Total	39	0	0	(39)	0	3,306	328	164	169	173	292	1,309	190	196	332

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Renewals															
Parks and Reserves Asset Renewal	948	90			1,038										
Irrigation System Renewals					0	54				13	63		205		
Reserve Furniture and Fence Renewals					0	30	31	32	32	33	34	35	36	38	39
Specimen Tree Renewals					0	25	26	26	27	28	29	29	30	31	32
Vehicle Accessway Renewals					0		230	368	494	158	278	263	319	448	462
Harbour Access Facilities Renewals					0										58
Pedestrian Accessway Renewals					0		27		4	101	106	6	64	115	63
Playground Renewals					0	119	286	293	301	309	318	328	338	349	361
Skateboard Renewals					0				67					28	
Sports Surfaces Renewals					0	45	177	169	141	145	262	222	254	190	214
Total	948	90	0	0	1,038	273	777	888	1,066	787	1,090	883	1,246	1,199	1,229
Total	987	90	0	(39)	1,038	3,579	1,105	1,052	1,235	960	1,382	2,192	1,436	1,395	1,561

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Corporate Support Activities															
Citifleet															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Vehicle Fleet Replacement	349			(200)	149	300	357	366	376	387	399	411	425	439	455
Truck Deck Replacement	20				20										
Total	369	0	0	(200)	169	300	357	366	376	387	399	411	425	439	455
Total	369	0	0	(200)	169	300	357	366	376	387	399	411	425	439	455
Council Communications and Marketing Activity															
New Capital															
Web Communications Equipment	16				16		51	53	54			118			65
Total	16	0	0	0	16	0	51	53	54	0	0	118	0	0	65
Renewals															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	16	0	0	0	16	0	51	53	54	0	0	118	0	0	65
Property – Management															
New Capital															
Property Management System					0	230			54						
Total	0	0	0	0	0	230	0	0	54	0	0	0	0	0	0
Renewals															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Total	0	0	0	0	0	230	0	0	54	0	0	0	0	0	0

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Customer Services Agency															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Contact Centre Applications					0		154								
Plaza Reception Counter Upgrade	30			(30)	0	30									
Total	30	0	0	(30)	0	30	154	0	0	0	0	0	0	0	0
Total	30	0	0	(30)	0	30	154	0	0	0	0	0	0	0	0
Finance															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Corporate Furniture	40				40	50	41	42	43	44	46	47	49	50	52
Total	40	0	0	0	40	50	41	42	43	44	46	47	49	50	52
Total	40	0	0	0	40	50	41	42	43	44	46	47	49	50	52

* indicates projects with full or partial external funding sources	2014/15 Annual Plan Budget \$'000	2014/15 Approved Carry Forwards August \$'000	2014/15 Revised Budgets \$'000	2014/15 Approved Carry Forwards May \$'000	2014/15 Revised Budget \$'000	2015/16 Budget \$'000	2016/17 Budget \$'000	2017/18 Budget \$'000	2018/19 Budget \$'000	2019/20 Budget \$'000	2020/21 Budget \$'000	2021/22 Budget \$'000	2022/23 Budget \$'000	2023/24 Budget \$'000	2024/25 Budget \$'000
Business Information Services															
New Capital															
Total	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Renewals															
Desktop Equipment	349	76			425	491	368	340	325	477	636	352	384	407	571
ICT Infrastructure	1,118			(753)	365										
Customer and Regulatory Solutions	384				384	60	876	1,340	709	604	462	683	809	812	619
Financial and HR Applications	115				115	95	164	158	227	233	252	24	55	290	26
Digital Workspace and Records Management	293				293	27	118	104	250	89	42	150	31	62	94
Total	2,259	76	0	(753)	1,582	673	1,526	1,942	1,511	1,403	1,392	1,209	1,279	1,571	1,310
Total	2,259	76	0	(753)	1,582	673	1,526	1,942	1,511	1,403	1,392	1,209	1,279	1,571	1,310
Grand Total	58,494	2,468	110	(10,038)	51,034	49,754	60,945	68,536	73,799	62,383	66,777	62,353	64,936	61,820	65,099

Prospective Information

The Council has not presented group prospective financial statements. The prospective financial statements are for the core Council only.

The main purpose of prospective financial statements in the Long Term 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 long-term plan under s 93, which covers a period of not less than 10 consecutive financial years; and includes the information required by Part 1 of Schedule 10.

Under Section 93 of the Local Government Act 2002, the purpose of a long term plan is to:

- a) describe the activities of the local authority; and
- b) describe the community outcomes of the local authority's district or region; and
- c) provide integrated decision-making and co-ordination of the resources of the local authority; and
- d) provide a long-term focus for the decisions and activities of the local authority; and
- e) provide a basis for accountability of the local authority to the community.

The Council adopted the Long Term Plan 2015/16 – 2024/25 on 29 June 2015.

The Council is responsible for the forecast financial statements including the appropriateness of the underlying assumptions and other disclosures.

Nature of Prospective Information

The forecast financial statements are prepared in accordance with Tier 1 PBE International Public Sector Accounting Standards (IPSAS) including PBE IPSAS 42. They are prepared on the basis of best-estimate assumptions as to future events, which the Council expects to take place as of 29 June 2015.

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.

The following assumptions, which have a level of uncertainty of high, could lead to a material difference to the prospective financial statements.

- Solid Waste Governance and Management – a change to governance and management of the Solid Waste activity could result in a change in the nature and composition of assets and liabilities in the forecast financial statements.
- Service priorities and range of services provided – if additional services are provided this could lead to additional operating expenditure, capital expenditure, rates revenue and debt.
- Development Contributions – if the projected revenue from Development Contributions is not received as planned then debt, interest costs and rates revenue will be higher than planned.

Extent to which Prospective Information Incorporates Actual Results

The period covered by the Long Term 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 2014.

Basis of Underlying Assumptions

The Long Term 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.

All Council departments or activities have prepared 10-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

In order to prepare the Long Term Plan 2015/16 -2024/25 the Council made a number of assumptions about the future. These assumptions are predictions that the Council believes to be true and are used as a basis for planning, budgeting and decision-making across the 10 years of the plan.

Schedule 10 s.17 of the Local Government Act 2002 requires that councils disclose significant forecasting assumptions in their plan documents and comment on:

- the risk to the Council if the assumption is incorrect or does not eventuate as stated.
- the level of any uncertainty associated with assumptions.
- the potential impact on the 10-year plan if the assumption proves to be invalid.

The Council's assumptions are presented in two tables:

1. Council wide/corporate level assumptions which are applicable across all activities.
2. Activity level assumptions which are specific to individual activities or groups of activity.

These assumptions, risks and uncertainties have been prepared in accordance with the Council's legislative requirements, and in reference to the Council's Annual Plan guidelines, and Activity Management Plans. Significant assumptions are defined as assumptions that would result in a material change to the financial forecasts in the plan.

Note: no specific assumption has been made in regard to potential macroeconomic change.

Table 1: Corporate Assumptions

Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty													
Demographics																
Population Growth Projections	Dunedin’s usually resident population was 123,500 in the last census (Statistics New Zealand (SNZ), Census 2013). <ul style="list-style-type: none">This represents growth of 1.3% between March 2006 and March 2013 compared to a 5.3% increase nationally. Growth projections for the 2015/16 -2024/25 LTP are based on the Demand series prepared by Rationale Limited for the Council in 2009. SNZ has recommended that the Council use a low growth scenario to 2021 and a medium growth scenario from 2026 – 2031, the 2009 Rationale projections most closely match this: <table><tr><th>2006</th><th>2011</th><th>2016</th><th>2021</th><th>2026</th><th>2031</th></tr><tr><td>122,911</td><td>124,773</td><td>126,520</td><td>128,054</td><td>129,455</td><td>130,305</td></tr></table> <ul style="list-style-type: none">Dunedin’s population is not projected to grow significantly over the next 20-years, with around 5,500 additional residents or a 4.4% increase projected between 2011 and 2031. Note: New population growth projections based on the 2013 Census were released by SNZ in February 2015 and SNZ are yet to release updated work on census area units. The Council will update its growth projections at a future date once all required information is available.	2006	2011	2016	2021	2026	2031	122,911	124,773	126,520	128,054	129,455	130,305	That population growth occurs at a faster or slower rate than projected.	Low	Slower or faster population growth may impact on service levels, infrastructure expansion renewal programmes and costs resulting in increased or decreased rates requirements.
2006	2011	2016	2021	2026	2031											
122,911	124,773	126,520	128,054	129,455	130,305											

Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty																														
<div>Population Profile</div> <div>The population profile for Dunedin to 2031 shown below is based on SNZ medium term projections from the 2006 Census:</div> <table><tr><th></th><th>0-14 years</th><th>15-39 years</th><th>40-64 years</th><th>65 years or over</th></tr><tr><td>2011</td><td>16%</td><td>40%</td><td>31%</td><td>14%</td></tr><tr><td>2016</td><td>15%</td><td>39%</td><td>29%</td><td>16%</td></tr><tr><td>2021</td><td>15%</td><td>39%</td><td>28%</td><td>18%</td></tr><tr><td>2026</td><td>15%</td><td>38%</td><td>27%</td><td>20%</td></tr><tr><td>2031</td><td>14%</td><td>37%</td><td>27%</td><td>22%</td></tr></table> <div>Notable changes between 2015/16 – 2024/25 are:</div> <div><ul style="list-style-type: none">• a decline in the size of the working population;• an increase in the proportion of people aged 65 years and over.</div> <div>There is a related decline in the average size of households in Dunedin, which is also impacted by social trends and lifestyle choices in other age cohorts.</div> <div>As the population ages there is potential for a higher proportion of residents to be on lower and fixed incomes.</div> <div>No significant provisions have been made in the 10 years of this plan for this, other than to restart the programmed building of new social housing units from 2015/16.</div> <div>It is assumed that the aging population will not impact existing services and infrastructure in this decade and forward planning regarding city amenity and any housing densification will occur via the Spatial Plan and the revision of the District Plan.</div>		0-14 years	15-39 years	40-64 years	65 years or over	2011	16%	40%	31%	14%	2016	15%	39%	29%	16%	2021	15%	39%	28%	18%	2026	15%	38%	27%	20%	2031	14%	37%	27%	22%	<div>That changes to city amenity and district planning are required sooner than projected.</div> <div>That the projected demographic changes occur faster than projected.</div>	Low	<div>Significant delays to amenity programming may make Dunedin a less attractive city for an aging population.</div> <div>Economic growth and economic development initiatives may be negatively impacted by declining workforce numbers.</div>
	0-14 years	15-39 years	40-64 years	65 years or over																													
2011	16%	40%	31%	14%																													
2016	15%	39%	29%	16%																													
2021	15%	39%	28%	18%																													
2026	15%	38%	27%	20%																													
2031	14%	37%	27%	22%																													

Assumption		Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Organisation				
Service Priorities and Range of Services Provided	<p>It is assumed that the community will continue to endorse the current range of services that the Council provides to the community. The 2010 'Your City Our Future' community consultation indicated that there is ongoing support for the range of services and little desire for reduced service levels. Subsequent Residents' Opinion Surveys support these views.</p> <p>The Council assumes that any service issues not provided for, or not fully provided for in the Plan, will be considered by the Council in the future, consistent with the requirements of the Local Government Act. It is assumed that the capacity of the Council to fund these services will be assessed against the financial strategy stated in the 2015/16 LTP.</p>	That the community seeks additional service provision via the LTP consultation.	Certain/High	Changes to the stated service provision may result in new operational and/or capital expenditure costs which may be offset by fees and charges or require an increase in rates requirement. The LGA provides means of altering service provision via an amendment to the LTP; this would require a special consultative procedure consultation.
Levels of Service	It is assumed levels of service will be maintained unless otherwise stated for the duration of the 2015/16 LTP.	Service levels may require adjustment in response to service issues identified by the community, changes to legislation or an external factor.	Low	Changes to the stated service levels may result in new operational and/or capital expenditure costs which may be offset by fees and charges or require an increase in rates requirement.
External Factors				
Climate Change	Dunedin City Council utilise guidance from the New Zealand Government, based upon the best available climate science, to underpin our planning. Currently we are using guidance from the Ministry for the Environment that is based on the Intergovernmental Panel on Climate Change's (IPCC) Fourth Assessment Report 2007 predictions, and our own Climate Change Projections Policy (updated in 2011 following a report commissioned by the Council from Professor Blair Fitzharris of the University of Otago).	That climate change projections are not taken into account in Council planning and the development of capital expenditure projects.	Low	Steps are in place to ensure that effects of climate change are considered. If not followed, remedial action could potentially be required and additional capital expenditure costs incurred.
	The IPCC published a fifth Assessment Report in November 2014. The Council is waiting for the Government to update its guidance based on this new information, before updating its projections Policy and current climate change assumptions if needed.	That the projections do not match reality.	Medium/Unknown	Climate change adaptation and/or mitigation works are required earlier or later than programmed and impact budget and rating requirements.

Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty																																	
<div>Climate Change continued</div> <div>The Council’s current Climate Change Projections Policy sets out the following climate change projections:</div> <table><tr><th>Climate variable</th><th colspan="2">Projected change in Dunedin</th></tr><tr><td></td><td>2040</td><td>2090</td></tr><tr><td>Mean temperature change</td><td>+1.1 °C</td><td>+2.5 °C</td></tr><tr><td>Sea level rise</td><td>+0.3 m</td><td>+0.8 to +1.6 m</td></tr><tr><td>Annual rainfall change [min, max]</td><td>-5 to +5%</td><td>-5 to +15%</td></tr><tr><td>Daily temperature extremes</td><td colspan="2">Fewer frosts, increasing very hot days.</td></tr><tr><td>Extreme rainfall</td><td>+9%</td><td>+20%</td></tr></table> <table><tr><th>Climate variable</th><th>Projected change in Dunedin</th></tr><tr><td>Drought</td><td>Drought incidence will be largely the same over large areas of the city, slight increase for urban area of Dunedin city and expected to increase for coastal areas north of Waitati.</td></tr><tr><td>Waves and storm surge</td><td>Storm surge level likely to rise at least in line with sea level and to be greater when combined with El Niño Southern Oscillation events and increased storm intensity.</td></tr><tr><td>Average wind</td><td>Increased annual mean westerly component.</td></tr><tr><td>Strong wind</td><td>Increased possibility of severe winds.</td></tr><tr><td>Snow</td><td>Snow level rising with decreased annual mean snowfall.</td></tr></table> <div>Council activities are required to factor these projections into decision-making, forward planning and adaptation activities. A climate change vulnerability assessment is required for all new capital expenditure projects</div>	Climate variable	Projected change in Dunedin			2040	2090	Mean temperature change	+1.1 °C	+2.5 °C	Sea level rise	+0.3 m	+0.8 to +1.6 m	Annual rainfall change [min, max]	-5 to +5%	-5 to +15%	Daily temperature extremes	Fewer frosts, increasing very hot days.		Extreme rainfall	+9%	+20%	Climate variable	Projected change in Dunedin	Drought	Drought incidence will be largely the same over large areas of the city, slight increase for urban area of Dunedin city and expected to increase for coastal areas north of Waitati.	Waves and storm surge	Storm surge level likely to rise at least in line with sea level and to be greater when combined with El Niño Southern Oscillation events and increased storm intensity.	Average wind	Increased annual mean westerly component.	Strong wind	Increased possibility of severe winds.	Snow	Snow level rising with decreased annual mean snowfall.			
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Assumption		Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Climate Change continued	As of 29 November 2012, Minimum Floor Levels (MFL) for new builds and extensions were increased in the following coastal communities and added to the Land Information Memorandums (LIM) for affected properties:			
	Area	MFL		
	Karitane – Waikouaiti	102.65m		
	Warrington, Blueskin Bay, Purakanui, Long Beach	102.60m		
	Otago Harbour	102.60m		
	South Dunedin including Tomahawk	102.85m		
	Brighton, South Coast, Papanui and Hoopers Inlet	102.90m		
Oil Price Volatility	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 but in the longer term are expected to be negative. No specific allowance has been made in budgets to accommodate oil price volatility.	That contract pricing is significantly impacted by oil price increases or increases.	Medium	Increased CCI and fuel costs may impact the Council’s ability to complete programmed work within budget. Work programmes may need to be changed to fit funding.
	Oil price fluctuations may influence modal choices.	That the modal choices impact on the range of service/infrastructure that the council provides.	Low	That changes in modal preferences result in additional costs and potential rate increases.
Natural Disasters	The funding provision assumes there will be no major natural disaster of a type that causes widespread and significant damage to Dunedin’s infrastructure.	That a significant natural disaster occurs.	Unknown	The nature and scale of the disaster will ultimately determine the impact on the Council’s resources and service delivery.
Legislative Change	There will be no unexpected changes to legislation, national standards, or other external factors, which significantly alter the nature or extent of services provided by the Council.	Changes to legislation or new legislation require changes to existing services and/or levels of service.	Medium	Costs associated with new legislation may need to be offset by increased or new fees and charges or increased rates funding requirements.

Assumption		Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Borrowing Costs	Interest on existing and new debt is calculated at 7.3% per annum. This excludes the \$30 million of Stadium debt.	Interest rates will vary from those projected.	Low	A large proportion of existing and forecast debt is hedged. There is uncertainty on the floating rate debt but the expectation is that interest rates will stay relatively low for a considerable period.
Borrowing Costs – Stadium Debt \$30 m	Interest on the \$30 million debt is calculated at 6.5% per annum.	Interest rates will vary from those projected.	Low	A large proportion of existing and forecast debt is hedged. There is uncertainty on the floating rate debt but the expectation is that interest rates will stay relatively low for a considerable period.
Inflation	Inflation adjustors are applied as per the BERL schedule provided separately.	That inflation levels and prices vary from those projected.	Medium	Unexpected increases in costs may impact the Council's ability to provide services without increasing rating requirements.
Emissions Trading Scheme	The New Zealand Emissions Trading Scheme (ETS) became law on 25 September 2008, with amendments made in December 2009. Subsequent amendments to the Climate Change (Unique Emission Factors) Regulations in 2010 extended coverage to the waste sector. Estimates have been prepared on the basis that the scheme will continue in its current form. Budget estimates for the solid waste activity make provision for required participation in ETS and these compliance costs are reflected in fees and charges at landfills.	That the government will alter its position on ETS and the scheme will impact other Council activities.	Medium	Increased compliance costs may require an increase in the overall rates requirement to fund them.
Industry Capacity for Infrastructure Asset Construction	It is assumed that sufficient design, engineering, and construction capacity, including availability of construction materials, will exist in the construction industry to undertake the physical works programme within projected timeframes.	That the construction industry demands of the Christchurch rebuild may impact the Council's ability to engage consultants and contractors for components of capital expenditure projects.	Low	Issues with availability of contractors may cause delays and/or cost escalations in competitive tendering which will impact project budgets and timelines.

Assumption		Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Significant Assets				
Policies for Significant Assets	The Council will maintain its current policies for the ownership and management of the significant assets as listed in the Significance and Engagement Policy 2014. This policy was developed in accordance with amendments made to the Local Government Act 2002 (8 August 2014) and adopted by the Council on 24 November 2014.	Policy changes are triggered by external factors or events.	Low	Policy changes may fundamentally change the way significant assets are managed.
Asset Renewal and Funding	The level of asset renewal shown in the capital expenditure programme will occur as projected, utilising the funding sources for asset replacement shown in the Revenue and Financing Policy.	Asset renewal does not proceed as programmed or the amount and source of funding varies significantly from forecasts.	Low	Variation to the timing, cost or funding of the renewals programme may result in a requirement to re-prioritise renewals programmes and/or increased rates requirements.
Forsyth Barr Stadium – Debt Servicing Plan	That the debt servicing plan in place can be met.	That loan repayments are not able to be made according to budgets.	Low	An increase in interest rates or negative impact in the ability of the DCHL group to make annual subvention payments could result in increased rate requirements or an extension to the term of the loans.
Forsyth Barr Stadium – DVML Operating Results	That the operational results of DVML are sufficient to meet the annual budget. Operational budgets have been set at a realistic level, however there is still an inherent risk due to the commercial environment DVML operates in.	That the budgets are not able to be met.	Medium/Low	In the event of projected results not being achieved, additional rates may be required.
Funding Sources				
New Zealand Transport Agency and other Subsidies	It is assumed NZTA and other ongoing subsidies will continue to be available. The Council's NZTA Financial Assistance Rate (FAR) is set at 59% for 2015/16 and reduces by 1% per annum, reaching 51% in 2023/24 and remaining at 51% for 2024/25.	That the subsidy level is reduced beyond advised levels in outward years.	Medium	Changes to subsidy levels or projects subject to subsidy may result in increased borrowing costs and rates requirements or reduced service levels.
Financial Assistance Local Share	As the FAR reduces the local share contribution from the Council is increased to maintain overall expenditure budgets or efficiencies are made to maintain service levels.	That the local share is not increased or required efficiencies are not achieved	Medium/Low	

Assumption		Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Revenue from DCHL, Waipori Fund and the Investment Property portfolio	Revenues from these investment assets will be returned as projected.	That projected returns are not realised.	Medium	In the event of projected returns not being achieved, or not being sustainable, funding from other sources will be required, potentially increasing rating requirements.
DCHL Revenue Split	Revenue from DCHL is composed of interest revenue and dividend revenue. Interest is charged on the shareholders advance on 30 June each year at an agreed market rate. The balance of income is received as dividend income.	That the revenue split between interest and dividend may vary.	Low	Although the proportion of the split may vary, the total revenue received from DCHL will be as budgeted.
Development Contributions	That the Council will receive revenue from Development Contributions of \$260,000 per annum from the 2018/19 year.	That this level of revenue is not received as budgeted.	High	That debt levels, interest costs and rate requirements will be higher than planned.
Mosgiel Aquatic Facilities	That the Taieri Community Facilities Trust (TCFT) will deliver the agreed level of community fundraising (\$7.5m) by 30 June 2017.	That the TCFT is unable to meet the fundraising target.	Medium – High	The Council has given in principle support to this project. Should the TCFT fail to meet the fund raising target, the Council may review its support of the project.

Table 2: Activity Level Assumptions

	Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Assumptions applicable to all significant asset owning activities				
Useful Lives of Significant Assets	The useful lives of significant assets shown in accounting policies and Activity Management Plans have been assessed appropriately.	Asset life and condition assessments prove to be invalid and assets require replacement earlier or later in their life cycle.	Low	Asset management planning is a priority for the Council. An unexpected failure of an asset would be managed by re-prioritisation of capital expenditure programmes. Additional borrowing costs may be incurred if renewals programmes were not able to be re-prioritised, and could require rates funding.
Fixed Asset Valuations	Scheduled revaluations of assets and forecast carrying values shown in budget estimates and Activity Management Plans are based on the Council's valuation policies which are appropriate for public benefit entities and are consistent with accounting standards for Public Benefit Entities (PBEs).	That scheduled revaluations produce significant variances from forecasts.	Low	Revaluations are scheduled regularly to ensure minimal variation of carrying values between valuations. The Council's Statement of Accounting policies describes how potential variances are managed within the financial statements.
Roading and Footpaths				
Capital Expenditure – Network Capacity Issues	<p>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 Integrated Transportation Strategy 2013 defines the future capital projects.</p> <p>The 30 year infrastructure strategy expands on this work and shows the expected timing and quantum of asset renewals.</p> <p>It is possible that this capital programme could change to reflect any change in the Council's overall service priorities.</p>	<p>That network capacity is exceeded.</p> <p>That the condition of network assets deteriorate more quickly than anticipated and require earlier renewals expenditure.</p> <p>That projects do not attract NZTA subsidy or points on the Land Transport Programme.</p>	Low	<p>If capacity is exceeded more quickly than projected, existing capital expenditure programmes may require reprioritisation or additional capital expenditure cost may be incurred.</p> <p>Existing capital expenditure programmes may require reprioritisation or additional capital expenditure cost may be incurred.</p>

	Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Water Supply				
Capital Expenditure – Asset Renewals	The level of renewals shown in the budget estimates and infrastructure strategy will ensure the long term integrity of infrastructure assets within the water supply network. Implementation of the 3 Waters Strategy is improving the assessment of asset condition, renewal requirements and the funding of renewal of the reticulation network.	That renewals programmes are deferred and asset condition deteriorates as a result.	Low – Medium	A long-term deferral of renewals poses a risk of asset deterioration and compromise of network integrity which may attract additional capital expenditure costs in the future.
Wastewater				
Capital Expenditure – Asset Renewals	The level of renewals shown in the budgets estimates and infrastructure strategy will ensure the long-term integrity of infrastructure assets within the wastewater network. Implementation of the 3 Waters Strategy is improving the assessment of asset condition, renewal requirements and the funding of renewal of the reticulation network.	That renewals programmes are deferred and asset condition deteriorates as a result.	Low – Medium	A long-term deferral of renewals poses a risk of asset deterioration and compromise of network integrity which may attract additional capital expenditure costs in the future.
Resource Consents	That the resource consents for wastewater activity due for renewal during the period 2012/13 – 2021/22 are renewed without significant alterations to conditions.	That the conditions required to obtain/maintain resource consents are changed and the costs of meeting these conditions are higher than projected.	Low	Advance advice of any changes is likely to be provided. Significant changes would require reprioritisation of budgets and work programmes and cannot be quantified until any change conditions is notified.
Stormwater				
Capital Expenditure – Asset Renewals	The level of renewals shown in the budget's estimates and infrastructure strategy will ensure the long-term integrity of infrastructure assets within the storm water network. Implementation of the 3 Waters Strategy is improving the assessment of asset condition, renewal requirements and the funding of renewal of the reticulation network.	That renewals programmes are deferred and asset condition deteriorates as a result.	Low – Medium	A long-term deferral of renewals poses a risk of asset deterioration and compromise of network integrity which may attract additional capital expenditure costs in the future.

	Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Assumption applicable to 3 Waters collectively (Water, Wastewater and Stormwater)				
Capacity and Capability – 3 Waters Renewals	That the planned improvements to work and procurement practices will allow 3 Waters to deliver the renewals programme to budget. Efficiencies of 16% are required on renewals costs in order to deliver projected work programmes and budgets.	That the required efficiencies are not able to be made.	Medium	Failure to find the required efficiencies will impact the ability to catch up on renewal work to the level proposed in this strategy. This would result in a further backlog of renewal works and may attract additional capital expenditure costs in the future.
Solid Waste				
Capital Expenditure	The Council's Green Island landfill is consented until 2023 and with current filling rates is expected to have space to meet the City's disposal needs until that time. A new Class A landfill or alternative disposal facility will be required to accommodate Dunedin's residual waste that cannot be recovered from the waste stream, with a new landfill expected to take a minimum of five to six years to develop irrespective of whether the landfill is developed by the Council, privately or as a joint venture. No allowance for a replacement facility has been included in the 2012/13 – 2021/22 Long Term Plan pending an extensive investigation into the future options.	That a new landfill facility is required earlier than projected.	Low	A requirement to develop a new landfill sooner than projected would result in unplanned capital expenditure which may attract borrowing costs and rating requirements.
Governance and Management	It is assumed that there will be no change to the governance and management of the Solid Waste activity in this LTP. However, changes to governance are being investigated and may be implemented in the future.	That there is a change to the governance structure for the Solid Waste activity such as creation of a CCO to operate landfill services.	Medium – High	Changes arising from this would require amendment of the LTP and could result in a number of financial changes for the Council as parent organisation.

	Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Emissions Trading Scheme (ETS)	The Climate Change (Waste) Regulations 2010, and The Climate Change (Unique Emission Factors) Regulation 2009 as amended in 2010, require waste disposal facility operators to meet mandatory reporting and surrender obligations under the New Zealand Emissions Trading Scheme for landfill methane. The Council as a large waste disposal facility operator mitigates the effects of methane by collection and flaring of gas and meets National Environmental Standards for emissions to air discharges for this practice. Mandatory reporting of methane emissions commences from 1 January 2012, with surrender of NZ units to match emissions commencing from 1 January 2013. Provision for costs associated with these requirements have been made in the solid waste activity budget. These costs are offset by landfill fees and charges and are not rates-funded. Costs are calculated using a Unique Emissions Factor (UEF) for Non-Default Waste Composition for each class of waste contributing to Degradable Organic Carbon content (garden, nappy and sanitary, other putrescibles, paper, sewage sludge, timber and textiles).	That the government will alter its position on ETS and additional compliance costs are incurred.	Medium	Increased compliance costs may not be solely met by landfill fees and charges and may require an increase in the overall rates requirement.
Resource Consents	The resource consent for the Council's Green Island landfill expires in 2023. It is planned to close this landfill prior to this date. It is assumed that the required consents for a new landfill can be obtained at the time they are required.	That the conditions required to obtain/maintain resource consents are changed and the costs of meeting these conditions are higher than projected.	Low	Advance advice of any changes is likely to be provided. Significant changes would require reprioritisation of budgets and work programmes and cannot be quantified until any change in conditions is notified.
Parks and Reserves				
Coastal Erosion	Budgets are based on the assumption that any remedial work that may be required can be managed from existing or carried forward funding.	Storm events are more frequent and high levels of remedial work are required.	Medium	Remedial work may not be able to be funded from existing budgets and other programmed work may need to be reprioritised to cover this cost.
Maintenance of Biodiversity	That the budgeted levels of funding for the protection of existing levels of biodiversity are sufficient.	That the budget is insufficient to ensure continued maintenance of biodiversity.	Low	Additional cost will be incurred with the potential to increase rate.

	Assumption	Risk	Level of Uncertainty	Reasons and Effect of Uncertainty
Citipark				
Revenue	That there will be no impact on parking revenue arising from changes to roading configuration and streetscaping.	That carparking is removed as a result of changes to roading configuration and streetscaping and is not reinstated elsewhere.	Medium	In the event of projected revenue not being achieved, potentially meaning budget shortfalls increasing rating requirements.
City Property				
Property Sales	Projected income from property sales will be realised.	That property is not sold in the projected timeframe and forecast income is not realised.	Medium	Failure to sell by the assumed date will result in ongoing property costs that may result in increased rates funding requirements.
All regulatory and legislatively required activities				
Legislative Compliance	Work carried out by the Council's regulatory and legislatively required activities is completed in accordance with the relevant legislation.	That statutory timeframes for processing are not met. That the required assessment and monitoring processes are not adhered to and result in litigation.	Medium – Low	The Council is found to be in breach of its obligations and cost may be incurred by the Council. This may require reprioritisation of operating expenditure.

Insurance

The Council's insurance renewal for the 2015/16 financial year will be finalised by the end of June 2015.

The strategy for the current renewal period is to strengthen the relationship with international markets following their introduction into the insurance programme last year.

In terms of insurance cover the intention is to extend for infrastructural assets to include both underground water and waste services along with transportation assets. This cover is limited to natural disaster perils only and excludes business interruption cover following damage to infrastructure assets. However the extension is a significant improvement given Council has previously been unable to hold any form of insurance on these assets.

As part of the 2015/16 insurance renewal, Council is also taking the opportunity to review the insured values across its property/building portfolio to ensure declared values are up to date and calculated on a consistent basis.

Inflation Adjustors – BERL October 2014

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
<i>Operating Expenditure</i>										
Inflation Adjustors – Cumulative										
Activity Specific:										
Parks, Botanic Gardens and Property	100.0%	102.4%	105.0%	107.8%	110.7%	113.9%	117.4%	121.1%	125.0%	129.4%
Transportation	100.0%	101.4%	103.6%	106.1%	108.8%	111.7%	114.9%	118.3%	122.0%	126.0%
Water and Waste Services	100.0%	103.8%	106.9%	110.4%	114.0%	118.0%	122.3%	127.1%	132.1%	137.6%
Generic:										
Other Costs	100.0%	102.5%	105.1%	108.0%	111.1%	114.3%	118.0%	121.8%	126.1%	130.6%
Staff Costs	100.0%	101.8%	103.9%	106.0%	108.3%	110.7%	113.3%	116.1%	119.1%	122.3%
Inflation Adjustors – Annual										
Activity Specific:										
Parks, Botanic Gardens and Property		2.4%	2.5%	2.7%	2.8%	2.9%	3.0%	3.2%	3.2%	3.5%
Transportation		1.4%	2.2%	2.4%	2.5%	2.7%	2.8%	3.0%	3.2%	3.2%
Water and Waste Services		3.8%	3.0%	3.2%	3.3%	3.5%	3.7%	3.9%	3.9%	4.2%
Generic:										
Other Costs		2.5%	2.5%	2.7%	2.9%	2.9%	3.2%	3.3%	3.5%	3.6%
Staff Costs		1.8%	2.0%	2.0%	2.2%	2.2%	2.4%	2.5%	2.6%	2.7%
<i>Capital Expenditure</i>										
Inflation Adjustors – Cumulative										
Activity Specific:										
Parks, Botanic Gardens and Property	100.0%	102.4%	105.0%	107.8%	110.7%	113.9%	117.4%	121.1%	125.0%	129.4%
Transportation	100.0%	101.4%	103.6%	106.1%	108.8%	111.7%	114.9%	118.3%	122.0%	126.0%
Water and Waste Services	100.0%	103.8%	106.9%	110.4%	114.0%	118.0%	122.3%	127.1%	132.1%	137.6%
Generic:										
Capex – Other	100.0%	102.5%	105.1%	108.0%	111.1%	114.3%	118.0%	121.8%	126.1%	130.6%

	2015/16	2016/17	2017/18	2018/19	2019/20	2020/21	2021/22	2022/23	2023/24	2024/25
Inflation Adjustors – Annual										
Activity Specific:										
Parks, Botanic Gardens and Property		2.4%	2.5%	2.7%	2.8%	2.9%	3.0%	3.2%	3.2%	3.5%
Transportation		1.4%	2.2%	2.4%	2.5%	2.7%	2.8%	3.0%	3.2%	3.2%
Water and Waste Services		3.8%	3.0%	3.2%	3.3%	3.5%	3.7%	3.9%	3.9%	4.2%
Generic:										
Capex – Other		2.5%	2.5%	2.7%	2.9%	2.9%	3.2%	3.3%	3.5%	3.6%
Balance Sheet										
Other Balance Sheet items	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Water and Waste Services	5.2%	3.8%	3.0%	3.2%	3.3%	3.5%	3.7%	3.8%	4.0%	4.2%
Property Revaluation			3.8%			3.8%			3.8%	
Roading Revaluation	1.2%	1.4%	2.2%	2.4%	2.5%	2.7%	2.8%	3.0%	3.1%	3.3%

The inflation adjustors have been applied to all operational can capital expenditure and revenue sources.

Reserve Funds

Reserves Activity	Purpose	Opening Balance 2014/15 \$'000	Transfers Inward 2014/15 – 2024/25	Transfers Outwards 2014/15 – 2024/25	Closing Balance 2024/25
Libraries	To extend the Reed and other library collections	644	0	(250)	394
Cemeteries	To maintain cemeteries and specific burial plots and mausoleums	2,187	0	0	2,187
Development Services	Dog Control operations reserve	(24)	0	0	(24)
CARS – Botanic Garden	Aviary Bird Fund operations reserve	10	0	(5)	5
	Clive R. B. Lister Capital Account to maintain the Clive Lister garden	205	0	0	205
	Mediterranean Garden development reserve	13	0	0	13
CARS – Parks	To maintain specific reserve areas	1,104	0	0	1,104
	Reserve of development contributions for playgrounds, specific Parks and Subdivision reserves	28	6,213	(4,467)	1,774
Museums and Art Gallery	Art Gallery funded operations reserves	157	0	0	157
	Toitu OSM Stage 2 development reserve	0	0	0	0
3 Waters	Water development and operation reserves	238	0	0	238
	Drainage development, replacement and operation reserves	0	0	0	0
Property	Air Development capital reserve to develop the Taieri aerodrome	318	0	0	318
	Housing	1,074	0	0	1,074
	Operational buildings renewal reserve	0	0	0	0
	Endowment property investment reserve	(462)	0	0	(462)
Finance	Insurance	265	0	0	265
Roading	Roading property reserve for property purchases	355	2,385	(824)	1,916
Other	Hillary Commission General Subsidies Reserve	28	0	0	28
		6,141	8,598	(5,545)	9,194

Long Term Plan Disclosure Statement

Long Term Plan Disclosure Statement for the Period Commencing 1 July 2015

What is the purpose of this Statement?

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

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

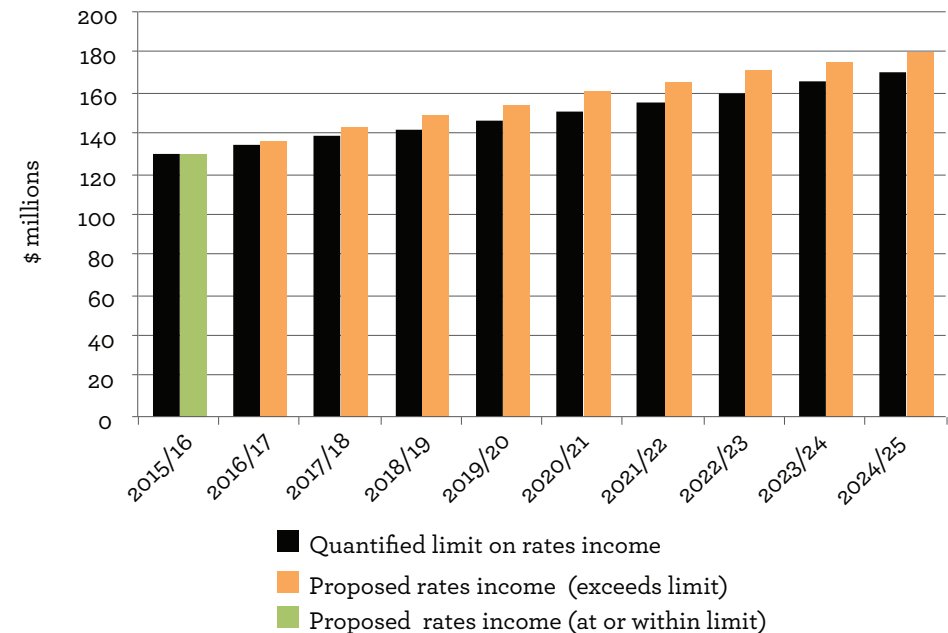
Rates Affordability Benchmark

The Council meets the rates affordability benchmark if –

- its planned rates income equals or is less than each quantified limit on rates; and
- its actual rates increases equal or are less than each quantified limit on rates increases.

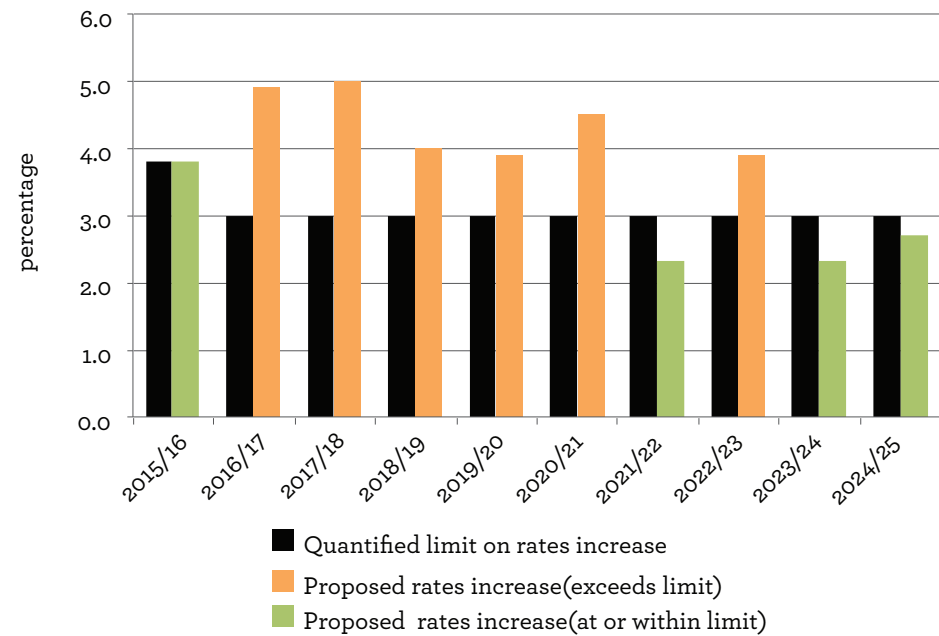
Rates (Income) Affordability

The following graph compares the Council's planned rates with a quantified limit on rates contained in the financial strategy included in the Council's long-term plan. The quantified limit is \$130 million for the 2015/16 year. Please refer to the financial strategy for the quantified limits for the remaining nine years.



Rates (Increases) Affordability

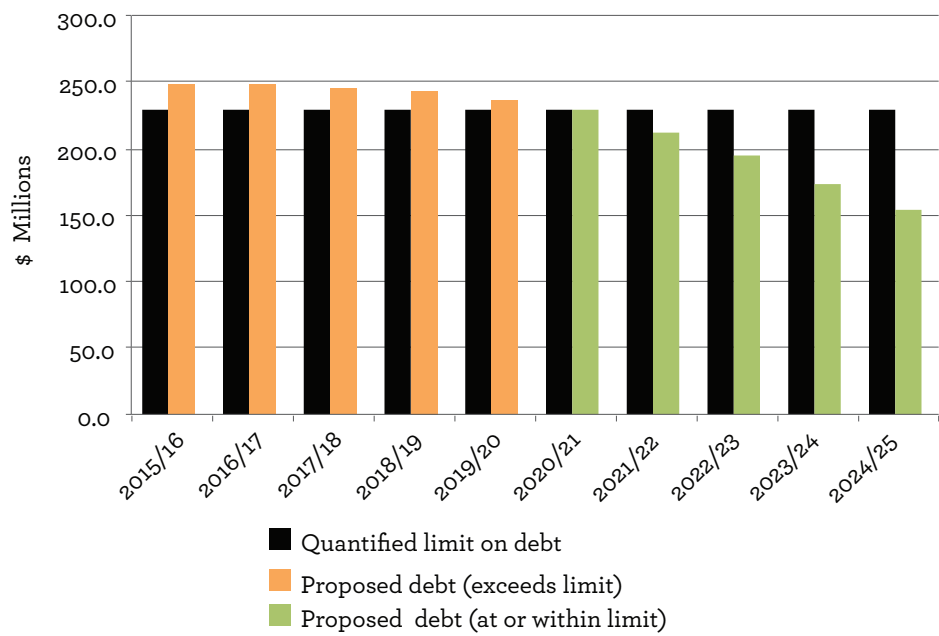
The following graph compares the Council’s planned rates increases with a quantified limit on rates increases included in the financial strategy included in the Council’s long term plan. The quantified limit is 3.8% for the 2015/16 year. The quantified limit is 3% for all other years unless there are exceptional circumstances.



Debt Affordability Benchmark

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

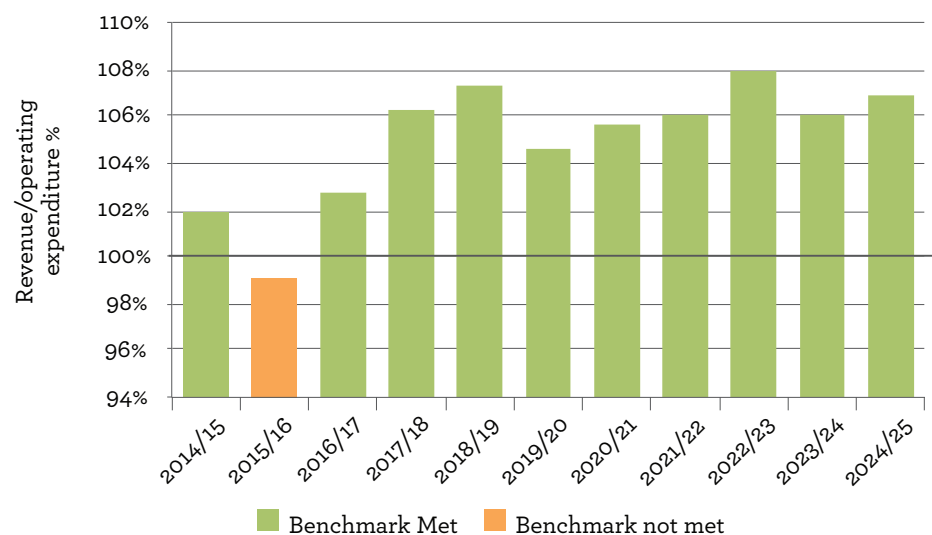
The following graph compares the Council’s planned debt with a quantified limit on borrowing statement in the financial strategy contained in the Council’s long term plan. The quantified limit is \$230 million.



Balanced Budget Benchmark

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

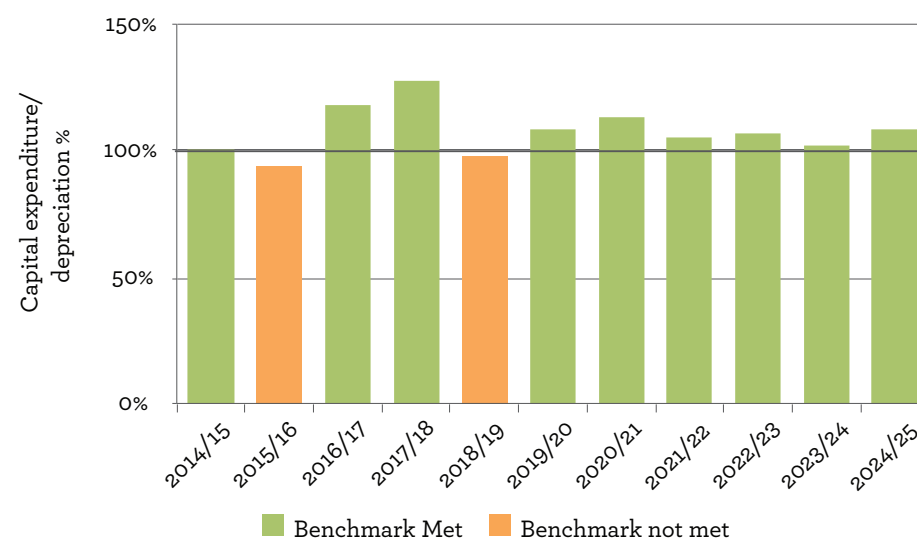
The Council meets the balanced budget benchmark if its planned revenue equals or is greater than its planned operating expenses.



Essential Services Benchmark

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

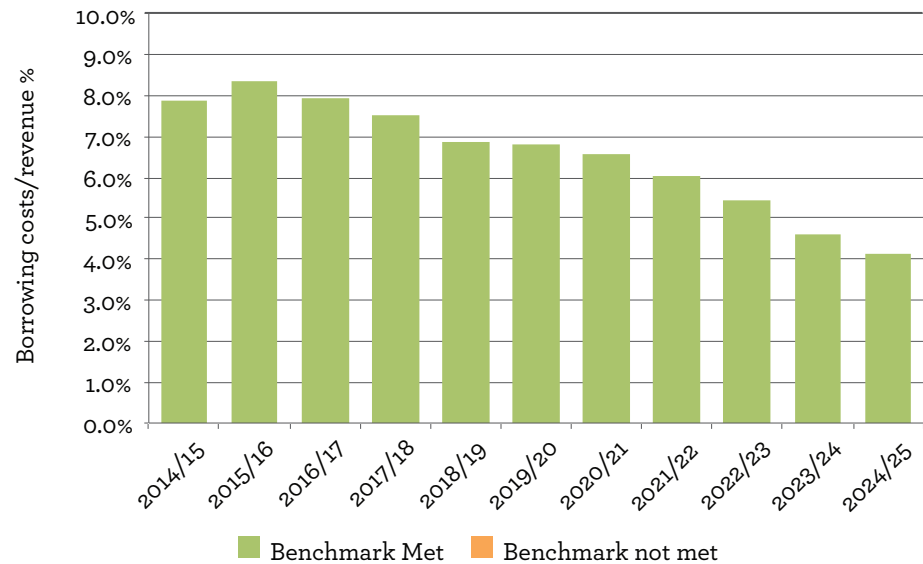
The Council meets the essential services benchmark if its planned capital expenditure on network services equals or is greater than expected depreciation on network services.



Debt Servicing Benchmark

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

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



Additional Information or Comment

Note 1: Voluntary rates (eg Warm Dunedin) are excluded from the Rates Quantified Limits in the 2015/16 – 2024/25 Long Term Plan.