



18: Financial Summary

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18 Financial Summary

18.1 Historical Financial Performance Summary

Historical financial performance for the Community Facilities Activity is set out in the following table. This covers the past three financial years and indicates actual costs and revenues compared with budgets. Overall this indicates that operating costs are consistently under spent (average of 89% spend compared with budget). This is primarily related to under delivery of significant capital projects with a consequential delay in the associated operating costs.

Revenue targets have generally been exceeded (average of 118% of budget) and this is mainly attributed to unexpected grant funding being received for a number projects (e.g. TIF grants for toilet projects) as well as unanticipated net gain on sale of properties.

The capital programme has been consistently under-delivered with an average of around 46% of the annual programme being completed. There are a number of factors contributing to this situation:

- Inadequate early assessment of project constraints and consideration of Council process
- Insufficient lead in time for planning, design, consenting, tendering
- A significant number of very large projects to be delivered in short time frame to meet growth and demand – new Rolleston Library/cultural centre (Te Ara Ātea); Rolleston Reserve and Town square development; Selwyn Sports Centre (indoor courts complex); extension to Selwyn Aquatic Centre; extension to Council Headquarters; Selwyn Health Hub
- Reliance on external funding sources for some projects (which takes time to obtain)
- Inadequate resourcing made available to deliver projects (especially with a 'bow wave' of project carry forwards)

This situation will be alleviated to some extent going forward as most of the major projects are now either completed or in the construction phase with completion later in 2021. The forward capital programme is less intensive and resources will be released to focus on delivery of these projects. Other delivery modes will be considered to accelerate project completion such as design-build. The reducing reliance on committee resources to deliver minor projects and, with a dedicated Council team focused on community projects, means that delivery performance will be improved. It is expected that, collectively, these measures will help to provide a much improved outcome for capital programme delivery.

Summary Historical Opex Performance	2014/15	2015/16	2016/17
Budget O & M	\$20,585,217	\$23,652,939	\$26,262,041
Actual O & M	\$19,525,306	\$20,741,464	\$21,886,791
Difference	\$1,059,911	\$2,911,475	\$4,375,250
% complete	95%	88%	83%
Summary Historical Revenue Performance	2014/15	2015/16	2016/17
Budget Revenue	\$9,541,934	\$10,540,918	\$13,690,982
Actual Revenue	\$10,986,731	\$13,557,212	\$15,027,939
Difference	-\$1,444,797	-\$3,016,294	-\$1,336,957
% complete	115%	129%	110%
Summary Historical Capex Performance	2014/15	2015/16	2016/17
Budget Capex	\$43,151,199	\$37,335,138	\$93,096,967
Actual Capex	\$20,830,298	\$21,281,387	\$31,470,539
Difference	\$22,320,901	\$16,053,751	\$61,626,428
% complete	48%	57%	34%

Table 18-1: Community Facilities Historical Financial Performance

18.2 Expenditure Categories

The standard expenditure categories are defined for this activity and are explained below.

Operations

Asset operation has no effect on asset condition but is necessary to keep the asset appropriately utilised.

Maintenance

The day to day work required to keep assets operating at required service levels, and falls into two broad categories:

Planned (proactive) Maintenance: Proactive inspection and maintenance works planned to prevent asset deterioration or failure

Unplanned (reactive) Maintenance: Reactive action to correct asset malfunctions and failures on an as required basis (i.e. emergency repairs)

Renewals

This expenditure is defined as:

- the renewal and rehabilitation of existing assets to their original size and capacity, or
- the replacement of the entire component of the asset with the equivalent size or capacity, or
- the replacement component of the capital works which increase the capacity of the assets (that portion of the work which restores the assets to their original size and capacity)

New Works

Projects (including land purchase) for the extension or upgrading of assets required to cater for growth or additional levels of service, including:

- works which create an asset that did not exist in any shape or form, or
- works which improves an asset beyond its original size or capacity, or
- upgrade works which increase the capacity of an asset, or
- works designed to produce an improvement in the standard and operation of the asset beyond its original capacity

Asset Disposals

Costs associated with the removal or disposal of decommissioned assets.

Financial treatment of assets purchased is described in Council's Asset Capitalisation Policy. In general, expenditure will be classified as capital if it:

- leads to the creation of a new asset, or
- increases the level of service the existing asset is able to provide, or
- extends the life of an existing asset, or
- renews and rehabilitates existing assets to their original size and capacity;
- the value of individual items exceeds \$1,000 and has a useful life of greater than one year

18.3 Long Term Financial Forecast

This section provides an overall financial summary for the next ten years. Individual financial programmes have been prepared for:

- Operations and Maintenance
- Operating Revenue
- Cyclic Renewals and Rehabilitation
- Future Asset Development (capital)
- Capital Revenue

All forecasts are based on \$NZ as at 1 July 2020 and exclude GST.

A summary of the long term (10 year) financial forecast for this activity is shown in the tables below. Forecast financial information for each service comprising this activity is presented in the individual service sections (Sections 7 to 16). Figure 18-1 presents the overall expenditure summary for the Community Facilities activity (both operational and capital expenditure). Note that it does not include operational costs related to the Libraries Service or other Community Services Activities (Community Development, Economic Development) which are contained in the Community Facilities and Services Activity Plan prepared for the LTP.

The funding impact statement for the Community Facilities Activity which provides an overview of activity costs and how these will be funded is shown in Annex 11-A.

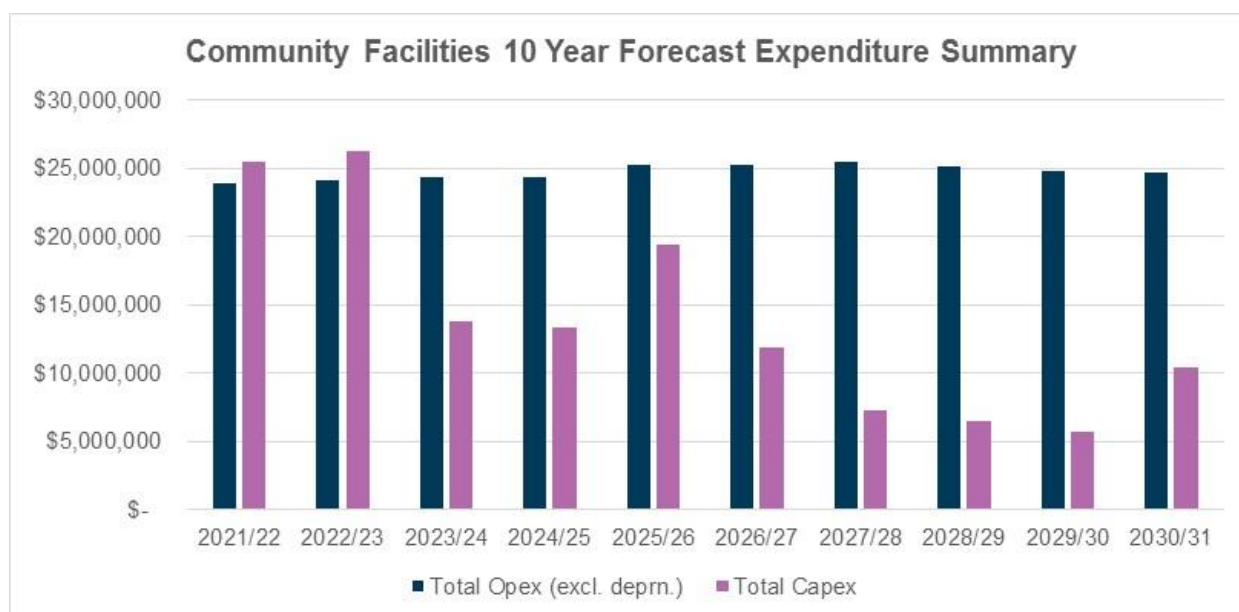


Figure 18-1: Forecast Expenditure Summary

The tables below set out summary financial information including:

- Operating Revenue (income from activities and excluding rates)
- Operations and Maintenance Costs (including support costs and operational projects)
- Depreciation
- Capital Expenditure (renewals, improvements to levels of service and growth and demand projects)
- Capital Revenue (gross revenue from land sales and asset disposals, forecast revenue received for reserve development contributions, value of assets to be vested from subdivision activity)
- Cost of Growth (identified additional operating costs directly attributable to asset growth)

Community Facilities Summary 10 Year Financial Forecast										
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast	Forecast
Operating Revenue										
Recreation Reserves	456,250	488,250	725,250	702,550	702,550	698,550	698,550	687,200	687,200	687,200
Township Reserves & Streetscapes	-	-	-	-	-	-	-	-	-	-
Cemeteries	329,354	329,354	329,354	395,482	395,482	395,482	395,482	395,482	496,971	486,011
Public Toilets	5,050	5,050	5,050	5,050	5,050	5,050	5,050	5,050	5,050	5,050
Community Centres & Halls	1,185,090	1,143,490	3,179,490	1,183,290	1,203,290	1,241,790	1,241,790	1,241,790	1,241,790	1,241,790
Swimming Pools	2,235,886	2,235,917	2,235,948	2,235,980	2,236,013	2,236,047	2,236,082	2,236,082	2,236,082	2,236,082
Property & Buildings	2,680,336	3,640,258	3,944,660	4,249,281	4,554,133	4,859,228	5,014,578	5,020,195	5,026,094	5,032,287
Property & Buildings - Int'l Recharge	1,231,875	1,390,745	1,428,166	1,444,505	1,492,431	1,514,656	1,542,935	1,557,010	1,579,189	1,607,289
Rental Housing	203,540	163,540	163,540	163,540	163,540	163,540	163,540	163,540	163,540	163,540
Gravel Reserves	256,885	47,900	162,875	48,900	48,900	48,900	240,275	50,400	50,400	50,400
Forestry	-	-	53,124	48,363	91,065	-	13,650	13,650	115,047	258,368
Total Operating Revenue	8,584,266	9,444,504	12,227,457	10,476,941	10,892,454	11,163,243	11,551,932	11,370,399	11,601,363	11,768,017
Operations & Maintenance										
Recreation Reserves	4,178,051	4,268,398	4,270,079	4,198,207	4,200,872	4,365,682	4,405,886	4,350,223	4,363,699	4,263,313
Township Reserves & Streetscapes	4,622,792	4,677,936	4,710,458	4,864,099	5,125,598	5,217,516	5,176,769	5,162,435	5,318,445	5,486,670
Cemeteries	716,248	722,498	716,182	736,414	750,326	737,927	728,896	734,041	772,827	780,646
Public Toilets	905,749	928,733	924,725	903,106	914,941	920,730	899,122	922,723	911,125	915,380
Community Centres & Halls	4,919,067	4,946,202	5,068,442	4,878,446	5,178,730	5,197,239	5,304,889	5,177,012	5,093,858	4,951,066
Swimming Pools	4,960,518	4,818,595	4,759,922	4,895,959	5,028,552	4,731,759	4,755,275	4,740,695	4,700,130	4,951,321
Property & Buildings	2,825,976	2,925,976	3,164,642	3,138,380	3,392,670	3,380,228	3,519,763	3,387,238	2,936,043	2,623,033
Rental Housing	349,355	333,085	329,613	314,324	313,854	335,363	312,233	312,632	327,710	322,412
Gravel Reserves	296,913	342,181	324,032	290,225	288,902	311,762	287,452	287,348	292,066	287,629
Forestry	83,729	94,746	95,847	88,383	84,155	76,619	70,161	69,899	99,083	88,228
Total Operations & Maintenance	23,858,398	24,058,350	24,363,942	24,307,543	25,278,600	25,274,825	25,460,446	25,144,246	24,814,986	24,669,698
Operating Surplus/Deficit (excl. deprn)	15,274,132	14,613,846	12,136,485	13,830,602	14,386,146	14,111,582	13,908,514	13,773,847	13,213,623	12,901,681
Depreciation										
Recreation Reserves	2,376,491	2,644,034	2,862,632	2,900,399	2,895,119	2,751,724	2,725,480	2,780,539	2,820,091	2,862,916
Township Reserves & Streetscapes	179,394	266,978	294,003	306,577	345,626	357,541	382,956	431,219	483,994	534,609
Cemeteries	31,809	36,695	41,170	44,674	49,065	50,355	51,669	54,850	56,579	58,685
Public Toilets	118,459	133,165	144,109	152,485	168,754	168,957	169,617	179,262	179,473	180,065
Community Centres & Halls	1,007,459	1,052,716	1,144,278	1,146,504	1,227,786	1,278,848	1,330,946	1,361,124	1,418,600	1,452,169
Swimming Pools	959,956	1,024,286	1,035,747	998,251	1,057,548	1,065,737	1,022,500	1,071,018	1,075,182	1,112,688
Property & Buildings	1,583,534	2,000,783	2,310,139	2,574,178	2,999,129	3,275,188	3,429,099	3,632,075	3,665,229	3,703,040
Rental Housing	13,058	14,213	14,613	15,168	41,000	41,396	41,496	43,510	44,137	45,764
Gravel Reserves	362	1,029	1,420	1,699	2,613	2,959	3,260	4,201	4,496	4,894
Forestry	-	256	256	256	696	696	696	1,144	1,144	1,144
Total Depreciation	6,270,522	7,174,155	7,848,367	8,140,191	8,787,336	8,993,401	9,157,719	9,558,942	9,748,925	9,955,974
Operating Surplus/Deficit (incl. deprn)	21,544,654	21,788,001	19,984,852	21,970,793	23,173,482	23,104,983	23,066,233	23,332,789	22,962,548	22,857,655

Table 18-2: Community Facilities Operations Financial Forecast Summary

Community Facilities Summary 10 Year Financial Forecast										
	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Capital Expenditure										
Capital Renewals										
<i>Recreation Reserves</i>	390,850	225,435	1,571,450	663,800	193,550	579,000	549,700	763,000	394,750	1,634,050
<i>Township Reserves & Streetscapes</i>	79,000	191,670	118,126	174,150	149,470	144,433	407,396	480,050	637,150	450,376
<i>Cemeteries</i>	28,500	10,000	-	-	-	67,100	-	17,700	87,700	40,100
<i>Public Toilets</i>	20,000	319,700	5,000	320,900	5,150	5,000	8,500	5,565	5,000	16,215
<i>Community Centres & Halls</i>	256,120	255,750	74,564	155,520	129,760	478,060	408,356	676,144	642,150	548,210
<i>Swimming Pools</i>	614,936	185,301	153,381	249,128	187,990	79,401	147,646	91,191	88,300	530,390
<i>Property & Buildings</i>	2,581,900	4,400,715	130,203	90,600	253,750	359,055	245,416	545,321	235,324	1,050,241
<i>Rental Housing</i>	1,500	1,500	16,500	10,500	13,000	1,500	1,500	15,500	11,500	43,100
<i>Gravel Reserves</i>	7,308	10,234	9,360	4,600	11,826	5,508	9,558	5,760	9,000	10,890
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-
Total Capital Renewals	3,980,114	5,600,305	2,078,584	1,669,198	944,496	1,719,057	1,778,072	2,600,231	2,110,874	4,323,572
New Capital - Improved Level of Service										
<i>Recreation Reserves</i>	498,450	103,600	226,500	480,900	354,500	32,000	47,000	2,000	2,000	122,000
<i>Township Reserves & Streetscapes</i>	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300	22,300
<i>Cemeteries</i>	75,200	246,400	57,400	63,100	30,700	36,500	33,600	30,700	37,700	41,550
<i>Public Toilets</i>	5,000	-	106,650	5,000	-	-	5,000	-	-	5,000
<i>Community Centres & Halls</i>	751,000	4,437,696	2,781,508	439,824	5,411,356	525,000	65,460	60,000	60,000	60,000
<i>Swimming Pools</i>	1,550,000	-	-	-	-	-	-	-	-	4,000,000
<i>Property & Buildings</i>	550,000	550,000	550,000	500,000	513,000	500,000	500,000	500,000	510,000	500,000
<i>Rental Housing</i>	-	-	-	-	-	-	-	-	-	-
<i>Gravel Reserves</i>	-	-	-	-	-	-	-	-	-	-
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-
Total New Capital - Improved LOS	3,451,950	5,359,996	3,744,358	1,511,124	6,331,856	1,115,800	673,360	615,000	632,000	4,750,850
New Capital - Increased Demand										
<i>Recreation Reserves</i>	7,168,654	8,421,000	2,083,650	4,493,850	6,528,000	3,691,500	4,278,250	2,716,500	2,345,750	391,000
<i>Township Reserves & Streetscapes</i>	5,743,376	1,676,634	467,079	659,845	596,233	266,200	439,342	527,550	562,200	887,850
<i>Cemeteries</i>	75,500	-	-	-	-	-	-	-	-	-
<i>Public Toilets</i>	-	137,900	25,000	-	-	-	25,000	-	-	-
<i>Community Centres & Halls</i>	43,900	30,000	395,340	12,500	-	-	-	25,000	-	-
<i>Swimming Pools</i>	-	-	-	-	-	-	-	-	-	-
<i>Property & Buildings</i>	5,036,000	5,036,000	5,036,000	5,036,000	5,036,000	5,036,000	36,000	36,000	36,000	36,000
<i>Rental Housing</i>	-	-	-	-	-	-	-	-	-	-
<i>Gravel Reserves</i>	-	-	-	-	-	-	-	-	-	-
<i>Forestry</i>	-	-	-	-	-	-	-	-	-	-
Total New Capital - Increased Demand	18,067,430	15,301,534	8,007,069	10,202,195	12,160,233	8,993,700	4,778,592	3,305,050	2,943,950	1,314,850
Total Capital Expenditure	25,499,494	26,261,835	13,830,011	13,382,517	19,436,585	11,828,557	7,230,024	6,520,281	5,686,824	10,389,272
Capital Revenue										
<i>Development Contributions (cash)</i>	1,976,048	2,659,501	453,158	2,358,324	4,762,370	3,486,140	3,502,280	4,193,780	3,427,888	923,938
<i>Sale of Property</i>	1,706,910	0	854,350	0	0	0	792,050	0	0	0
Total Capital Revenue	3,682,958	2,659,501	1,307,508	2,358,324	4,762,370	3,486,140	4,294,330	4,193,780	3,427,888	923,938
Vested Assets										
Total Vested Assets	12,321,907	6,287,009	9,667,110	7,996,349	2,732,944	3,032,890	3,380,341	2,726,330	2,956,200	5,920,800
Cost of Growth										
Total Cost of Growth	1,124,599	236,038	310,719	195,299	305,750	261,250	45,785	67,433	137,463	55,891

Table 18-3: Community Facilities Capital Financial Forecast Summary

18.3.1 Long Term Renewals

Renewal expenditure has been calculated over a 30 year period to provide a longer term view of asset renewal and replacement requirements. This is particularly important given the high number of assets being created as a result of growth and the future need to renew or rehabilitate these assets which will have significant expenditure implications. The 30 year renewal programme is presented in the following graph.

The key service areas requiring significant renewal expenditure are:

- Community Centres & Halls
- Property & Buildings
- Recreation Reserves
- Swimming Pools
- Township Reserves

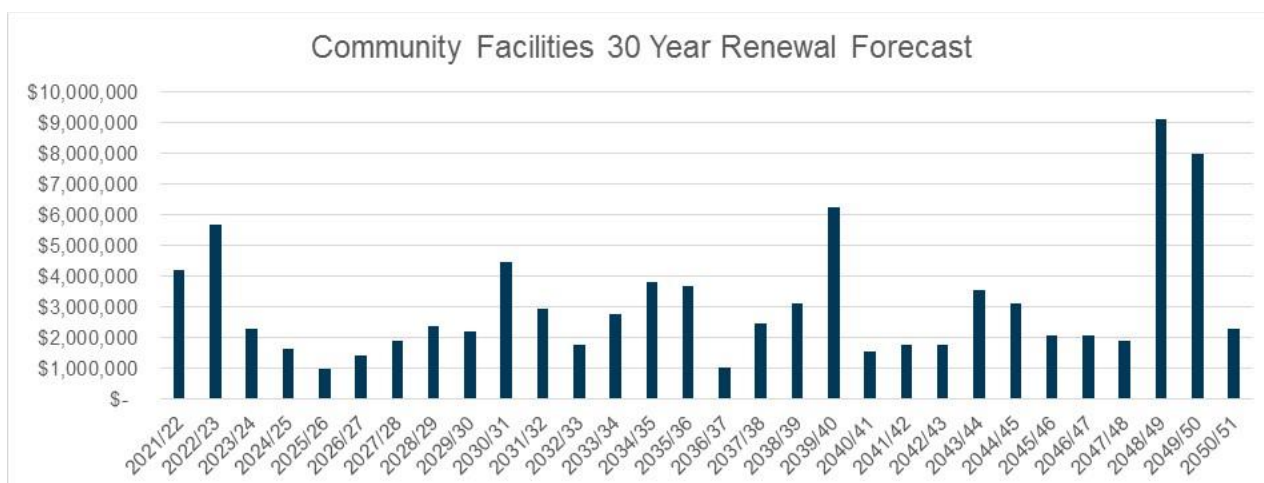


Figure 18-2: Forecast Long Term Renewal Requirements

The figure below shows the ratio of renewal expenditure requirements to forecast depreciation over the 10 year planning period. This indicates the high proportion of 'young' assets recently added to the network.

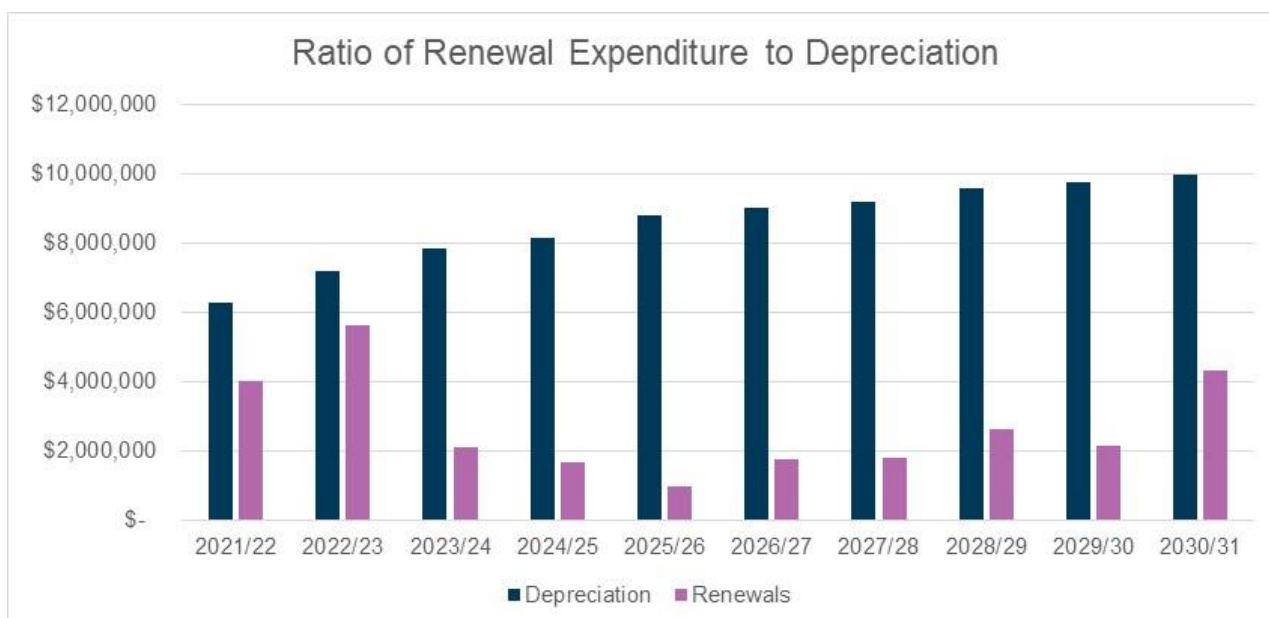


Figure 18-3: Renewal Expenditure c.f. Depreciation

18.4 Significant Expenditure Requirements

A number of significant projects are signalled over the next 10 years requiring both capital and operational expenditure.

The financial summary indicates a high level of capital expenditure planned for the first three years of the programme. This is attributed to a number of significant projects many of which represent a catch up on growth and level of service requirements. Key projects and financial impacts during the 10 year planning period are set out in following series of tables.

Recreation Reserves					
Location / Reserve	Project Description	Timing	\$	Exp. Type	Comment
District Wide	Playground Compliance	From 2021	572k total	OPEX	To enable safety inspections of reserve playgrounds
District Park (Rolleston)	Large Scale Park development	2024-2030	15.7m	GRO	Staged development of 30 ha to meet projected demands for recreation space
Various Reserves	New Reserve toilet facilities	2020 - 2030	1.04m	LOS/REN	Improved facilities (x4) at Doyleston (Osborne Park), Sheffield, Tai Tapu (Rhodes Park) & West Melton
Kirwee	Reserve development	2021 - 2030	1.06m	GRO	Automated irrigation systems and development of reserve to meet demand for recreation
Leeston	Develop reserve extension	2021 - 2023	0.73m	GRO	Remediate contamination and develop 0.8 ha new reserve
Leeston	New toilet/change facility	2023	0.8m	GRO/LOS	New facility to replace RFC change rooms
Lincoln	New reserve / sports field development	2022 - 2027	4.16m	GRO	Develop 4.7ha site
Lincoln	Contribution to new change facility	2028	0.63m	GRO	Improved capacity for sports users
Lincoln	Netball/tennis Court resurfacing	2030	0.63m	REN	Resurface of 11 existing courts
Prebbleton (Birches Rd)	New reserve / sports field development	2021 - 2028	9.95m	GRO	Development of full 22ha site to meet demand in 2 stages
West Melton	Reserve development	2021 - 2026	0.44m	GRO	Continue development of extension area
West Melton	Tennis Courts renewal and development	2023-24	0.58m	REN	To replace and relocate courts
Rolleston	Redevelopment of reserve with Town Centre	2021 - 2022	4.15m	LOS/GRO	Development of high amenity / civic greenspace
Rolleston (Foster Park)	Artificial hockey turf	2021	2.5m	GRO	Additional (full sized) turf
Rolleston (Foster Park)	Additional car parking	2022	1.0m	GRO	Form current gravel vehicle access way and car parking along NE boundary
Rolleston (Foster Park)	Further development – youth park	2023	0.85m	GRO	Youth Park adjoining playground area
Southbridge	Reserve development	2024 - 2027	0.60m	LOS	Automated irrigation systems, drainage and development of extension to meet demand for recreation
Tai Tapu (Rhodes Park)	Tai Tapu walkway	2021 - 2025	0.57m	LOS	Planned walkway around reserve linking to township

Table 18-4: Recreation Reserves Major Expenditure Programmes

Cemeteries					
Location / Cemetery	Project Description	Timing	\$	Exp. Type	Comment
District Wide	Signage	2023 / 2024	60k	LOS	Upgrade of internal signage and beam markers
Ellesmere Public	Cemetery Extension	2021	75.5k	GRO	Develop additional burial area within the cemetery site
Shands Rd	Access / Roothing Improvements	2022	195k	LOS	To improve access, circulation and safety

Table 18-5: Cemeteries Expenditure Programmes

Public Toilets					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
District Wide	Waste Water Capacity	2023	60k	LOS	Address capacity in areas of high demand
District Wide	Dump Stations	2023 & 2027	50k	GRO	Provision to keep pace with increase in tourism
District Wide	Asset Renewals	2021-2031	82k	REN	Component renewal programme
Lincoln (Liffey)	Upgrade Facility	2024	315k	REN/ LOS	Poor quality and nearing end of economic life
Lincoln (Te Whariki)	Additional Facility / Capacity	2022	138k	GRO	Capacity in new area
Darfield (Grainshed)	Facility Upgrade	2023	47k	LOS	Internal upgrade
Leeston (RSA)	Facility Renewal	2021	315k	REN/ LOS	Nearing end of economic life

Table 18-6: Public Toilets Major Expenditure Programmes

Swimming Pools					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
Darfield Pool	New Facility	2030	4.0m	LOS	Provisional sum for new indoor facility subject to planned and demand analysis (inflated to \$5m in 2030/31)
Darfield	Asset Renewals	2021	1.5m	REN	To reline pool, replace plant and equipment and improve water quality and temperature to keep pool operating
Selwyn Aquatic Centre	Asset Renewals	2021 - 2030	1.67m	REN	Plant and equipment
Selwyn Aquatic Centre	Cyclical Maintenance	2021 - 2030	1.21m	OPEX	To maintain building and plant in safe and serviceable standard
Sheffield	Asset Renewals	2021 - 2030	108k	REN	Plant and equipment, tank re-lining to extend economic life of pool
Sheffield	Pool Tank Seal/Paint	2024 & 2028	200k	REN	Tank needs significant work
Southbridge	Reline Pool Tank	2030	150k	REN	Will require work to keep in serviceable condition
Southbridge	Asset Renewals	2021 - 2030	428k	REN	Plant and equipment to improve water quality

Table 18-7: Swimming Pools Major Expenditure Programmes

Community Centres and Halls					
Location / Facility	Project/Programme Description	Timing	\$	Exp. Type	Comment
District Wide	Asset renewals	2021 - 2030	3.7m	REN	Building asset renewal programme over the 10 year period
District Wide	Building cyclical maintenance	2021 - 2030	2.5m	OPEX	Programme to maintain buildings to a serviceable standard
Prebbleton	New Facility	2025 - 2026	5.7m	GRO/LOS	To meet growth & level of service requirements
Leeston	New Facility	2022 - 2023	4.3m	LOS	To meet community demand (no current facility) – combined with library
Darfield	Sports facilities	2021-22 2026-27	0.73m	GRO/LOS	Training lights and irrigation
Hororata	New Facility	2023 - 2024	2.8m	REN/LOS	New facility to be located on the reserve
Mead	Seismic & building upgrade	2021-22	0.19m	LOS	Seismic strengthening and internal upgrade

Table 18-8: Community Centres & Halls Major Expenditure Programmes

Property and Buildings					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
Leeston Library	New Leeston Library	2022	3.2m	REN/LOS	Design, construction and fit out of new library facility
Leeston Medical Centre	New Medical Centre	2021	1.8m	REN	Design, demolition and construction of new medical centre
Darfield Library	New Roof and Man safe	2030	0.15m	REN	Roof replacement and safety upgrades
District Wide	Commercial Investments	2021-23	30m	GRO	Commercial investment opportunities as per investment strategy
District Wide	Strategic Purchases	Per year	0.5m	GRO/LOS	Contingent amount for opportunistic purchases (unfunded)
SDC HQ	Building Fit out	2021	0.37m	LOS	To refurbish the remaining pods
District Wide	Property Asset Renewals	From 2021	7.4m	REN	Total renewals over 10 year period

Table 18-9: Property & Buildings Major Expenditure Programmes

Township Reserves & Streetscapes					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
District Wide	Playground Renewals	From 2021/22	1.96m	REN	80% in last 4 years of plan
District Wide	Other Asset Renewals	From 2021/22	0.76m	REN	Park furniture, paths, courts etc.
District Wide	Playground Under-surface Replacement	From 2021/22	2.1m	REN	To meet safety compliance requirements
District Wide	Tree Maintenance Programme	From 2021/22	3.8m	OPEX	Asset Increasing
District Wide	New Reserve Developments	From 2021/22	5.25m	GRO	Development of reserves vested from subdivision - funded by Reserve DC's
Rolleston	Rolleston Town Square Development	2021-2023	6.4m	GRO/LOS	Part of town centre development – part funded from reserve DC's

Table 18-10 Township Reserves & Streetscapes Major Expenditure Programmes

Gravel Reserves					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
Cemetery Pit	Restoration Work	2022-2023	50k	OPEX	To continue restoration work
District Wide	Fencing Renewal	From 2021	84k	REN	Based on condition inspection
District Wide	Remediation/ Restoration Works	From 2021	423k	OPEX	To undertake safety remediation works and general restoration

Table 18-10: Gravel Reserves Major Expenditure Programmes

Forestry					
Location / Facility	Project Description	Timing	\$	Exp. Type	Comment
Various sites	Thinning/Pruning	From 2021	39k total	OPEX	To maintain forest quality
All sites	Weed and Pest Management	From 2021	185k total	OPEX	To maintain sites to an acceptable standard

Table 18-11: Forestry Major Expenditure Programmes

Provision of new assets to address level of service gaps or meet demand will inevitably impact on the need for future operational expenditure to meet costs for on-going maintenance and operations requirements. It is anticipated that the majority of costs related to increased demand from growth will be met from the projected expansion of the ratepayer base over the 10 year planning period.

The following table provides information on major projects and programmes (over \$1,000,000 in value) and how these have been prioritised for inclusion in the LTP. Prioritisation factors include:

- Criticality/risk
- Health and safety
- Capacity requirement from growth and demand
- Level of service and performance deficiencies
- Sustainability and efficiency
- Economics
- Community impact

Priority Assessment - Projects \$1,000,000 +														
Service	Project	Cost \$M	Timing	Prioritisation Factor								Strategic Alignment	Comment	
				LOS /Performance Gap	Capacity	Sustainability	Health & Safety	Criticality/Risk	Community Impact	Economics	Legal Compliance	Total		
													Scoring: 0 = No Impact 5 = Significant Impact	
Rec Reserves	Large Scale Park development	15.70	From 2024	5	3	3	0	0	4	2	0	17	Open Spaces Strategy	Required to meet recreation demands from growth & provide for activities not available elsewhere
Rec Reserves	Lincoln sports park development	4.16	2022-27	5	2	3	0	0	4	2	0	16	Open Spaces Strategy	Existing significant deficit in provision
Rec Reserves	Rolleston Reserve redevelopment	4.15	2021-22	3	4	0	0	0	4	3	3	17	Rolleston TC MP Reserve exchange decision	Part of Rolleston Town Centre development & required to satisfy exchange condition
Rec Reserves	Foster Park Car Park	1.00	2022	5	3	0	2	0	3	1	2	16	Rolleston Structure Plan Foster Park MP	Required to service district sports park
Rec Reserves	Foster Park Hockey Turf	2.50	2021	5	3	0	0	0	4	3	0	15	Foster Park MP; Regional Plan for Hockey	To meet sports demand as per assessment
Rec Reserves	Prebbleton sports park development	9.95	2021-28	5	2	3	0	0	4	1	0	15	Open Spaces Strategy	Deficit in provision & needed for future capacity
Rec Reserves	Kirwee reserve development	1.06	2021-30	3	2	3	0	0	3	1	0	12	MP Plan for Kirwee Reserve and NoR	To complete development works and extension
Pools	Darfield Pool new facility	4.00	2030	3	3	1	0	0	4	1	0	12	Aquatic Facilities Plan; Aquatic Facilities Demand Analysis Study	Provisional sum subject to later demand assessment
Pools	Darfield Pool upgrade & renewals	1.50	2021	0	3	2	4	4	3	3	3	22	Aquatic Facilities Plan; Aquatic Facilities Demand Analysis Study	Urgent work required to keep pool operating and to improve water quality
Pools	SAC cyclical maintenance	1.21	2021-30	0	2	2	5	4	3	2	2	20	ComFac AcM Plan	Needed to maintain facility to safe & serviceable standard
Pools	SAC renewals programme	1.67	2021-30	0	0	3	4	4	3	3	3	20	ComFac AcM Plan	Needed to maintain facility to safe & serviceable standard
Community Centres/Halls	Prebbleton Community Centre	5.70	2025-26	3	3	1	0	0	3	2	3	15	Community Centres,Halls & Libraries Network Plan; Prebbleton Community Facility Needs Assessment	To meet growth requirements & replace aging facility; built to IL4 for emergency response
Community Centres/Halls	Leeston Community Centre	4.30	2022-23	4	5	2	0	0	4	3	0	18	Community Centres,Halls & Libraries Network Plan; Leeston Community Facility Feasibility Study	To meet community demand – no current facility; combined facility with library
Community Centres/Halls	District wide asset renewals	3.70	2021-30	0	0	3	4	4	3	3	3	20	ComFac AcM Plan	Needed to maintain facilities in safe & serviceable standard
Community Centres/Halls	District wide cyclical maintenance	2.50	2021-30	0	2	2	5	4	3	2	2	20	ComFac AcM Plan	Needed to maintain facilities in safe & serviceable standard
Community Centres/Halls	Hororata Community Facility	2.80	2023-24	1	3	2	0	0	3	1	0	10	Community Centres,Halls & Libraries Network Plan; Hororata Community Centre Feasibility Study	New facility to be located on the reserve and replace the old hall
Property & Buildings	Property & building renewals programme	7.40	2021-30	0	2	3	4	4	3	3	3	22	ComFac AcM Plan	Total programme needed to maintain buildings to serviceable standard
Property & Buildings	Leeston Library rebuild	3.20	2022-23	0	2	3	3	3	4	2	2	19	Community Centres,Halls & Libraries Network Plan	Existing building EQ prone; new facility combined with community centre on the reserve
Property & Buildings	Leeston Medical Centre rebuild	1.80	2021-22	0	2	3	3	3	4	2	2	19	Commercial Property Strategy	Existing building EQ prone; new facility with potential for future expansion of health services
Property & Buildings	Commercial Investments	30.00	2021-23	2	0	4	0	0	4	4	0	14	Commercial Property Strategy	Fund to enable investment to achieve financial return and help facilitate private commercial investment
Township Reserves	Tree Maintenance Programme	3.80	2021-30	0	1	4	5	4	3	3	2	22	ComFac AcM Plan	To maintain trees in safe & healthy condition
Township Reserves	New Reserve Developments	5.25	2021-30	5	2	2	0	0	4	2	0	15	ComFac AcM Plan	To meet demands from growth
Township Reserves	Rolleston Town Square Development	6.40	2021-23	3	4	2	0	0	4	2	0	15	Rolleston TC MP	Key part of town centre development to create vibrant community hub
Township Reserves	Playground renewals & safety surface	4.06	2021-30	0	1	2	5	5	3	2	4	22	ComFac AcM Plan	Total programme needed to maintain playgrounds to serviceable standard

Table 18-12: Major Projects Prioritisation

18.5 Asset Value

A comprehensive asset valuation exercise to component level has not been undertaken for this activity. Some components of the activity mainly relating to buildings have had detailed asset valuations undertaken that conform to PBE IPSAS 17. Asset valuations have generally been extracted from the Fixed Asset Register which is re-valued on a three yearly cycle.

Soft assets such as grass, trees and horticultural features are not included in the valuation. Land is also excluded. Forestry assets are valued on an annual basis and follow the procedures set out in accounting standard NZ IAS 41 Agriculture (IFRS) and the "Forest Valuation Standards", NZ Institute of Forestry - May 1999.

The following tables set out a summary of forecast values for this activity.

Replacement Cost	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Recreation Reserves	67,098,112	75,911,249	78,806,643	85,754,265	86,158,714	88,532,433	95,445,040	97,138,211	97,622,564	105,283,185
Township Reserves & Streetscapes	9,875,531	11,434,921	11,583,320	12,646,767	12,838,040	13,028,529	14,391,629	14,998,151	15,816,648	17,424,389
Cemeteries	530,373	794,465	855,124	984,404	1,018,589	1,136,951	1,242,007	1,300,445	1,456,089	1,645,337
Public Toilets	4,474,959	4,944,914	5,088,763	5,827,125	5,832,815	5,838,472	6,245,715	6,252,337	6,258,441	6,651,562
Community Centres & Halls	28,729,451	33,459,757	36,466,286	39,312,053	45,185,590	46,320,473	49,746,941	50,652,597	51,509,782	55,315,404
Swimming Pools	26,712,124	26,902,428	27,063,889	29,086,292	29,294,001	29,383,836	31,089,249	31,197,754	31,305,551	38,823,405
Property & Buildings	65,975,726	75,718,759	81,210,021	92,926,861	98,786,387	104,882,646	111,729,756	112,425,118	112,759,692	120,657,542
Rental Housing	933,768	935,309	952,678	1,035,736	1,050,100	1,051,797	1,119,156	1,137,599	1,151,638	1,275,230
Gravel Reserves	13,309	23,819	33,672	41,398	54,465	60,697	76,393	83,247	94,234	114,652
Forestry	223,258	223,258	223,258	240,855	240,855	240,855	258,757	258,757	258,757	278,539
Total	204,566,610	230,348,878	242,283,653	267,855,757	280,459,557	290,476,690	311,344,643	315,444,216	318,233,396	347,469,245

Table 18-13: Replacement Cost Valuation Summary

Depreciated Replacement Cost	2021/22	2022/23	2023/24	2024/25	2025/26	2026/27	2027/28	2028/29	2029/30	2030/31
Recreation Reserves	64,721,621	70,812,200	70,759,123	74,715,019	71,992,283	71,375,092	75,312,245	73,833,338	71,098,126	75,485,374
Township Reserves & Streetscapes	9,696,137	10,991,036	10,846,965	11,604,456	11,457,748	11,296,793	12,278,834	12,458,784	12,785,962	13,838,884
Cemeteries	498,564	726,382	746,112	830,710	816,483	884,966	938,633	943,171	1,042,785	1,173,359
Public Toilets	4,356,500	4,693,042	4,692,193	5,276,866	5,111,980	4,946,834	5,182,511	5,007,720	4,832,157	5,042,874
Community Centres & Halls	27,721,992	31,367,934	33,195,193	34,857,024	39,407,757	39,158,390	41,141,055	40,511,306	39,763,844	41,920,066
Swimming Pools	25,465,909	24,345,845	23,185,032	23,921,808	22,785,623	21,522,454	21,917,029	20,668,584	19,414,131	25,517,563
Property & Buildings	64,371,612	72,090,741	75,236,931	84,321,422	87,100,574	89,808,077	93,082,443	90,011,814	86,540,902	90,571,760
Rental Housing	920,710	908,036	910,770	978,603	951,855	912,001	937,695	912,382	881,910	958,966
Gravel Reserves	12,947	22,724	31,437	37,727	48,927	52,906	66,003	69,785	77,342	93,840
Forestry	223,258	223,002	222,746	240,087	239,391	238,695	255,901	254,757	253,613	272,251
Total	197,989,249	216,180,942	219,826,502	236,783,723	239,912,620	240,196,207	251,112,348	244,671,640	236,690,773	254,874,935

Table 18-14: Depreciated Replacement Cost Valuation Summary

The figure below shows forecast total values for the community facilities assets for the next 10 years. This includes an adjustment for three yearly re-valuations. The significant increase in value over the period is attributable to new buildings currently being built or planned and additional reserve areas to be developed. This includes:

- New Sports Parks at Lincoln, Prebbleton and extensions at Kirwee, Leeston and Southbridge
- New medical centre in Leeston
- New district park development in Rolleston
- New community facilities for Leeston (library and community centre)
- Prebbleton Community Centre
- Hororata Community Centre
- New toilet facilities at various locations
- New aquatic facility in Darfield

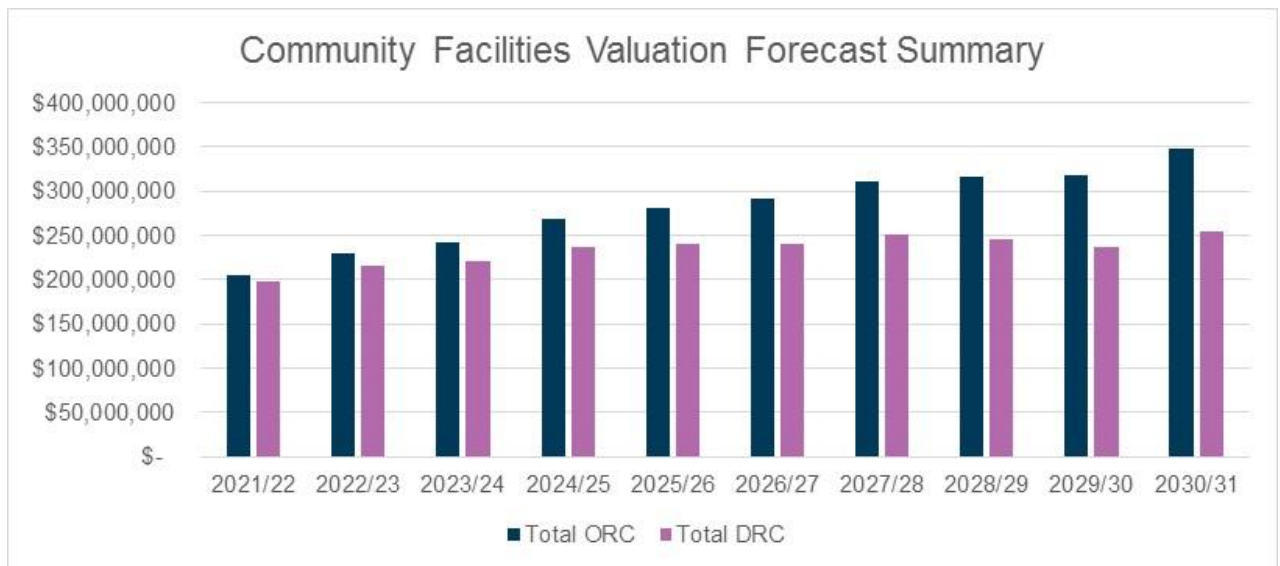


Figure 18-4: Forecast Asset Value

18.6 Assumptions and Uncertainties

The Local Government Act 2002 requires the Council to clearly identify:

- i) All the significant forecasting assumptions and risks underlying the financial estimates;
- ii) Without limiting the generality of i) above, the following assumptions on which the financial estimates are based:
 - a. The assumptions of the local authority concerning the useful life of significant assets; and
 - b. The assumptions of the local authority concerning the sources of funds for the future replacement of significant assets.
- iii) In any case where significant forecasting assumptions involve a high level of uncertainty:
 - a. The fact of that uncertainty; and
 - b. An estimate of the potential effects of that uncertainty on the financial estimates provided.

In November 2020 a report was presented to a Council meeting to identify the significant assumptions and uncertainties that will underpin the 2021-31 LTP and activity management plans (Refer report - "Assumptions and Uncertainties for the 2021-2031 Long Term Plan and Activity Management Plans" for Council Meeting 4 November 2020 for further details). This report covered Land Transport, Community Facilities, 5Waters and Solid Waste activities, and included identification of planning assumptions. These enable activity planning and prudent decision making to proceed where some uncertainty exists. Some assumptions are generic to all activities and a co-ordinated approach has been taken where appropriate. They are categorised as follows:

- Financial
- Growth
- Asset Lifecycle
- Levels of Service (LoS)
- Sustainability

Note that the significant assumptions and uncertainties that are relevant at an organisational level have been developed and recorded in the Selwyn Long Term Plan for 2021-31 and have not been repeated in this Activity Management Plan.

Significant Assumptions and Uncertainties – Community Facilities Activity

Asset Management Area	Assumption area	Source Of Information	Stated Assumption	Level of Uncertainty	Risk	Potential Impact/Consequence if Assumption Wrong
All Activities						
Financial	Fees and charges		Operational revenue is based on current service charges and, in the future, it is assumed charges for services will vary little from present day apart from inflation adjustments.	Low	Fees will be insufficient to meet expenses	Council may review its existing fee structures and charging policy which would affect revenue streams. Adjustments can be made via the Annual Plan process.
Financial	Investments	The Council	The funds may be invested externally or internally at the Council's cost of capital.	Low	There is a risk that the Council will revise this policy and allocate these funds differently.	Should the Council allocate or retain these funds differently, there will be inadequate funds for roading improvements, or the income available to support the general rate requirement will reduce and the Council may need to increase rates or reduce expenditure.
Financial	Renewal Funding & Programme		Property: The renewals programme has been developed from condition assessments to component level for most asset groups. Remaining useful life has been calculated using standard industry lives and input will be sought from management committees where appropriate to refine programmes. It is assumed that this will provide a realistic renewals programme that ensures assets continue to deliver services to required standards.	Low	That renewal planning is inappropriate and there are funding consequences	Condition assessments and deterioration modelling of assets establish renewal needs and programmes. Current users may consume the assets but not contribute their share of the use they have made. Costs would then be carried by future users without the benefit having been received.
Financial	Resource consents	The Council	It is assumed that the conditions of Resource Consents held by the Council (requirements and costs) will remain similar to current levels with some increased requirements as consents are renewed / obtained, and that the Council will obtain the necessary Resource Consents for planned projects and ongoing needs in the future.	Moderate	There is a risk that the consent conditions will change or that consent will not be obtained for the Council projects.	If consent conditions change, expenditure may increase to comply with the conditions and this may have an impact on rate levels. If consents cannot be obtained for planned projects, the project may be delayed or may not go ahead.
Growth	Tourism		COVID-19 has created significant uncertainty around tourism numbers in the short term, however, we expect tourism numbers will increase at a similar rate to population growth and that facilities will be adequate in the medium to long term.	Moderate	That unexpected tourism growth will put pressure on facilities that was not anticipated	Facilities will be overused and/or pollution occurs
Lifecycle	Data Quality and Management		Investment in maintaining and developing the required level of quality data to efficiently operate and predict issues.	Low	Insufficient information leads to poor decisions	Incorrect data or inefficient use of available data may result in relatively poor decisions on investments in operational, maintenance, renewal and capital, projects both in the short and long term.

Asset Management Area	Assumption area	Source Of Information	Stated Assumption	Level of Uncertainty	Risk	Potential Impact/Consequence if Assumption Wrong
Lifecycle	Major Project & Capital Works		Will be estimated on the basis this work is facilitated by external consultants. Construction Projects costs estimated using the following: a. Estimate +/- 25% b. Where designed +/-10% c. Post tender +/-5%	Moderate	Project scoping and estimates are insufficient for budgeting purposes, or are excessive for potential projects	Conservative funding approach, staff may have capacity to undertake some work. Particular skill sets in high demand may attract higher costs.
Lifecycle	New Technologies		There will be no new technologies deployed that will significantly change the demand for or of provision of services.	Low	Service delivery is poorly aligned with community demand	Inefficient or ineffective provision of services in the traditional manner when other alternatives maybe available.
Lifecycle	Planning Horizons		It is assumed that the planning horizon for growth (30 years) and asset lifecycles (30 years plus) are sufficient to inform the ten year forecasts included in the LTP.	Low	Nil	Planning is less robust for long term decision making.
LoS	Iwi relationship		Council will foster and positively develop its relationship with Iwi.	Low	An ineffective relation causes misunderstandings and delays in planning and consent applications	A poor relationship may result in delays and additional costs in completing District Plan variations, Water Conservation Order matters and Structure Planning as delays and resources concentrated or within drawn at critical points in Councils work programmes.
LoS	Procurement of Services		Procurement will be provided that delivers the defined LoS within budget, at a similar cost to that presently incurred in accordance with the Council's Procurement Policy.	Moderate	Service providers cannot be secured and/or costs are greater than expected	A change in procurement model may result in unacceptable reduction in LoS.
LoS	Service delivery modes & contracts		It is assumed that there will be no significant changes to current modes of service delivery for each service area or variations in terms of contract prices (above inflation and inventory adjustments) for current operations and maintenance contracts. Council will continue to consider collaboration opportunities and assess changes to service delivery on a case by case basis.	Moderate	That service delivery modes do not demonstrated value for money outcome. That changes to service delivery modes are enforced.	Maintenance contracts may be re-tendered during the plan period. If maintenance and service contracts are consolidated and/or re-tendered there is a possibility contract prices will be higher than anticipated. This would require Council to either increase rates and/or operating revenue if efficiencies cannot be found or it may consider reducing levels of service.
LoS	Service Delivery		That reviews of service delivery modes (LGA 2002 s17) will not initiate significant changes to service delivery modes	Moderate	That service delivery modes do not demonstrated value for money outcome. That changes to service delivery modes are enforced.	That there is a drive for a change in service delivery modes affecting management and providers
Sustainability	Gravel extraction potential		It is assumed that sufficient gravel will be available for projects proposed. It is acknowledged that Council's Gravel Management Strategy proposes a wider range of sources than Council managed sites in future, this may be associated with a different cost structure.	Moderate	That there will inadequate supply from commercial or Council sources	If volumes of gravel available from various sources are considerably lower than anticipated, this may necessitate a greater reliance on Council or purchase of alternative sites or consideration of other supply sources/options. Consequently the cost of gravel supply would increase.

Asset Management Area	Assumption area	Source Of Information	Stated Assumption	Level of Uncertainty	Risk	Potential Impact/Consequence if Assumption Wrong
Community Facilities						
Financial	Capital revenue from asset sales		It is assumed that the programme to dispose of surplus land and properties will continue. Revenue is based on current market values and it is assumed these will not change markedly during the planning period.	High	Revenue will be less than expected	Capital revenue will not be received as estimated and may affect general revenue availability. This can be reviewed via the Annual Plan to reflect any significant changes.
Financial	Cemetery revenue and usage		Annual uptake of cemetery plots and burials has been forecast using a combination of historical data, projected death rates and the current ratio of burials to cremation. This information is used to calculate revenue from plot sales and burials as well as modelling cemetery capacity.	Low	Demand differs from expectations	If there is a change in utilisation patterns for the cemeteries the revenue streams will be correspondingly different. Changes in levels of utilisation will either accelerate or delay the need for additional burial space and associated infrastructure.
Financial	Building (Earthquake prone buildings) Amendment Act 2016		It is assumed that the requirements for Council Buildings, other than those already identified and included in the Activity Management Plan, will not be extensive and can be addressed within allocated budgets.	Moderate	Requirements are greater than expected	If the requirements are greater than expected, additional resources may be required to complete inspections and any strengthening works.
Financial	Forestry assets value		The Council re-values its forestry assets so that the carrying value is maintained at fair value. It is assumed that the value of the investment will be progressively reduced.	Low	Nil	A change in the value of the forestry asset will change the Council's financial performance in the year it occurs, this could occur due to storm damage or market volatility. It will not have a direct impact on the level of rates or expenditure required.
Financial	Forestry sales		Revenue targets for forestry operations are based on current log prices for the various grades stocked in Council plantations. It is assumed that log prices will not deviate significantly over the plan period.	Moderate	Revenue will be less than expected	Log prices fall significantly with a consequent reduction in returns. Revenue streams may be lower than estimated necessitating additional funding support.
Financial	Gravel extraction and royalties	Gravel Mgt. Strategy	It is assumed that the volumes of gravel to be extracted from Council gravel reserves will be in accordance with demand predictions developed in the Gravel Management Strategy noting that an increasing proportion of gravel will be obtained from alternative sources.	Moderate	Revenue will be less than expected	Revenue streams from gravel royalties will deviate from estimates and if volumes are lower than anticipated there may be insufficient revenue generated to carry out programmed works (rehabilitation etc.).

Asset Management Area	Assumption area	Source Of Information	Stated Assumption	Level of Uncertainty	Risk	Potential Impact/Consequence if Assumption Wrong
Growth	Demand projections	Growth Model	It is assumed that the demand for community facilities will increase in proportion to population growth and, in combination with other factors, this will provide a realistic indication of future asset type and capacity requirements. This includes utilisation trends, increasing community expectations, population demographics and the effect of other influencing factors identified for each specific service area.	Moderate	Facilities are not well aligned with community needs	Changing demographics and/or underlying social, cultural and leisure trends may result in different utilisation patterns and community expectations affecting the timing and costs for provision of assets and services.
LoS	Future levels of reserve provision		Standards used for defining the future levels of reserve provision have been derived from NZRA guidance, Open Space Strategy development and analysis of national benchmarking information (Yardstick). It is assumed that these standards provide an acceptable indication of open space requirements to maintain desired provision levels.	Low	Reserve provision is not well aligned with community needs	The level of open space provision is, both too high and costly to sustain, or does not meet community requirements.
LoS	Social housing	Social Housing Report	It is assumed that Council will reduce direct involvement in social housing and will not be a direct provider of this service in the future. Where demand for additional social housing is evident Council will act in a facilitator/advocate role to enable this is to be met by other community housing providers.	Low	There is a demand for Council to provide social housing	If further investment in social housing is signalled by Council funding will need to be provided.
Los	New built assets		It is assumed that new built assets will be constructed in accordance with Building Code requirements and/or to the applicable industry standards and are handed over with all warranties in place and defects addressed	Low	Built assets are handed over with sub-standard workmanship or building practices	Costs are incurred to rectify immediate or longer term building issues; Council may need to follow legal redress to have issues rectified or to recover costs
LoS	Vested assets		Community assets vested from subdivision activity will be of an acceptable quality and built in accordance with standards defined in the Engineering Code of Practice	Low	Assets are vested that have design or performance issues that require significant remediation	Costs are incurred in undertaking remedial works or assets require renewal earlier than expected
Sustainability	Forestry plantations		It is assumed that the Council will continue some involvement in forestry activities but this will progressively reduce via managed withdrawal to minimise the impact of ETS liabilities.	Low	Loss of forestry estate triggers the requirement for Council to pay ETS liabilities.	Council may be liable for payment to offset loss of carbon credits.
Sustainability	Sustainable building options		Where new Council buildings are constructed designs will incorporate environmentally sustainable features that consider life cycle costs, align with SDC Sustainability Principles and are focussed to minimising the use of water and energy. Green building attributes will be included where proven by cost-benefit analysis.	Low	That sustainable buildings options are not cost effective	Additional capital expenditure would be required if full Green Star ratings are sought.

Table 18-15: Significant Assumptions to be included in the LTP Assumptions with Specific relevance to the Community Facilities Activity

18.7 Confidence Levels

18.7.1 Confidence in Financial Programme Reliability

Confidence in the reliability of the financial programmes developed for this plan has been assessed against the following criteria and is presented in the Table 18-16.

Confidence Grade	General Meaning
A Highly Reliable	Data based on sound records, procedures, investigations and analysis which is properly documented and recognised as the best method of assessment
B Reliable	Data based on sound records, procedures, investigations, and analysis which is properly documented but has minor shortcomings' for example the data is old, some documentation is missing and reliance is placed on unconfirmed reports or some extrapolation
C Uncertain	Data based on sound records, procedures, investigations or analysis which is incomplete or unsupported, or extrapolation from a limited sample for which grade A or B data is available
D Very uncertain	Data is based on unconfirmed verbal reports and/or cursory inspection and analysis

Table 18-16: Confidence Grades

Service Area	Programme	Confidence Grade	Comment
Recreation Reserves	Operating Revenue	B	Forecast revenue based on analysis of historical income and known lease rentals.
Recreation Reserves	Operations & Maintenance	B	Based on current costs and historical cost analysis and revised contract rates applied as appropriate. Estimates for new reserves and assets based on contract rates for similar reserves assets. Cyclical maintenance programmes prepared for majority of assets and based on industry rates.
Recreation Reserves	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Recreation Reserves	Capital Renewal	A/B	Condition based renewals using standard industry rates and asset forward expenditure model.
Recreation Reserves	New Capital	B	Based on rates from recent contracts for new reserve development and QS for some major works. Cost of some work is "rough order" estimate as detailed plans not prepared.
Township Reserves & Streetscapes	Operations & Maintenance	B	Based on new contract rates. Based on growth projections for additional areas/assets with square metre rates applied.
Township Reserves & Streetscapes	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Township Reserves & Streetscapes	Capital Renewal	A/B	Condition based renewals using standard industry rates developed into asset forward expenditure programme.
Township Reserves & Streetscapes	New Capital	B	Timing for work is difficult to accurately define but is based on growth assumptions. Cost of some work is estimated from development costs converted to an m2 rate as detailed plans not prepared.
Cemeteries	Operating Revenue	B	Forecast revenue based on some extrapolation of sales & burial projections derived from historical analysis and death forecasts (Stats NZ).
Cemeteries	Operations & Maintenance	B	Based on current contract rates but burial projections have a degree of inherent unreliability which means forecast grave digging costs are less reliable.

Service Area	Programme	Confidence Grade	Comment
Cemeteries	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Cemeteries	Capital Renewal	B	Condition based renewals using standard industry rates.
Cemeteries	New Capital	B	Cost of works based on unit rates - some work is "rough order" estimate as detailed plans not prepared.
Public Toilets	Operating Revenue	B	Forecast revenue based on assumptions for honesty box returns and historical returns.
Public Toilets	Operations & Maintenance	A/B	Based on new contract rates but cost of reactive maintenance (vandalism) difficult to predict.
Public Toilets	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Public Toilets	Capital Renewal	B	Cost of work is based on recent build rates for modular toilet system and condition assessment to component level of assets.
Public Toilets	New Capital	B	Cost of work is based on recent build rates for modular toilet system. Effluent system requirements can be more difficult to estimate.
Community Centres & Halls	Operating Revenue	B	Forecast revenue based on analysis of historical revenue. Revenue for new facilities is based on similar sized facilities and likely level of usage.
Community Centres & Halls	Operations & Maintenance	B	Based on current costs and information and historical cost analysis. Estimates for new facilities based on rates for similar facilities. Cyclical maintenance programmes prepared for most facilities and based on industry rates.
Community Centres & Halls	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Community Centres & Halls	Capital Renewal	A/B	From condition inspections & updated pricing for most. Condition based renewals using standard industry rates and asset forward expenditure model.
Community Centres & Halls	New Capital	B	QS estimate for new builds based on concept plans but "rough order" estimate for those in later years based on m ² rate and other inputs.
Swimming Pools	Operating Revenue	B	Based on analysis of historical revenue for existing pools. SAC revenue forecasts are based on historical analysis and expected income from growth and programmes to be provided.
Swimming Pools	Operations & Maintenance	B	Based on 'bottom up' budgets from analysis of historical expenditure. Cyclical maintenance plans developed for all facilities.
Swimming Pools	Depreciation	B/C	Based on Fixed Asset Register for existing assets and capex additions. Darfield new pool a 'rough order' estimate
Swimming Pools	Capital Renewal	B	Based on condition assessment and detailed analysis of plant and equipment. Building condition assessments completed and renewal programmes developed using standard industry rates.
Swimming Pools	New Capital	B	Cost of minor projects is "rough order" estimate. Major projects have QS based on concept plans.
Property & Buildings	Operating Revenue	B/C	Forecast revenue based on negotiated rentals – time frame is uncertain with some buildings. Gain on asset sales is based on the disposal programme and estimated market value.

Service Area	Programme	Confidence Grade	Comment
Property & Buildings	Operations & Maintenance	B	Based on known contract rates. Estimates for additional costs for new/extended buildings are based on square metre rates.
Property & Buildings	Depreciation	B	Based on FAR with allowance for 3 yearly valuation and capital additions.
Property & Buildings	Capital Renewal	B	Generally based on standard industry rates but likely to be some variations.
Property & Buildings	New Capital	B	QS m ² rates used for new buildings. Some in later years are "rough order" estimates as detailed plans not prepared.
Property & Buildings	Capital Revenue	B/C	Based on combination of market valuations and "rough order" estimates for returns and timing is uncertain
Rental Housing	Operating Revenue	B/C	Forecast revenue based on assumptions for occupancy levels and disposal programme where timeframes may alter.
Rental Housing	Operations & Maintenance	B	Based on historical costs and standard industry rates for planned work. Some inherent unreliability in reactive work requirements
Rental Housing	Depreciation	B	Based on FAR with allowance for 3 yearly valuation.
Rental Housing	Capital Renewal	B	Cost of work is based on standard industry rates and measured asset quantities. Work plan is derived from condition inspections.
Rental Housing	New Capital	NA	No new capital work is planned
Rental Housing	Capital Revenue	C	Based on assumptions that properties identified for sale will be ready for disposal at the planned times and estimated market values will be achieved.
Gravel Reserves	Operating Revenue	C	Forecast revenue is based on projected demand and royalties/lease revenue. This has the potential to fluctuate over time which could affect forecast revenue
Gravel Reserves	Operations & Maintenance	B	Based on known contract rates and historical expenditure. It is assumed that lease agreements will be in place with consequent reduction in opex costs.
Gravel Reserves	Capital Revenue	C	Disposal of reserve sites is problematic which may affect revenue timing. Land value estimates are based on desk top valuations.
Gravel Reserves	Capital Renewal	B	Based on asset condition inspections and standard industry rates.
Forestry	Operating Revenue	C	Forecast revenue is based on current log prices which may fluctuate over time. Forest sales revenue is based on current valuations and assumes land will be 'unlocked' for sale.
Forestry	Operations & Maintenance	B	Based on known contract rates supplied by the Forestry Consultant and historical expenditure.

Table 18-17: Financial Programme Reliability Grades

18.8 Funding Strategy

The funding strategy for this activity involves a variety of approaches depending on service types, benefit evaluation and available funding streams. SDC uses a targeted rating system for some specific services. This approach has been applied to the following services:

- Community Centres and Halls (district wide)
- Swimming Pools (concentric rating areas)
- Recreation Reserves (district wide)
- Library and Medical Centre Buildings

User charges are also used to fund the operational costs for these services. Capital expenses are met from the targeted rate (including borrowing costs) as well as development contributions where appropriate. District wide costs related to the services described above are funded from general rates or general funds.

Operational expenses for Township Reserves and Streetscapes, Property and Buildings, Cemeteries and Public Toilets are primarily funded from a combination of general rates, general funds and user charges where these can be practically applied. This approach recognises the wider benefits to the district for these services. Capital expenses may be funded from general rates, general funds, general reserves or development contributions (where applicable).

Forestry generates revenue from log sales that offset operating costs. Any deficit will be met from general rates or general funds.

Rental Housing has an income stream from tenant rentals which is used to offset operating expenses. Deficits, should they occur, are met from general rates or general funds. Capital expenses may be funded from general rates, general funds or general reserves.

Gravel Reserves are funded from royalties accrued from gravel extraction activities. Accumulated funds (held in the Metal Pits Special Reserve Account) are used for rehabilitation works and capital expenses. Significant capital expenses such as land purchase may be funded from general funds or general reserves if there are insufficient accumulated funds in the Gravel Reserves account.

Reserve development contributions collected from subdivision activity are used to fund capital expenses for some service areas where specific growth projects are identified. These are taken to fund the growth component of new capital projects and the use is guided by the Local Government Act provisions and the Council's Development Contributions Policy. The contributions are held in ward based accounts to support the projects identified for development contribution requirements in the Councils Long Term Plan. A separate contribution based on a household unit equivalent (HUE) is applied to subdivision development in each ward and this is based on the total project and reserve land requirements related to growth in the respective wards.

The funding strategy for this activity is detailed in the Revenue and Financing Policy which is outlined in the Long Term Plan (LTP). Further information on the specific funding strategy for each of the services covered by the AcM plan is provided in the individual sections (Sections 7 to 16).

The general approach to funding this activity is shown in the tables below (derived from the 2018-28 LTP).

Expenditure Type	General rate	Targeted rates	Fees & charges	Grants & Subsidies
Opex	Medium/Low (20-39%)	Medium/Low (20-39%)	Medium/Low (20-39%)	Low (0-19%)
Capex	Low (0-19%)	Medium/Low (20-39%)	Low (0-19%)	Low (0-19%)

Table 18-18: General Funding Approach

The table below provides an overview of the funding strategy for this activity. The following abbreviations are used:

GRA – General rates
GF – General Funds
UR – User revenues
IR – Internal recoveries
TR – Targeted rates
LN – Loans

TF – Accumulated targeted funds
GRE – General reserves
IIN – Investment income
DC – Development contribution funds
ER – External revenues

Service	Expense Type	GRA	GF	UR	IR	TR	TF	GRE	IIN	DC	ER	LN	Comment
Recreation Reserves	Opex	✓		✓		✓	✓						Mostly TR
	Capex	✓	✓			✓	✓			✓	✓	✓	DC significant
Township Reserves & Streetscapes	Opex	✓	✓										
	Capex	✓	✓							✓	✓		DC for new development
Cemeteries	Opex	✓	✓	✓							✓		50% UR, Grant for RSA areas
	Capex	✓	✓										
Public Toilets	Opex	✓	✓	✓									Minimal user revenue
	Capex	✓	✓									✓	
Community Centres & Halls	Opex	✓		✓		✓	✓						Mostly TR
	Capex	✓	✓			✓	✓			✓	✓	✓	Loans for major projects
Swimming Pools	Opex	✓	✓	✓		✓	✓						Mostly TR (concentric) & UR; GRA/GF for district wide expenses
	Capex	✓	✓			✓	✓	✓	✓	✓	✓	✓	Loan for SAC repaid via TR
Property & Buildings	Opex	✓	✓	✓	✓	✓	✓						TR/TF for library & medical centre buildings only
	Capex	✓	✓			✓	✓	✓	✓		✓	✓	TR/TF for library & medical centre buildings only
Rental Housing	Opex	✓	✓	✓									Partly funded from rental income
	Capex	✓	✓	✓							✓		
Gravel Reserves	Opex			✓				✓					Funded from royalties or special reserve fund
	Capex			✓				✓					Funded from royalties or special reserve fund
Forestry	Opex	✓	✓								✓		Log sales offsets costs
	Capex	✓	✓								✓		Log sales offsets costs

Table 18-20: Funding Strategy Overview

Development Contributions

The Council's Policy on Development Contributions provides a framework for decision making on both receiving and applying monies derived from this source. Section 7 of the policy covers Reserve Development Contributions which apply to the Community Facilities Activity. The use of contributions received as cash is guided by the following sub-section of the policy:

Use of cash contributions

Cash taken as part or all of a reserve contribution may be used for:

1. the purchase of land for reserves;
2. capital improvements to newly acquired land, or existing Council-owned land, to provide open space and facilities for sports and recreation needed as a result of development;
3. the repayment of loans (be they loans to the council from external and/or internal funding sources) taken out for the purchase of land for possible future reserves or for capital improvements;
4. any other purposes provided for in section 205 of the Local Government Act 2002.

The use of reserve contributions is further guided by the statutory obligations under sections 204 and 205 of the Local Government Act 2002.

The Council has reviewed its Development Contributions Policy for the 2021-31 LTP. The key focus of the review for the reserves section was on providing more explicit information on the acceptance of improvement credits and valuation of land.

In developing this Activity Management Plan growth projects have been identified over the planning period and the portion of the project related to meeting additional capacity from growth has been determined. From this process the development contribution requirements have been assessed and the HUE for each locality calculated.

The cash received from reserve development contributions will accumulate in ward based accounts to fund these growth related projects identified in the 10 year plans for respective ward areas.

A schedule of the projects for reserve contribution funding will be incorporated in to the 2021-31 LTP.

Reserve development contribution have been calculated based on the identified needs for growth assets and take consideration of land for reserves, improvements to the land and the funding requirements for growth related projects.

This information is summarised in the following graphs. It is important to note that there are inherent uncertainties in these projections and they will be influenced by the speed and extent of growth. However if growth slows it is anticipated that demand for assets and services will correspondingly reduce.



Figure 18-5: Reserves Development Contributions 10 Year Forecast

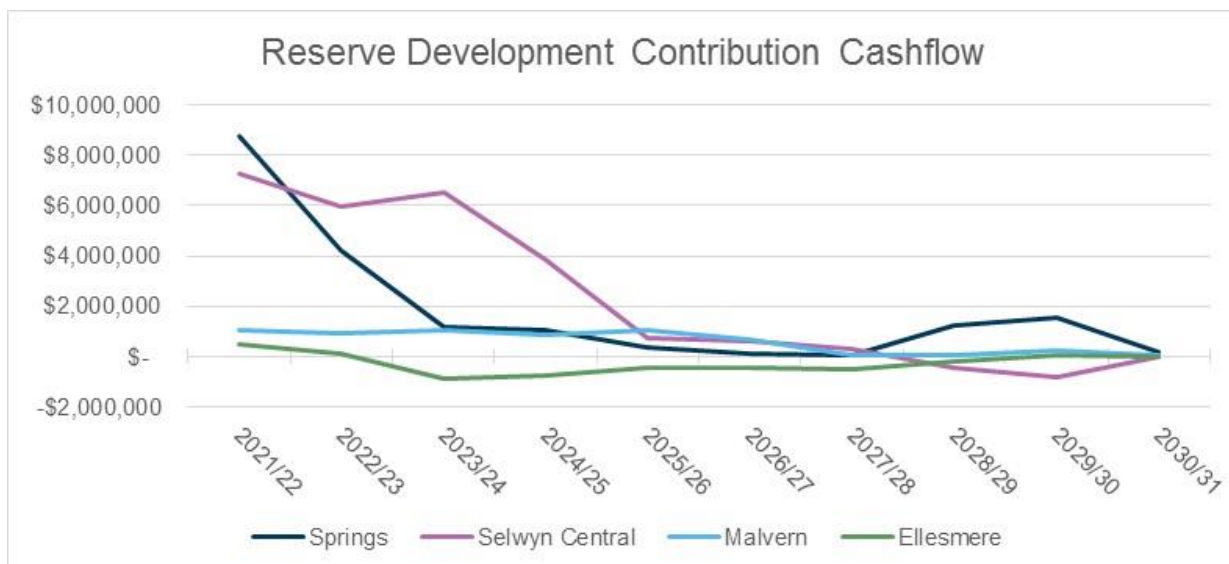


Figure 18-6: Reserves Development Contributions Account Cash-flow

Borrowing Requirements

In order to implement a number of the more significant capital projects identified over the next 10 years it is anticipated that borrowing will be required to cover funding shortfalls and to ensure the capital costs are spread on an equitable basis between current and future residents in the district. In some cases the cost of borrowing will be covered by increased rates, development contributions or a combination of the two. Most loans are taken over a 20 or 25 year period. The following table sets out the expected borrowing requirements for this activity over the 10 year planning period.

Project:	Loan Required (\$):	Timing:
Breach Block Development (Health Hub)	\$15,000,000	Existing
Breach Block Development (Sicon Headquarters Building)	\$3,833,000	Existing
Rolleston Town Centre Development	\$31,974,000 (total)	From 2021/22
Creyke Road	\$1,485,000	Existing
Global Bus	\$741,000	Existing
Darfield Medical Centre	\$200,000	Existing
Rolleston Library	\$13,346,000	Existing
Rolleston Sports & Leisure Centre (Indoor Court Facility)	\$15,526,000	Existing
Selwyn Aquatic Centre	\$17,101,000	Existing
Leeston Library	\$3,281,000	2023
Leeston Community Centre & Medical Centre	\$4,997,000	2022
Prebbleton Community Centre	\$3,958,000	2025
Hororata Community Centre	\$358,000	2023
Darfield Swimming Pool	\$5,000,000	2030
District Park Development	\$2,744,000	Existing

Table 18-19: Borrowing Requirements

Overall Funding Requirements

The following table sets out a summary of the total funding requirements required over the 10 year planning period to support the financial expenditure programmes outlined in this Activity Plan and included in the 2021-31 LTP.

Sources of operating funding	Total Funding Required over 10 Yrs	Proportion of Funding over 10 Yrs
General rates	\$ 122,469,200	27.5%
Targeted rates	\$ 203,646,000	45.7%
Subsidies and grants for operating purposes	\$ 242,000	0.1%
Fees and charges	\$ 99,604,000	22.3%
Internal charges and overheads recovered	\$ 18,896,000	4.2%
Other operating funding	\$ 1,054,000	0.2%
Sources of capital funding		
Grants for capital expenditure	\$ 2,105,000	1.8%
Development and financial contributions	\$ 42,596,000	37.3%
Debt from borrowing	\$ 45,869,000	40.2%
Gross sales proceeds from sale of assets	\$ 23,642,000	20.7%

Table 18-20: Sources of Funding for 10 Year Expenditure Programmes

The funding Impact Statement (FIS) for this activity is shown in Annex 11 A. This sets out the funding sources for both operating and capital expenditure and how these are applied to expenditure requirements over the 10 year planning period. Please note that the information in Annex 11A includes the cost and funding for the Libraries service which is not covered in this AcM Plan (apart from building costs).

Annex 18-A

Community Facilities Funding Impact Statement

Community facilities funding impact statement

	2020/2021	2021/2022	2022/2023	2023/2024	2024/2025	2025/2026	2026/2027	2027/2028	2028/2029	2029/2030	2030/2031
	Annual plan	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP	LTP
	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
Sources of operating funding											
General rates	8,238	11,594	11,358	10,207	10,427	10,589	11,192	11,485	12,121	12,526	12,733
Targeted rates	14,073	14,955	15,815	16,679	17,520	18,396	19,309	20,260	21,208	22,200	23,231
Subsidies and grants for operating purposes	116	159	8	(97)	8	8	8	8	8	8	8
Fees and charges	6,440	7,268	8,214	8,840	9,183	9,546	9,790	9,955	9,943	10,146	10,279
Internal charges and overheads recovered	2,028	2,480	1,645	1,505	1,473	1,533	1,533	1,439	1,718	1,630	1,912
Other operating funding	-	84	88	92	97	102	107	112	118	124	130
Total operating funding (A)	30,895	36,540	37,128	37,226	38,708	40,174	41,939	43,259	45,116	46,634	48,293
Application of operating funding											
Payments to staff and suppliers	17,838	19,179	19,340	19,492	19,739	20,503	20,476	20,559	20,613	20,550	20,892
Finance costs	844	1,765	1,961	2,164	2,304	2,451	2,599	2,625	2,392	1,970	1,609
Internal charges applied	6,186	6,438	6,493	6,349	6,042	5,983	5,950	5,920	5,914	5,974	5,936
Other operating funding applications	8	9	9	9	9	9	9	9	9	9	9
Total application of operating funding (B)	24,876	27,391	27,803	28,014	28,094	28,946	29,034	29,113	28,928	28,503	28,446
Surplus / (deficit) of operating funding (A-B)	6,019	9,149	9,325	9,212	10,614	11,228	12,905	14,146	16,188	18,131	19,847
Sources of capital funding											
Subsidies for capital expenditure	-	-	-	2,105	-	-	-	-	-	-	-
Development and financial contributions	6,808	2,006	2,922	907	2,897	5,463	4,352	4,545	5,424	4,801	2,471
Increase / (decrease) in debt	54,706	6,690	8,962	7,324	3,868	7,906	3,919	(1,794)	(16,847)	(16,905)	(11,960)
Gross sales proceeds from sale of assets	3,120	6,383	2,585	4,922	1,500	1,500	1,500	2,132	-	-	-
Total sources of capital funding (C)	64,634	15,079	14,469	15,258	8,265	14,869	9,771	4,883	(11,423)	(12,104)	(9,489)
Applications of capital funding											
Capital - growth	54,252	18,297	15,482	8,207	10,407	12,405	9,274	4,984	3,510	3,229	1,520
Capital - level of service	20,235	3,512	5,420	3,804	1,571	6,392	1,176	813	675	692	4,811
Capital - renewals	3,311	4,528	6,083	2,642	2,352	1,427	2,202	2,261	3,243	2,984	4,887
Increase / (decrease) in reserves	(8,794)	(764)	3,005	(1,580)	226	3,508	(669)	2,155	3,585	(591)	2,232
Increase / (decrease) of investments	1,649	(1,345)	(6,196)	11,397	4,323	2,365	10,693	8,816	(6,248)	(287)	(3,092)
Total applications of capital funding (D)	70,653	24,228	23,794	24,470	18,879	26,097	22,676	19,029	4,765	6,027	10,358
Surplus / (deficit) of capital funding (C-D)	(6,019)	(9,149)	(9,325)	(9,212)	(10,614)	(11,228)	(12,905)	(14,146)	(16,188)	(18,131)	(19,847)
Funding balance (A-B) + (C-D)	-	-	-	-	-	-	-	-	-	-	-