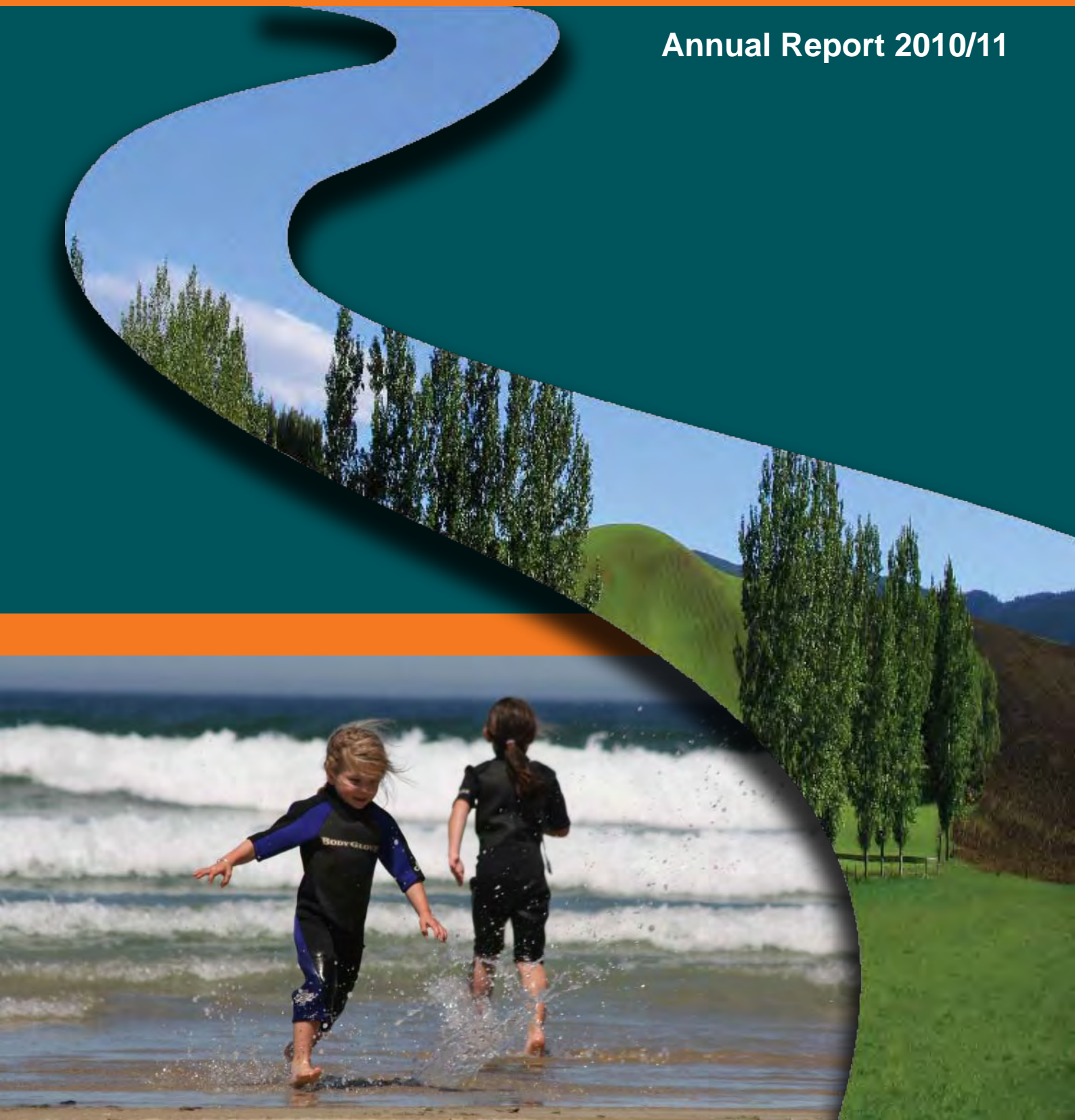




# CLUTHA DISTRICT COUNCIL

Annual Report 2010/11





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# Word from the Mayor



It is with great pleasure that I present my first Annual Report Summary for the Clutha District Council.

The 2010-11 year has been a challenging one for many in our district, but thankfully Council has met all its core function requirements in a manner that has focused on value for money and fiscal responsibility.

Highlights have included the progression of sewage treatment upgrades with construction of new Biofiltro plants underway at Lawrence, Owaka, Tapanui and Stirling. This innovative approach to find a practical solution to our communities' needs has proved such a success in Kaka Point. It is sure to provide genuine savings compared to previous upgrade options considered for sewerage ratepayers in the other townships mentioned above, while also achieving the maximum 35-year consents.

The 2010-11 year also saw good progress on the district's \$3.2 million footpath upgrade and renewal programme, with a noticeable improvement in the aesthetic and amenity value of those townships where work has taken place. Hopefully this programme will continue to result in much improved resident satisfaction levels for our footpaths.

Major water treatment upgrades to supplies in Balclutha, Kaitangata, Lawrence and Tapanui, mainstreet developments in Lawrence, the new Tapanui Bridge, and progress towards the introduction of kerbside recycling service are further examples of Council's investment in core service activities and programmes coming to fruition.

There were also several highlights in the area of district and community development.

The Gabriel's Gully Goldrush 150th Celebrations projected our district in an extremely positive light, and exemplified how a small community can work together to achieve great things.

Meanwhile, the Mayor's Taskforce for Jobs Working Party refocused itself on working towards a goal of zero unemployment for youth in the Clutha District in 12 months. Good progress was made towards this goal.

Council has maintained its strong financial position with no external debt and in excess of \$20 million in short and long term investments.

***Bryan Cadogan***

***Mayor***

***Date:***

# Chief Executive's Summary

I am pleased to present the Council Annual Report for the year ending 30 June 2011.

During the year, we welcomed a new mayor and five new members to the Council along with four members to the two community Boards. The new Council has settled in very quickly to deal with the many issues that face the district and its communities.

There are 93 performance measures reported against in the Annual Report and Council has made good progress towards meeting or exceeding the targeted performance levels for these.

A number of the measures reported relate to customer satisfaction, which was measured through our annual Residents' Survey in November 2010. A total of 2,500 residents were contacted to take part in the survey, with 630 residents responding and providing valuable information on how residents regard Council's services.

We met all but one of our performance targets for roading, the area where Council spends the most money in a year. While residents' satisfaction with roading as an effective means of transport was less than we would like, it is pleasing to see that the work undertaken in recent years upgrading footpaths is being recognised with increased satisfaction levels.

The upgrade of the Lawrence main street was completed in time for the Gabriels Gully 150th celebrations and there have been a lot of positive comments about the appearance of the township. Repairs of flooding damage including the replacement of the Bull Creek culvert were completed during the year. The Tawanui Bridge was also replaced and opened at the end of June.

It is disappointing to see that customer satisfaction with water supply appears to be declining. It is hoped that as the treatment plant upgrades are finalised, we will see levels of satisfaction increase again.

Council made good progress with its sewage treatment, obtaining 35-year consents for a number of the schemes it operates. This is based on installing the Biofiltro treatment system to polish and disinfect the effluent from the oxidation ponds to a standard where it can be disposed of into rivers and creeks without significant environmental or human health risk.

Resident satisfaction with swimming pools has declined and this is understandable as Balclutha, Milton, and Lawrence pools have all reached an age where refurbishment / renewal is needed. It is pleasing to note that both the Balclutha and Milton pools are now being upgraded and we expect to see considerable improvement in the use and satisfaction with these pools when they reopen. Work continues in looking at replacing the Lawrence swimming pool in the near future.

With the commencement of the building of the Cross Recreation Centre Council made contributions of \$2.5 million as well as contributing \$90,000 for the construction of the associated car park. The planned contribution towards the West Otago Health Facility was not made but remains in our plans once the rest of the funding is obtained and the project proceeds.

*(continued over page)*



The Statement of Financial Performance shows that overall Council has ended up very close to the budget for the period.

	Budget (\$m)	Actual (\$m)	Difference (\$m)	Main Variances
<b>Income</b>				
Rates Revenue	\$20.68	\$20.78	+\$0.10	
Other Revenue	\$12.83	\$13.97	+\$1.14	Additional \$0.73 M received from NZTA ; \$0.33 M from Department of Corrections for water sewerage services and miscellaneous property sales of \$0.10 M
Other Gains / (losses)	\$1.05	\$1.59	+\$0.54	This is non-cash change in asset values with investment and forestry assets up \$1.25 M but utility assets down \$0.71M because of disposals.
	<u>\$34.56</u>	<u>\$36.34</u>	<u>+\$1.78</u>	
<b>Expenditure</b>				
Employee benefits expense	\$4.44	\$4.08	-\$0.36	
Depreciation and amortisation expense	\$11.97	\$14.66	+\$2.69	Due to depreciation allowances being higher particularly roading at \$2.4 M.
Other expenses	\$19.07	\$18.56	-\$0.51	While the \$1.0 M grant for West Otago Health was not made there was extra expenditure of \$1.0 M on roading. The interest paid on internal funds is removed from the year end actuals which accounts for the \$0.51 M variance.
	<u>\$35.48</u>	<u>\$37.30</u>	<u>+\$1.82</u>	
<b>Deficit for period</b>	<u>\$0.92</u>	<u>\$0.96</u>	<u>+\$0.04</u>	

Overall a good result for the Council.

I am pleased to note that the Residents' Survey results show a continued improvement in satisfaction with the effectiveness and advice of Council staff and I wish to acknowledge their hard work during the year.

**Charles Hakkaart**  
**Chief Executive**  
**Date:**












# Community Leadership

ACTIVITY GROUP	ACTIVITY
 <b>COMMUNITY LEADERSHIP</b>	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
<b>ROADING SERVICES</b>	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
<b>WATER SERVICES</b>	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
<b>SANITARY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Waste Management</li> <li>2. Public Conveniences</li> <li>3. Cemeteries</li> </ol>
<b>COMMUNITY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Library/Service Centres/Information Services</li> <li>2. Swimming Pools</li> <li>3. Parks, Reserves &amp; Sportsgrounds</li> <li>4. Halls &amp; Community Centres</li> <li>5. Community Housing &amp; Other Property</li> </ol>
<b>REGULATORY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Resource Management</li> <li>2. Animal Control</li> <li>3. Environmental Health</li> <li>4. Building Control</li> <li>5. Liquor Licensing</li> </ol>
<b>EMERGENCY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>

# Community Leadership

## What we do

**GOVERNANCE**, which involves:

- Providing representation of residents and ratepayers through an elected Mayor, and 14 councillors from the district's eight wards - Balclutha, Bruce, Catlins, Clinton, Clutha Valley, Kaitangata-Matau, Lawrence-Tuapeka and West Otago. There are also community boards for Lawrence-Tuapeka and West Otago, each consisting of six members.
- Providing leadership by setting priorities and making decisions on the scope and levels of service for Council services and activities.
- Overseeing the performance of Council activities and assets to ensure the best operation, maintenance and use of community resources.
- Representing the views and needs of the district by way of submissions and lobbying to central government and other agencies on issues affecting residents of the Clutha District.

**DISTRICT DEVELOPMENT**, which involves:

- Promoting and supporting our agricultural and forestry sectors.
- Promoting and supporting our business sector.
- Building pride in our district, and telling the world about it. Not only promoting the district as a tourism destination, but also 'promoting ourselves to ourselves'.
- Promoting youth development.

**COMMUNITY SUPPORT**, which involves:

- Providing financial and non-financial assistance to a range of community groups and organisations throughout the district.

# Wrap up for Community Leadership in 2010/11

Throughout 2010/11 Council provided the district with leadership that aimed to develop and move the district forward. Activities of note were the triennial elections held in October, the Lawrence 150th celebrations in March and the continuation of District Development activities through our contractors Enterprise Clutha and the Clutha Agricultural Development Board.

Council's commitment to community engagement and participation in decision-making continued. Existing arrangements with the Clutha District Youth Council and local Maori groups remained in place and Council was pleased to receive 108 submissions to the Draft Annual Plan 2011/12. The regular 'Council News' newsletter maintained its high readership, with 93% of respondents to the 2010 Residents Survey having seen the newsletter in the past year. Discussions with local Runanga and other local authorities within the Otago region about developing a region-wide model to enhance consultation with Maori gained momentum.

Throughout the year Council continued to advocate on behalf of the communities of the Clutha District, making submissions to central government on various issues including national environmental standards, the Food Bill, the Telford-Lincoln merger and proposals to centralise the processing of building consents.

The budgeted \$1 million grant to the West Otago Health Trust, for the proposed new healthcare facility in Tapanui was deferred, as the Trust had not met its minimum external funding requirements.

## Triennial elections

The triennial elections held in October 2010 resulted in the election of a new mayor, Bryan Cadogan and five new councillors (Councillors Stewart Cowie, Ron Davis, Bruce Graham, Michelle Kennedy and Hilary McNab). At the same time Council farewelled six members including Councillors Ted Gallagher, Murray McLean, Peter McPherson, Kevin Thompson, Jeff Seymour and four-term Mayor Juno Hayes. New community board members elected included Michael McElrea, Linda Roulston and Suzanne Wink (West Otago) and Mel Kenny (Lawrence-Tuapeka).

Following the election, Council's committees and sub-committees were reviewed, triennial meetings of rural water schemes and hall committees held, and training for existing and new councillors and community board members was undertaken.

### Clutha District Council 2010-2013



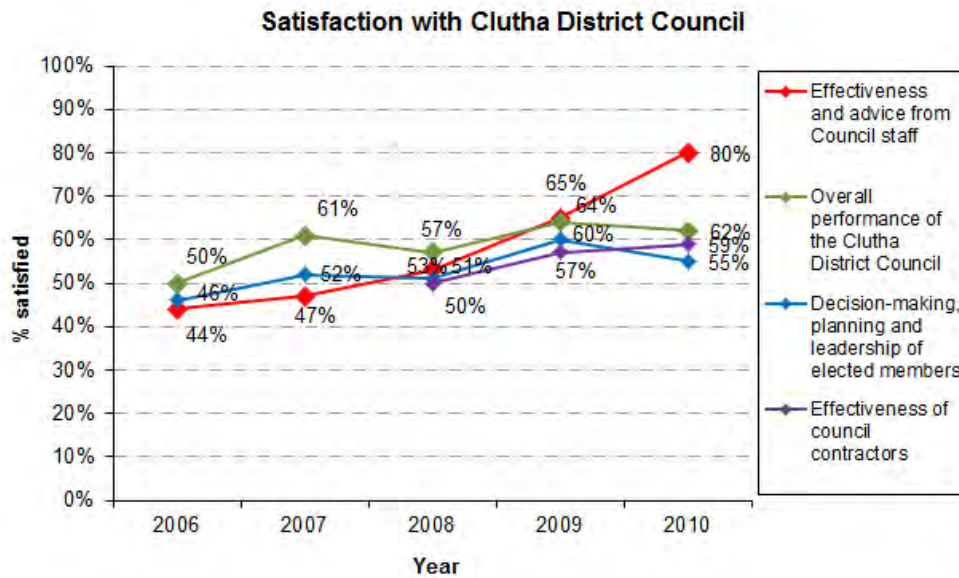
*Back Row: Murray Brass (Manager, Planning and Environment), Cr Chris Hargest, Cr Bruce Graham, Cr Jeff McKenzie, Cr Geoff Blackmore, Cr Ron Davis.*

*Second Row: Valerie Bell (PA to Mayor and Chief Executive), Cr Stewart Cowie, Cr Bruce Vollweiller, Cr Hilary McNab, Cr Bruce McCorkindale, Cr John Cochrane, Cr Mary Johnstone.*

*Front Row: Cr Gaynor Finch, Cr Hamish Anderson, Mayor Bryan Cadogan, Charles Hakkaart (Chief Executive), Alan Dickson (Manager, Corporate Services), Cr Michelle Kennedy. Inset: Jules Witt (Manager, District Assets).*

## Resident Satisfaction with Council

Satisfaction with decision-making, planning and leadership of elected members has fallen slightly from its high of 60% in 2009 to 55% in 2010. However, it is important to note that there was a high level of 'neutral' responses (35%) and a number of comments indicating that many felt that it was too soon to gauge the effectiveness of the new Council and Mayor. Satisfaction with Council's overall performance was 62% (with a further 31% being neutral), consistent with the 64% rating from 2009.



## Cross Recreation Centre

Over the past year Council contributed \$2.5 million towards the Cross Recreation Centre to fund approximately half the cost of the new multi-use sporting and recreation facility in Balclutha.

The facility will incorporate a gym and five netball courts that will also be able to be used for other activities such as indoor hockey, soccer, tennis, basketball, volleyball and indoor cricket. Council sees the facility as being important for the district in helping to attract and retain people in the area and improving physical activity and recreation options for residents of the whole district.

As the centre is a long-term facility the grant was funded by an internal loan, which will be paid off over 25 years by rates. The centre is expected to open before the end of 2011.



*Left: The Cross Recreation Centre under construction.*

*Right: Councillors and Council Management inspect progress at the Cross Recreation Centre.*

## District Development

### Economic Development

Throughout the year Council promoted and supported the District's business, agricultural and forestry sectors through the District Development Board and its contractors, Enterprise Clutha and the Clutha Agricultural Development Board.

Council continued to fund Enterprise Clutha's successful cornerstone programmes including business visitation and support, introduction to careers and work ready programmes in secondary schools.

A key project for Enterprise Clutha during 2010/11 was the Clutha District Labour Market Strategy. Called "Growing Futures in Clutha", this was officially launched in February 2011. The project saw a considerable investment in the district and opportunities to move forward were identified in three key task areas: attracting and retaining workers to the district; improving workplace productivity; and increasing labour market participation.

The strategy went on to identify key goals around:

1. *Employment branding*: facilitating training for local businesses to exhibit best practice employment relations and people management practices
2. *Career opportunities promotion*: marketing the available opportunities in the district's industries, providing career services and implementing and promoting initiatives (including local and central government)
3. *Industry partnerships*: encouraging the partnering of local businesses to maximise resources and optimise opportunities
4. *New resident and business attraction*: finding ways to encourage rejuvenation of the labour pool and stimulate new business opportunities in the district.

The Clutha Agricultural Development Board worked on a number of projects including food and fibre hemp research, ragwort flea beetle releases, and work towards a Californian thistle action group was undertaken. Other research and trial applications for a Hemp industry review, farm dairy effluent odour management, grass grub and porina control, soil health and biology seminars did not meet national funding priorities.

Five network events were held during 2010/11 either solely by the Clutha Agricultural Development Board or in conjunction with others, which attracted over 160 attendees. Events included the Clydevale grass grub event (July 2010), Biological farming meeting (November 2010), Men's health evening (December 2010), Milton Mine, Mutton, Minds and Mill tour (May 2011) and a Feedsmart workshop (June 2011).

### Community Development

Support for community and youth development initiatives, including the Clutha District Youth Council, the 'Making a Difference' programme and Community Co-ordinator position continued during 2010/11.

### Community Support Grants

Council supported various organisations and community groups throughout the district with over \$300,000 in grants, payments and reimbursements. These are outlined later in this section.

### District Development Review

The year saw a review of Council's District Development activities begin. This review will help formulate the future direction of Council's involvement with business, economic and community development in the district. The review will continue into 2011/12.

## Lawrence 2011 Celebrations



A 'second gold rush' came to Lawrence in March, with thousands of visitors descending on the area to celebrate 150 years since the discovery of payable gold. Gabriel Read's discovery on 25 May 1861 in the gully that now bears his name led to a major gold rush which saw the Lawrence-Tuapeka district's population swell to over 11,000 at the time. A century and a half later, the Lawrence township has a population of about 400.

Organisers estimate over 6,500 people passed through the gates for the Gabriel's Gully Goldrush 150th Celebration held over March 18-21. This was a fantastic turnout, thanks to the planning, dedication and enthusiasm of the local community. The feedback received from visitors has been very positive.

One of the many highlights of the celebrations, was the attendance of three of Gabriel Read's descendants. Pictured below (from right) is Gabriel's grandson Jim Read, Jim's son Andrew Read, and Andrew's son Chris Read. The Reads travelled from Australia to attend the celebrations and were pleasantly surprised at the scale of the significance that their namesake's discovery had on the Lawrence-Tuapeka area.

Council made a financial contribution towards the celebrations and coordinated publicity for the event. With the support of community groups, Council also undertook a major upgrade of the townscape in Lawrence's main street area, in time for the celebrations. This upgrade is detailed further, later in the roading section of this report.



*Descendents of Gabriel Read - who discovered payable gold near Lawrence in 1861 - at the Gabriel's Gully Goldrush 150th celebrations in March*



## Community Support Grants 2010/11

	Amount (\$)		Amount (\$)
Museums & Information Centres	113,656	Reimbursement of Fees and Charges Scheme	14,771
South Otago Historical Society	33,488	Order of St John Milton	2,016
Tuapeka Lawrence Community Company	30,321	Clinton Rugby Football Club	1,430
Catlins Historical Society	25,592	Lawrence Heritage Trust	1,008
Milton Information Centre	12,176	Otago Shearing and Woolhandling Committee	888
Tuapeka Goldfields Musuem	4,787	NZ Century Farm Awards	840
West Otago Vintage Club	3,676	Rotary Club of Balclutha Inc.	734
Tokomairiro Historical Society	3,616	South Otago Ploughing Association	603
Swimming Pool Grants	25,075	Clutha Seniors Singers	600
Owaka Swimming Pool	6,429	Moanariri Crib Owners Association	587
West Otago Swimming Pool Inc	6,429	Balclutha Floral Art	479
Clinton School	3,215	South Otago Scout Jamboree	405
Clutha Valley Primary School	3,215	South Otago High School Netball	394
Heriot Primary School	1,500	Balclutha Senior Citizens	330
Waiwera South School	1,072	Clinton Playcentre	300
Beaumont Swimming Pool Charitable Trust	643	Evening with the Stars	300
Tahakopa School	643	Tuapeka Aquatic Centre	300
Taieri Beach School	643	South Otago Indoor Bowls	268
Waitepeka Swimming Baths Committee	643	Clutha Promotions	213
Waitahuna School	643	Kaka Point Bowling Club	204
Rent Reimbursement Funding Scheme	3,874	Milton Playcentre	200
Balclutha Bowling Club	2,000	Milton Primary Home and School Assn	200
Balclutha Playcentre	1,200	Tapanui West Otago Promotions	180
Milton Playcentre	374	Tokomairiro Co-operating Parish	180
Balclutha Pottery Group	300	Milton Information Centre	174
Other Long Term Plan Grants	143,353	Heriot Playcentre	169
Sport Otago	41,300	Positively Clutha Women	165
Clean Air, Warm Homes contribution	49,865	West Otago A&P Society	165
Gore Womens Refuge Inc.	19,258	Tokomairiro A&P Society	153
Kaka Point Life Saving Club	13,119	Milton and District Senior Citizens	140
Upstart Incubation Trust	8,000	Rotary Club of Milton	140
Heartland Life Education Trust	4,545	South Otago Victim Support	140
Kaitangata Black Gold Heritage	3,500	Paretai Indoor Bowling Club	134
South Otago Victim Support	2,066	South Otago Festival Trust	117
Tuapeka Mouth Community Committee	600	Balclutha Garden Club	108
Clutha Super Masters Games	500	Order of St John - Clutha	102
Kaka Point Community Group	300	Disability Information Service	100
Taieri Mouth Amenities Society	300	Clutha Masters Games	95
Telford Bursary - J Cornish	750	Owaka Swimming Pool	90
Reimbursement of Anzac Day Expenses	818	Lawrence Summer Arts Festival	70
		Clutha Valley District Flower Show	50

# What we achieved in 2010/11

## District Development

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Ensuring our economy grows and diversifies	To support the district's agricultural industry	To provide services and information supporting the Clutha District's agricultural sector, through its contractor, the Clutha Agricultural Development Board	Biennial report provided on the state of the District's agricultural sector	Report Provided	N/A	N/A	-	
			Number of projects undertaken that support excellence in ag business and land management practices	3	2	3	+1	
			Number of participants in programmes offered to develop opportunities and skills in agricultural employment	50	225	105	-120	1
			Number of networking events held dealing with topical farming subjects	3	2	5	+3	2
Ensuring our economy grows and diversifies	To support business in the district	To provide business support and development services, through its contractor, Enterprise Clutha	Annual report on businesses in the Clutha District	Report Provided	Report Provided	Report Provided	-	
			Number of potential new businesses assisted	21	15	19	+4	
			Number of businesses assisted through the business mentoring programme	6	10	2	-8	4
			Number of small to medium enterprises involved in the visitation/referral/follow-up service	216	50	98	+48	4

## District Development

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Encouraging strong, positive, and enterprising communities	Youth development	To support the development of youth in the District	Number of youth who have participated in an Enterprise Clutha-provided careers programme	09/10 <i>(actual)</i>	10/11 <i>(target)</i>	10/11 <i>(actual)</i>	Difference	Reference Note
				702	200	692	+492	5

### Reference Notes

- 1- Lower than expected numbers due to reduced external funding for farmsafe courses.
- 2- Five network events were held during 2010/11 either solely by the CABD or in conjunction with others, which attracted over 160 attendees. Events included the Clydevale grass grub event (July 2010), Biological farming meeting (November 2010), Men's health evening (December 2010), Milton Mine, Mutton, Minds and Mill tour (May 2011) and a Feedsmart workshop (June 2011).
- 3- The level of demand for this service was lower than projected. Two businesses successfully applied for business mentoring during the year.
- 4- This visitation programme is seen as part of Enterprise Clutha's core business. This was made a priority especially during the time of the development of the Clutha District Labour Market Strategy.
- 5- This programme has been very popular, developing strong links between business and education.

**Governance**  
Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Encouraging strong, positive, and enterprising communities	For elected members to represent the district and their community	For elected members to provide a high level of participation in decision-making	Satisfaction with decision-making, leadership and planning by elected members	60%	53%	55%	+2%	
			Satisfaction with overall performance of the Clutha District Council	64%	59%	62%	+3%	
Encouraging strong, positive, and enterprising communities	To encourage community participation in local government decision-making	To make council information readily available and to keep residents and ratepayers well informed	Residents who see or read the 'Council News' newsletter	94%	75%	93%	+18%	1

**Reference Notes**

1- Continuous improvement to the regular 'Council News' newsletter is thought to be a contributing factor to the high recognition of this medium of relaying news and information to residents and ratepayers.


## What it cost for Community Leadership in 2010/11

	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11	
<b>Community Leadership</b>				
Expenditure (\$'000)				
Governance (Council & Community Boards)	701	817	749	
District Development	599	686	615	
Community Support	428	498	514	
West Otago Health	0	1,004	0	See note 1
Operating Costs	1,728	3,005	1,878	
Activity Income	0	25	0	
Net Cost of Service	1,728	2,980	1,878	
Capital Expenditure	0	0	0	

### Notes:

1 - The budgeted \$1 million grant to the West Otago Health Trust, for the proposed new healthcare facility in Tapanui was deferred, as the Trust had not met its minimum external funding requirements.

# Roading

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
 ROADING SERVICES	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
WATER SERVICES	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
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EMERGENCY SERVICES	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>

# Roading

## What we do

Within the Clutha District, roads are managed by two separate roading authorities. The New Zealand Transport Agency (NZTA) takes care of the State Highways, while the Clutha District Council maintains all other roads, known as local roads.

With a total roading network of 2,910 km, the Clutha District has the second largest local roading network in New Zealand. Of that 2,910km, 28% (809km) is sealed and 72% (2,083km) is unsealed. Rural roads make up 95% of the total network.

The roading assets administered by the Council include more than just roads. There are also footpaths, bridges, streetlights and other assets that are associated with roads.

Main roading tasks include road, bridge and culvert maintenance and replacement; resealing and rehabilitating sealed roads; grading and metalling of unsealed roads; footpath maintenance and construction; car park maintenance and construction, street lighting and road safety improvement projects. The total replacement cost for these assets is \$744 million.

The majority of Council's roading activities are financially assisted by the NZTA. For 2010/11 this was at a rate of 60% assistance. This means that local ratepayers fund 40% of the bulk of the costs of local roads. Design and maintenance standards are defined by the NZTA for subsidised roading work and are used, along with the Council's own guidelines, for non-subsidised work. In order for Council to qualify for financial assistance from NZTA these standards must be met.

# Wrap up for Roading in 2010/11

## Overview

Council spent \$18.1 million on maintaining and improving the local roading network during the 2010/11 year. This was \$895,000 (5.2%) more than was budgeted in the Annual Plan. Adverse weather events contributed to much of this difference, with the roading network requiring a number of major repairs including at Bull and Karoro Creeks. Part of the cost of these repairs was funded from budgets carried forward from 2009/10 with further NZTA assistance provided for over half of the cost of the repairs at Bull Creek.

Highlights of the year for Council's roading department included the construction of new Tawanui Bridge, the Lawrence Streetscape Upgrade and a number of road safety improvement projects.

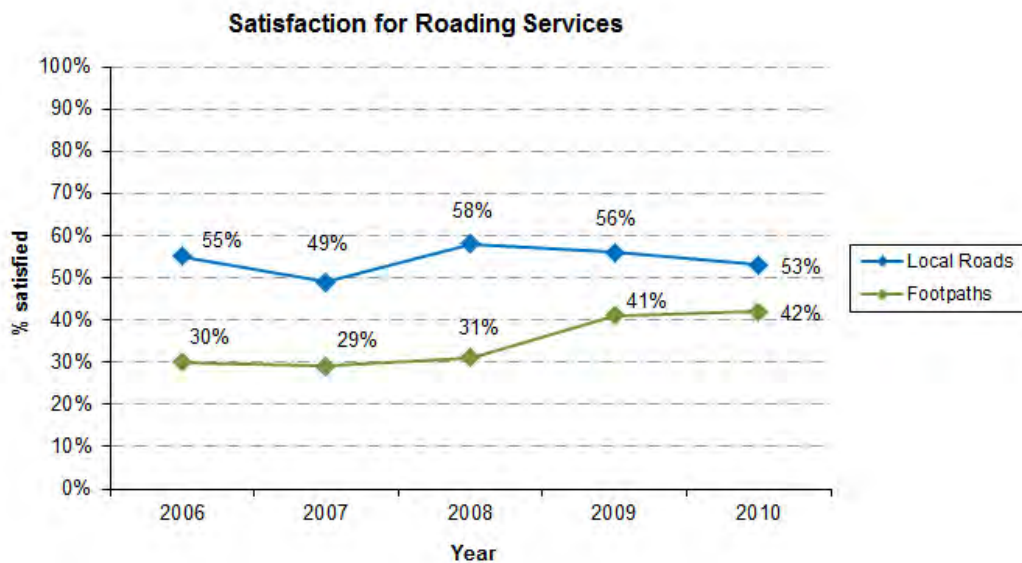


*Bull Creek Culvert May 2010 (left) and June 2011 (right).*

## Road and Bridge Maintenance

During the year 9.3 kilometres of sealed roads were rehabilitated and unsealed roads were graded an average of 3.5 times. Council also undertook road safety improvement projects, maintained bridges, culverts, water channels, streetlights, and undertook repairs required after flooding.

Resident satisfaction with local roads is 7% below the targeted level, but, as shown in the graph below, is relatively consistent with results over the past five years. Comments raised by residents related to maintenance aspects such as potholes and amount of grading. Independent feedback from the NZTA is that Council's roading network is well managed and maintained.





Council's two roading maintenance contracts were awarded to Fulton Hogan in May. They were awarded for a combined tender price of just over \$14 million, which was 3.4% below the allocated budget, and took effect at the beginning of the 2011/12 financial year.

**Clydevale Bridge**

Work on replacing or upgrading the Clydevale Bridge has continued, with Council looking into the available options and investigating funding avenues. Economic analysis has been undertaken for a number options, including upgrading or replacing the existing bridge.

**Tawanui Bridge**

The Tawanui Bridge, which spans the Catlins River about 12km west of Owaka had been closed since November 2009 when inspections revealed significant damage thought to have initially been caused by an overloaded vehicle.

After going through the process of verifying a new bridge was structurally and economically viable, and then securing funding assistance (of 70% of the overall cost) from the New Zealand Transport Agency, a contract for construction was awarded to SouthRoads in December 2010. The bridge was opened at the end of the June, for a total project cost of \$730,000, 7% below the approved budget.

While it was a long process to go through to get to the bridge replaced, the end result is an excellent asset for the local community who rely on this crossing of the river.



*Replacement Tawanui bridge, June 2011*

## Footpaths

Council's footpath renewal and upgrade programme progressed well with 4,545 metres of new footpaths constructed and 1,062 metres were renewed in Balclutha, Kaka Point, Lawrence, Milton, Stirling and Tapanui. The investment in footpaths is shown in the increase in resident satisfaction, which has increased to 42% from an average of 30% before the programme began. This is also reflected in the significant decrease in the proportion of footpath service requests that relate to safety issues, from 30% in 2009/10 to just 12% in 2010/11. It is expected that satisfaction with footpaths will continue to increase as further renewals and constructions take place.

## Main Street Upgrades

### Balclutha

The extent and type of the redevelopment of Balclutha's main street area will depend on future traffic flow through Balclutha's three main thoroughfares (Clyde, Charlotte and James streets). Three quarters of the funding for the main street upgrade has been deferred until a traffic management strategy for Balclutha is completed. Work on this strategy continued in 2010/11. This involved public consultation on options for the management of traffic in Balclutha in July and August. 130 submissions were received and the options for further consideration were reduced to three - the status quo, and moving the state highway to either Charlotte or James Streets. Council then engaged consultants to undertake additional detailed investigation work including assessment of social, economic and traffic implications of the options. Work will continue on this strategy in 2011/12 before final decisions can be made on the upgrade of Balclutha's main street.

### Lawrence

Council worked alongside the Lawrence-Tuapeka Community Board, as well as local community groups and individuals, on a major enhancement of the Lawrence main street area. The upgrades were completed in time for the March celebrations of the 150th anniversary of the discovery of gold at Gabriel's Gully. This work included an upgrade to Ross Place with new streetlights, the undergrounding of the power supply, and new seats, planters and rubbish bins more in keeping with the town's heritage values; a new carpark and an upgrade to the entrance to Gabriel's Gully Road.



*Lawrence Streetscape Upgrade*

## Road Safety

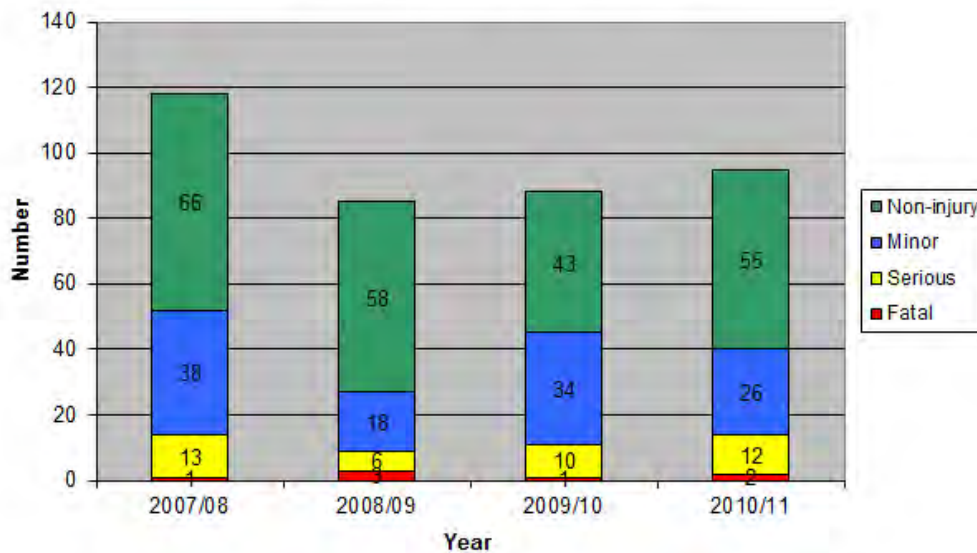
One of Council's performance targets with respect to road safety in 2010/11 was to have less than 41 reported injury crashes on local roads. This target was achieved, with 40 injury crashes being reported during the year. The graph below shows that this is in line with a downward trend for reported injury crashes.

Council has continued to undertake minor safety projects to improve the local roading network, with the following projects of note completed in the past year;

- Installation of a slow vehicle passing bay at Tunnel Hill.
- Improvements to the Douglas Street / Baxter Street intersection in Balclutha.
- Traction seals on Breakneck Rd and Old Lake Rd.
- Purchase of re-locatable speed indication device.
- Continued installation of stock underpasses.

Council also continued road safety co-ordination through the services of Arai Te Uru Whare Hauora with projects targeting areas relating to speed and alcohol, with further ongoing support for a Driver Licensing Assistance project.

**Reported Injuries on Local Roads  
2007/08 - 2010/11**



# What we achieved in 2010/11

## Roading

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR																									
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To provide an effective and safe roading and footpath network	Residents satisfied local roads are an effective means of transport  Residents satisfied with footpaths	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>56%</td> <td>60%</td> <td>53%</td> <td>-7%</td> <td>1</td> </tr> <tr> <td>41%</td> <td>41%</td> <td>42%</td> <td>+1%</td> <td></td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	56%	60%	53%	-7%	1	41%	41%	42%	+1%											
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56%	60%	53%	-7%	1																									
41%	41%	42%	+1%																										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To maintain and improve roads and footpaths	% of km travelled on sealed roads considered to be smooth (urban)  % of km travelled on sealed roads considered to be smooth (rural)  Length of seal extensions (metres)  Average number of times unsealed roads are graded annually	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>89%</td> <td>91%</td> <td>91%</td> <td>-</td> <td></td> </tr> <tr> <td>99%</td> <td>99%</td> <td>99%</td> <td>-</td> <td></td> </tr> <tr> <td>0</td> <td>0</td> <td>0</td> <td>-</td> <td></td> </tr> <tr> <td>3.4</td> <td>3.3</td> <td>3.5</td> <td>+0.2</td> <td></td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	89%	91%	91%	-		99%	99%	99%	-		0	0	0	-		3.4	3.3	3.5	+0.2	
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3.4	3.3	3.5	+0.2																										
Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To deliver capital projects meeting NZTA delivery requirements	Capital projects completed within timeframes and budgets in compliance with NZTA requirements	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>100%</td> <td>100%</td> <td>100%</td> <td>-</td> <td></td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	100%	100%	100%	-																
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Providing the infrastructure we need to move forward	Provide and maintain the local roading network	To respond to customer queries and complaints on the transportation network	Customer requests for service responded by Council within 10 working days	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>92%</td> <td>90%</td> <td>91%</td> <td>+1%</td> <td></td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	92%	90%	91%	+1%																
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# Roading

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide and maintain the local roading network	To monitor safety and invest in improving safety of the road network	% of budget spent on road safety improvements	6%	8%	9%	+1%	
			Number of reported injury crashes on local roads	45	41	40	-1	
			Proportion of footpath service requests that are safety-related	30%	38%	12%	-26%	2

### Reference Notes

- 1- Resident satisfaction with local roads is 7% below the targeted level, but is relatively consistent with results over the past five years. Comments raised by residents related to maintenance aspects such as potholes and amount of grading.
- 2- This is a positive variance. The significant drop in service requests relating to safety issues correlates the recent significant investment in the district's footpath network.

## What it cost for Roding in 2010/11


	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11	
<b>Roding</b>				
Expenditure (\$'000)				
Operating Expenditure	5,553	6,049	6,941	
Depreciation	10,305	9,471	11,899	
Operating Costs	15,858	15,520	18,840	
Activity Income	7,983	9,113	9,933	
Net Cost of Service	7,875	6,407	8,907	See note 1
Capital Expenditure	9,905	11,190	11,193	See note 2

**Note:**

1 - Depreciation was \$2.4 million greater than was budgeted, contributing to this variance between the actual and budgeted net cost of service.

2 - Adverse weather events contributed to much of this variance, with a number of significant repairs required as a result of weather-related events.

# Water Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
ROADING SERVICES	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
 <b>WATER SERVICES</b>	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
SANITARY SERVICES	<ol style="list-style-type: none"> <li>1. Waste Management</li> <li>2. Public Conveniences</li> <li>3. Cemeteries</li> </ol>
COMMUNITY SERVICES	<ol style="list-style-type: none"> <li>1. Library/Service Centres/Information Services</li> <li>2. Swimming Pools</li> <li>3. Parks, Reserves &amp; Sportsgrounds</li> <li>4. Halls &amp; Community Centres</li> <li>5. Community Housing &amp; Other Property</li> </ol>
REGULATORY SERVICES	<ol style="list-style-type: none"> <li>1. Resource Management</li> <li>2. Animal Control</li> <li>3. Environmental Health</li> <li>4. Building Control</li> <li>5. Liquor Licensing</li> </ol>
EMERGENCY SERVICES	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>



# Water Services

## What we do

**URBAN AND RURAL WATER SUPPLY SERVICES**, where Council provides regular supplies of potable water for both human consumption and stock drinking water within the district via 22 urban and rural water supply schemes.

- Existing rural water schemes primarily provide potable water for stock but also provide for domestic consumption. The rural schemes are Balmoral 1, Balmoral 2, Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi (stock water only) and Wangaloa.
- Some rural schemes provide water in bulk to smaller communities and urban schemes within their area of supply. Such urban supplies are Clinton (Clydevale-Pomahaka), Kaka Point (Richardson), Waiholā (North Bruce), Benhar (South Bruce/Stirling Treatment Plant), Stirling (South Bruce/Stirling Treatment Plant), Cherry Lane (South Bruce), Heriot (Moa Flat), Waikaka and Pukerau (Glenkenich). Most of these communities have restricted supplies to consumers while one or two are unrestricted.
- Regular urban supplies include Balclutha, Kaitangata, Lawrence, Milton, Owaka and Tapanui. With the exception of Owaka, they provide an unrestricted supply of potable water for domestic, commercial and industrial use within each scheme area.
- Approximately 30% of the water produced is for domestic consumption, with the balance being largely used for stock water.

**SEWERAGE SERVICES**, where Council provides for the collection and disposal of domestic sewage and trade waste discharges within the District via 11 public sewerage schemes.

- Sewerage services are provided for Balclutha, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui and Waiholā.
- New schemes are being developed for Tokoiti and Benhar.

**STORMWATER SERVICES**, where Council provides for the drainage of stormwater via 9 community stormwater drainage reticulation schemes.

- Community stormwater drainage schemes are located in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui.
- There is also basic stormwater infrastructure in Stirling, Waiholā, Palmer Place (Taieri Mouth), Pounawea and Papatowai.



# Wrap up for Water Services in 2010/11

## Water Supply Upgrades

Clean and safe drinking water is one of the most important things a Council can provide, and is something that the community cannot do without. As well as a community expectation for clean and safe water, legislation now requires all water supplies to “take all practicable steps” to comply with the New Zealand Drinking Water Standards. The Standards are essentially the yardstick by which water’s suitability for drinking is assessed. Public Health Risk Management Plans for all Council schemes have been completed and approved by the Ministry of Health. These plans detail Council’s plans to address protozoa compliance required by the standards.

Council continued to implement these plans and made significant progress towards complying with the standards during 2010/11. This included the substantial completion of significant upgrades of the Balclutha, Kaitangata, Lawrence and Tapanui water supplies. These have involved improving the coagulation and filtration processes; with UV sterilisation added at Balclutha and Lawrence. Increased reservoir storage will also be installed at Balclutha, Lawrence, Tapanui, and Milton. Financial assistance for these upgrades was provided from the Ministry of Health’s Drinking Water Assistance Programme, which aimed to provide technical and financial assistance towards new drinking water standards.

Rural treatment plant upgrades have focused on improving supply reliability, with minor works also undertaken to address specific water quality issues. A number of non-urgent works for the rural water schemes, that were budgeted for the 2010/11 year were deferred or cancelled as a result of re-prioritisations made in consultation with Rural Water Scheme committees.

## Fluoridation of Water Supplies

Fluoridation of the Milton, Tapanui and Kaitangata water supplies began in 2010/11. This step was taken following advice from the Public Health South and consultation with the communities involved over the past few years. Non-binding referenda run in conjunction with the 2007 local body elections revealed that more than half of respondents supported fluoridating each of these supplies.

The installation of fluoridation equipment was funded 100% by the Ministry of Health. The regular operational costs, including the fluoride, will be paid for from the water rate of the respective communities. The fluoridation of Tapanui and Kaitangata’s water supplies follows major water treatment upgrades for the townships, which have produced very pleasing results to date. Similarly, Milton had a new water treatment plant constructed in partnership with the Department of Corrections in 2008. Balclutha is the only other community in the district with its water supply fluoridated; it has been since the late 1960s.

## Sewage Treatment Upgrades

Under the Resource Management Act, Council is required to have various consents in place for the disposal of effluent from its sewerage schemes. These consents are imposing increasingly stringent conditions due to increased environmental expectations and standards. This has led to necessary and costly upgrades to many sewage treatment schemes around the district.

In December Council was granted 35-year consents for discharge of treated sewage from treatment plants at Kaka Point, Lawrence, Owaka, Stirling and Tapanui. These consents are based on the town’s sewerage schemes upgrading to a new Biofiltro sewage treatment plant such as the one which has been operating at Kaka Point since the beginning of 2010. The upgrades are required to meet the new consent conditions and ensure the treated sewage being discharged is of an acceptable standard.

Council had been working with the Otago Regional Council for several years on finding affordable solutions for these four townships. The awarding of the long-term consents and construction of the Biofiltro plants is a great result for these communities.

Construction of the new plants began towards the end of the 2010/11 year, and is due to be complete before the end of 2011.

The new treatment system, from Wyndham-based company Biofiltro, uses proprietary technology originating from Chile to treat sewage effluent in a small and low-cost plant. The treatment is based on digestion of the

sewage by a bioactive sawdust bed supported by a rock drainage layer.

The annual costs of the Biofiltro system are potentially significantly cheaper than the annual costs of the options previously considered for the townships. In Kaka Point, for example, the Biofiltro system costs an additional \$160 per ratepayer per year, compared to previous treatment upgrade options ranging from \$280 to \$620 per ratepayer per year. Annual costs for the other four townships range from an additional \$113 a year to \$192 a year once harmonisation is also taken into account. Council is conscious that these are still significant costs, but the 35-year consents provide security for these townships.



*Groundwork for the new Biofiltro plants began in Lawrence (left) and Tapanui (right) in June 2011*

## Benhar and Tokoiti Sewerage

For some time Council has been concerned about sewage disposal in Benhar and Tokoiti. Neither of these towns has reticulated sewerage schemes, and both rely on private septic tank systems, many of which are failing. Council's concerns have been confirmed by the Otago Regional Council, Public Health South and the communities involved.

Council has been working on addressing the issues in Benhar and Tokoiti townships for the past eight years. Over this time it has become clear that construction of new reticulated sewerage schemes is required for public health and environmental reasons. Budgets were provided for these projects in 2009/10, pending further investigation and consultation. This work continued in 2010/11, with further design and funding options being worked through.

Council is now working with the Benhar and Tokoiti communities on the final design and funding options for the two schemes, with construction due to begin in early 2012.

## Stormwater

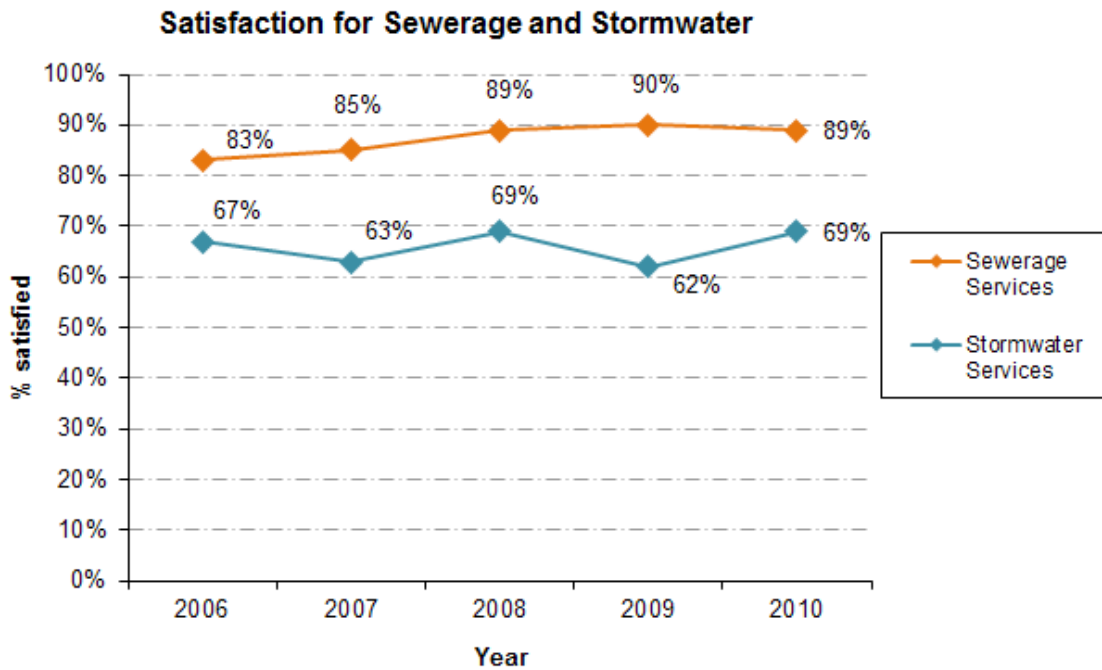
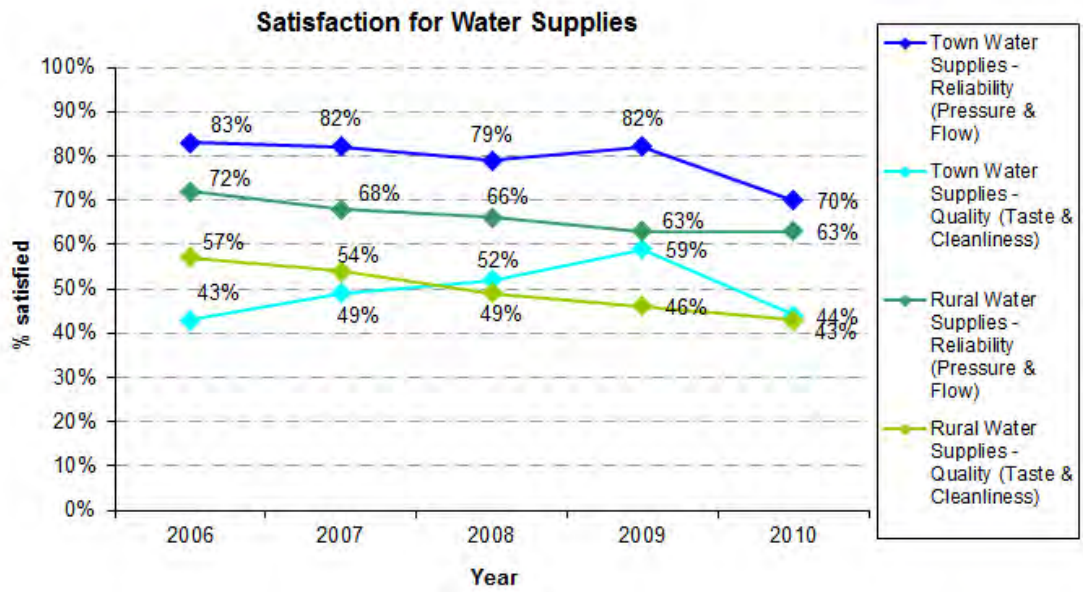
Works undertaken on Council's stormwater systems over the past year included the upgrade of Balclutha's pump station telemetry and new pipes being installed in Tapanui, Milton, and Lawrence. The upgrade of the stormwater system in Milton was also completed in 2010.

## Resident Satisfaction with Water Services

Customer satisfaction ratings regarding urban and rural water have declined from 2009 to 2010. This may be a result of a change in the wording of the questions asked, where 'reliability' was replaced with 'pressure and flow' and 'quality' was changed to 'taste and cleanliness', rather than a decline in the actual level of service provided. Water quality in particular is an area where Council has spent a considerable amount of effort and funding over the past year, with upgrades of the Balclutha, Kaitangata, Lawrence and Tapanui water supplies. Independent counts have indicated decreasing numbers of complaints and fault reports and an overall upgrading of level of service.

Sewerage continues to be one of Council's highest ranking services, consistently scoring well, and achieved 88% satisfaction in 2010.

Satisfaction with stormwater increased from 62% to 69% over the past year. This is still below the targeted 75% level, but the flooding event in Milton in May 2010 is expected to have affected this rating.



Summary of Major Water Services Capital Projects as at 30 June 2011

Urban Water Supplies - Summary of Major Capital Projects as at 30 June 2011					
Township	Outline of Work	10/11 Annual Plan Budget (\$000)	% complete at 30 June '11		Comments
			Expected	Achieved	
Balclutha	Main filter replacement	325	100%	100%	
	Treatment upgrades	487	67%	75%	
Kaitangata	Treatment upgrades	150	67%	85%	
Tapanui	Treatment upgrades	258	67%	75%	
Lawrence	Treatment upgrades	287	67%	80%	

Rural Water Supplies - Summary of Major Capital Projects as at 30 June 2011					
Scheme	Outline of Work	10/11 Annual Plan Budget (\$000)	% complete at 30 June '11		Comments
			Expected	Achieved	
Balmoral 1	Rising Main renewal	57	100%	0%	Alternative solution implemented
Clydevale/ Pomahaka	Clydevale Main reservoir renewal	52	100%	0	Under review
	Reticulation and booster upgrades	50	100%	80%	Additional works approved
Glenkinich	Main switchboard	77	100%	0%	Deferred until 2011/12
Richardson	Moffat Rd boosters - pump upgrades	61	100%	100%	
	Paretai - KP line renewal	61	100%	50%	Completed Sept 2011
South Bruce	Reticulation upgrade	52	10%	0%	Deferred

Sewerage - Summary of Major Capital Projects as at 30 June 2011					
Township	Outline of Work	10/11 Annual Plan Budget (\$000)	% complete at 30 June '11		Comments
			Expected	Achieved	
Lawrence	Discharge upgrade and consent	587	85%	50%	
Milton	Park Road SB	33	10%	100%	
Owaka	Discharge upgrade and consent	769	85%	45%	
Stirling	Treatment Upgrade	444	85%	40%	
	Switchboard renewal	53	100%	0%	Deferred
Tapanui	Treatment upgrade	500	85%	60%	

Stormwater - Summary of Major Capital Projects as at 30 June 2011					
Township	Outline of Work	10/11 Annual Plan Budget (\$000)	% complete at 30 June '11		Comments
			Expected	Achieved	
Balclutha	Pump station telemetry	25	100%	0%	Deferred
Kaitangata	Pipe upgrades	26	100%	0%	Found to be unnecessary

# What we achieved in 2010/11

## Urban Water Supply

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To provide water supplies in 11 urban areas throughout the district	Urban supplies provide a continuous and reliable source of water to consumers	Customer satisfaction - reliability of supply	82%	80%	70%	-10%	1
			Average number of properties per fire hydrant	6.0	6.2	5.9	-0.3	
Working towards a safer and healthier community	To improve, promote and protect public health	Water from Council-provided schemes is safe to drink	% population receiving water from a Council supply that fully complies with the NZDWS 2005	11%	11%	0%	-11%	2
			% population receiving water from a Council supply where 'all practicable steps' <sup>1</sup> have been taken to comply with the NZDWS 2005	20%	25%	100%	+75%	3
			Customer satisfaction - water quality	59%	60%	44%	-16%	1

<sup>1</sup> "...all practicable steps..." may not fully meet all aspects of the Standards, but deemed 'compliant' if all practicable steps are taken.

### Reference Notes

- 1- Customer satisfaction levels for urban water have declined from 2009 to 2010. This may be a result of a change in the wording of the questions asked, where 'reliability' was replaced with 'pressure and flow' and 'quality' was changed to 'taste and cleanliness', rather than a decline in the actual level of service provided. Technical measures (such as compliance with NZ Drinking Water Standards) indicate an upgrading of level of service.
- 2- Milton's water supply is now considered to be fully compliant with this standard (which would give result of 20%), however we are awaiting official confirmation from the District Health Board.
- 3- Approval and implementation of a Public Health Risk Management Plan (PHRMP) is deemed to satisfy the 'all practicable steps' definition. This has now been achieved for all CDC water supplies except the new Milton supply (which is considered to fully comply with the standards).

## Urban Water Supply

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Urban water schemes are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes <sup>1</sup>	09/10 <i>(actual)</i>	10/11 <i>(target)</i>	10/11 <i>(actual)</i>	Difference	Reference Note
				88%	80%	89%	+9%	1

<sup>1</sup> Specified timeframes vary according to the nature of the request for service. For example the specified time for emergency call-outs is 1 hour, compared with 5 working days for minor leaks that are not likely to affect supply or cause property damage.

## Urban Water Supply

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
Creating a sustainable environment that's living up to our clean, green image	Manage water supply in a sustainable way	Meet sustainability requirements	% resource consent conditions met	09/10 <i>(actual)</i>	10/11 <i>(target)</i>	10/11 <i>(actual)</i>	Difference	Reference Note
				Not available	100%	Not available	-	2

### Reference Notes

- 1- Contractor response times show some improvement, due to improved resourcing and communication systems.
- 2- Audits of urban water schemes were not carried out by the Otago Regional Council during 2010/11, therefore this measure is not available.

# Rural Water Supply

Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR										
Ensuring our economy grows and diversifies	To meet levels of service agreed with Rural Water Scheme committees	Rural water schemes provide a continuous and reliable source of water to consumers	Customer satisfaction - reliability of supply	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>63%</td> <td>70%</td> <td>63%</td> <td>-7%</td> <td>1</td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	63%	70%	63%	-7%	1
09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note										
63%	70%	63%	-7%	1										
Providing the infrastructure we need to move forward	By aiming to facilitate growth and development in the district	Increased demand for water to allow for growth or changing industry is catered for	% of new water demand met	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>82%</td> <td>80%</td> <td>99%</td> <td>+19%</td> <td>2</td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	82%	80%	99%	+19%	2
09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note										
82%	80%	99%	+19%	2										
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Rural water schemes are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes <sup>1</sup>	<table border="1"> <thead> <tr> <th>09/10 (actual)</th> <th>10/11 (target)</th> <th>10/11 (actual)</th> <th>Difference</th> <th>Reference Note</th> </tr> </thead> <tbody> <tr> <td>89%</td> <td>80%</td> <td>93%</td> <td>+13%</td> <td>3</td> </tr> </tbody> </table>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note	89%	80%	93%	+13%	3
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89%	80%	93%	+13%	3										

<sup>1</sup> Specified timeframes vary according to the nature of the request for service. For example the specified time for emergency call-outs is 2 hours, compared with 5 working days for minor leaks that are not likely to affect supply or cause property damage.

## Reference Notes

- 1- Customer satisfaction levels for rural water have declined from 2009 to 2010. This may be a result of a change in the wording of the questions asked, where 'reliability' was replaced with 'pressure and flow', rather than a decline in the actual level of service provided. Independent measures indicate an upgrading of level of service.
- 2- Across all the Rural Water Schemes, 224 additional water units were sought, of which 222 were able to be supplied.
- 3- Contractor response times continue to show improvement, due to improved resourcing and communication systems.



## Rural Water Supply

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To improve, promote and protect public health	Water from Council-provided schemes is safe to drink	Customer satisfaction - water quality	46%	60%	43%	-17%	1
			Instances when water may be unsafe and customers are advised to boil water	1	4	0	-4	2
			% population receiving water from a Council supply where 'all practicable steps' have been taken to comply with the NZDWS 2005	0%	25%	100%	+75%	3

## Rural Water Supply

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	Manage water supply in a sustainable way	Meet sustainability requirements	% resource consent conditions met	N/A	100%	100%	-	

### Reference Notes

- 1- Customer satisfaction levels for rural water have declined from 2009 to 2010. This may be a result of a change in the wording of the questions asked, where 'quality' was replaced with 'taste and cleanliness', rather than a decline in the actual level of service provided. Independent measures indicate an upgrading of level of service.
- 2- This is a positive variance. There were no 'Boil Water' notices throughout the year, a result of continued improvements in water treatment including better response to problems.
- 3- Approval and implementation of a Public Health Risk Management Plan (PHRMP) is deemed to satisfy the 'all practicable steps' definition. This has now been achieved for all CDC water supplies except the new Milton supply (which is considered to fully comply with the standards).

## Sewerage

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide sewerage services	Provide sewerage services that effectively collect and dispose of sewage	Customer satisfaction	90%	90%	88%	-2%	
			Reported blockages per 100km of sewer	13	16	11	-5	1

## Well-being: Economic

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Sewerage schemes are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes <sup>1</sup>	90%	85%	84%	-1%	

<sup>1</sup> Specified timeframes vary according to the nature of the request for service. For example the specified time for attending to a sewerage pump station overflow is 1 hour.

## Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	Manage sewage in a sustainable manner	Meet sustainability requirements	% resource consent conditions met	87%	100%	84%	-16%	2

### Reference Notes

- 1- This is a positive variance. Pipes subject to blockages are generally upgraded or replaced in due course, thus progressively reducing the blockage potential over time.
- 2- Council is committed to working towards 100% compliance with environmental consents, but this is very difficult in practice and has not yet been achieved. Some of the identified non-compliance issues have already been addressed, and current sewerage upgrades will move us closer to this target in future.

**Stormwater**  
Well-being: Social

<b>PRIMARY COMMUNITY OUTCOME</b>	<b>COUNCIL OBJECTIVE</b>	<b>WHAT COUNCIL PROVIDES (Level of Service)</b>	<b>PERFORMANCE MEASURE</b>	<b>WHAT WE WERE AIMING FOR</b>				
Working towards a safer and healthier community	Provide stormwater services	Provide a level of protection against the effects of flooding in reticulated areas	Customer satisfaction	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
				62%	75%	69%	-6%	1

Well-being: Economic

<b>PRIMARY COMMUNITY OUTCOME</b>	<b>COUNCIL OBJECTIVE</b>	<b>WHAT COUNCIL PROVIDES (Level of Service)</b>	<b>PERFORMANCE MEASURE</b>	<b>WHAT WE WERE AIMING FOR</b>				
Providing the infrastructure we need to move forward	By providing efficient and effective infra-structural services	Stormwater services are managed efficiently and effectively	% customer requests for service responded to by the contractor within specified timeframes <sup>1</sup>	09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
				83%	90%	78%	-12%	2

<sup>1</sup> Specified timeframes vary according to the nature of the request for service. For example the specified time for a blockage affecting the stormwater system operation is 1 hour, compared with 5 working days for repairing non-critical damage to pipes.

Reference Notes

- 1- This target is subject to the occurrence of extreme storm events. The flooding event in Milton in May 2010 would be expected to have effected this rating.
- 2- Most of the ‘failed’ responses related to reactive maintenance or inspection activities which were not addressed with urgency.

## What it cost for Water Services in 2010/11


	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11	
<b>Water Supply</b>				
Expenditure (\$'000)				
Operating Expenditure	3,683	4,071	4,064	
Depreciation	1,179	1,075	1,266	
Operating Costs	4,862	5,146	5,330	
Activity Income	844	811	1,141	
Net Cost of Service	4,018	4,335	4,189	
Capital Expenditure	2,073	2,360	2,634	
<b>Stormwater</b>				
Expenditure (\$'000)				
Operating Expenditure	242	360	260	
Depreciation	172	182	175	
Operating Costs	414	542	435	
Activity Income	0	0	0	
Net Cost of Service	414	542	435	
Capital Expenditure	19	187	1,303	See note 1
<b>Sewerage</b>				
Expenditure (\$'000)				
Operating Expenditure	763	722	798	
Depreciation	561	531	601	
Operating Costs	1,324	1,253	1,399	
Activity Income	2,351	33	357	
Net Cost of Service	-1,027	1,220	1,042	
Capital Expenditure	174	2,649	3,984	See note 2

**Note:**

1 - \$1.19 million of capital expenditure was the upgrade of the Milton stormwater system, and includes \$739,000 expenditure from previous years. The majority of this expenditure was budgeted in the 2008/09 year.

2 - \$3.4 million of capital expenditure was the Milton sewage treatment upgrade. This includes \$3.3 million expenditure from previous years, the majority of which was budgeted in 2008/09. A further \$388,000 was the Kaka Point sewage treatment upgrade. This includes \$355,000 expenditure from previous years, the majority of which was budgeted in the 2009/10 year. \$2.5 million of planned capital expenditure on sewage treatment upgrades for Lawrence, Owaka, Stirling and Tapanui and new sewerage schemes for Benhar and Tokoiti is not reflected in the actual figures, as these projects have not been completed.

# Sanitary Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
ROADING SERVICES	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
WATER SERVICES	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
 SANITARY SERVICES	<ol style="list-style-type: none"> <li>1. Waste Management</li> <li>2. Public Conveniences</li> <li>3. Cemeteries</li> </ol>
COMMUNITY SERVICES	<ol style="list-style-type: none"> <li>1. Library/Service Centres/Information Services</li> <li>2. Swimming Pools</li> <li>3. Parks, Reserves &amp; Sportsgrounds</li> <li>4. Halls &amp; Community Centres</li> <li>5. Community Housing &amp; Other Property</li> </ol>
REGULATORY SERVICES	<ol style="list-style-type: none"> <li>1. Resource Management</li> <li>2. Animal Control</li> <li>3. Environmental Health</li> <li>4. Building Control</li> <li>5. Liquor Licensing</li> </ol>
EMERGENCY SERVICES	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>

# Sanitary Services

## What we do

### WASTE MANAGEMENT, which involves:

- Operating a sanitary landfill for the district at Mt Coeee on the outskirts of Balclutha.
- Providing a weekly collection for disposal of household refuse via kerbside wheelie bin services to the following urban areas: Balclutha, Benhar, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui, Waiholā, Waipahi and Waitahuna. The service is also available to individual rural households along service routes.
- Providing transfer stations/skip services which are collected on a weekly basis in Clinton, Clydevale, Lawrence, Milton, Owaka, Tapanui and Taieri Mouth.
- Providing a skip service at MacLennan that is collected on an as-needed basis.
- Providing free recycling drop-off facilities at Mt Coeee landfill, Lawrence, Milton and Tapanui.
- Providing coin-operated “Jack Trash” bin at Papatowai.
- Providing litter bins at shopping centres, beaches and other locations throughout the district.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing waste minimisation education to schools throughout the district.

### PUBLIC CONVENIENCES, which involves:

- Providing and maintaining 24 public toilets throughout the district (located in the Balclutha, Clinton, Jacks Bay, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Pounaweā, Tapanui, Taieri Mouth and Waiholā areas).

### CEMETERIES, which involves:

- Directly operating and maintaining six urban cemeteries (Balclutha (2), Fairfax (Milton), Kaitangata, Lawrence and Tapanui, and eight rural cemeteries (Port Molyneux, Romahapa, Taieri Beach, Waiholā Waikoikoi, Waipahi, Waipori, and Waitahuna).
- Providing financial assistance to a further four cemeteries that are managed by trustees (Clinton, Crookston, Owaka, Tuapeka).
- Providing financial assistance towards the maintenance of various war memorials throughout the district.

# Wrap up for Sanitary Services in 2010/11

## Waste Management

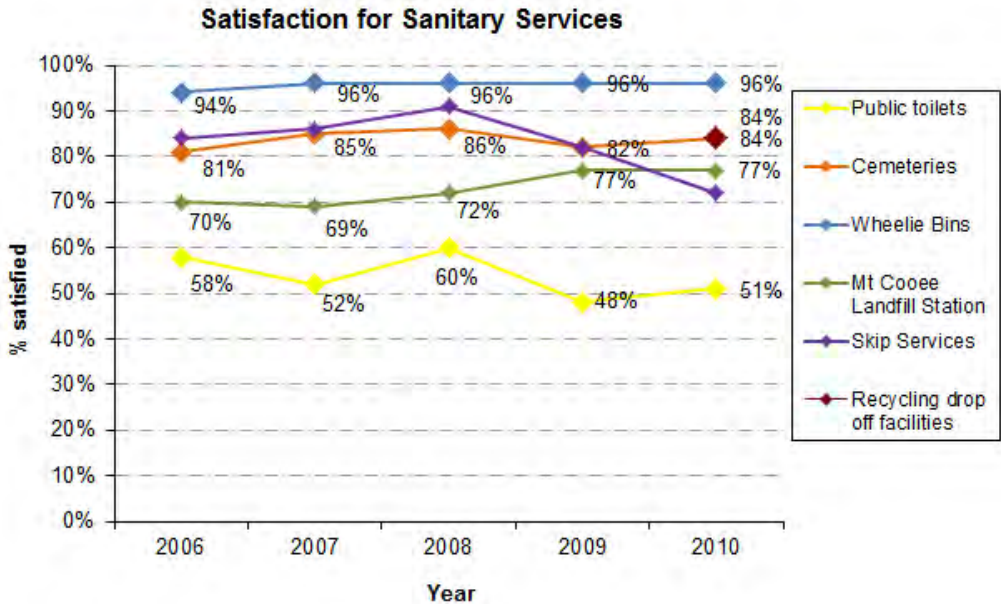
Waste minimisation was a key focus within waste management in 2010/11. In February Council appointed a full-time Waste Minimisation Officer to implement the Waste Minimisation Strategy and facilitate the EnviroSchools programme. Three recycling drop-off facilities were opened during the year and Council continued to work towards the introduction of kerbside recyclables collection.

The volume of recyclables collected at the Mt Cooe landfill and the transfer stations has been lower than initially expected, although the impending introduction of kerbside recycling will see the volumes of recyclables collected increase.

Council continued to work towards the introduction of the kerbside recyclables collection. The existing waste management contract with Downer was extended by nine months, until the end of March 2012, to allow for better co-ordination with other regional recycling services.

In September Council decided against introducing a subsidy for home-composting. A final decision on providing financial assistance for home composting will be made following further work on waste minimisation.

Council’s waste management services continue to have strong customer satisfaction levels. The wheelie bin service remains Council’s highest rated service, with 96% customer satisfaction over the past year. Cost increases were expected to cause a decline in customer satisfaction with Mt Cooe landfill, but Council is pleased that satisfaction remained stable, at 77%. Satisfaction levels with skip/transfer stations declined slightly - from 82% to 72% in the past year, but this is seen to be a result of a clarification of the question asked rather than the service provided.



## Public Conveniences

Despite a small increase in resident satisfaction with public toilets, they remain one of Council’s lowest ranked services. Common concerns about the facilities relate to cleanliness and vandalism, however, 98% of inspections showed that the sites met contract specifications.

Council had budgeted to build new toilets in Owaka and Balclutha and refurbish toilets in Lawrence during the 2010/11 year. However, these projects were not completed. The Owaka toilets were deferred, until community consultation of the townscape is completed. Similarly, the proposed Balclutha toilets were deferred until the scope of the Balclutha mainstreet redevelopment and traffic strategy is confirmed. Although budgeted, the refurbishment of the Lawrence public toilets was not required, and funding for this has been deferred until the upgrade is needed.



## Recycling drop-off facilities

Recycling drop-off facilities were opened at the Lawrence, Milton and Tapanui waste transfer stations in 2010. Residents can now drop-off paper, plastics (numbers 1 -7), aluminium, steel and tin cans, glass containers and cardboard free of charge during the transfer station's normal operating hours. The opening of these facilities followed the addition of recycling facilities at the Mt Cooe landfill in 2009.



*New recycling drop-off facilities at the Tapanui waste transfer station*

## Cemeteries

Satisfaction with cemeteries continues to rate consistently in the low to mid-eighties, with a result of 84% in 2010, confirming these as one of Council's most valued facilities.

Many lawn cemeteries around the country have signage and maps to help people navigate around. This is particularly useful in larger cemeteries and for people who are visiting the area and may not be familiar with a cemetery. A Council initiative to introduce these kiosks in the Clutha District has met with a positive response. The information kiosks are placed at the entrance to each cemetery and house a map identifying the block areas and in some cases historical information of the area. The introduction of legible block number in Council cemeteries simplifies the identification and location of burial plots.

To date Council has installed information kiosks in the Balclutha, Lawrence, Milton and Tapanui cemeteries.

A new extension road to give better access to burial beams at the Balclutha cemetery was also completed in the past year.



*Left: New information kiosk at Balclutha cemetery. Right: New road extension at the Balclutha Cemetery*



# What we achieved in 2010/11

## Solid Waste

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	To provide an environmentally sustainable and hygienic refuse service	Provide a wheelie bin refuse collection service to townships and along service routes	Resident satisfaction with the wheelie bin service	96%	90%	96%	+6%	1
		Provide a recycling service	% of the population who have reasonable access to recycling facilities	59%	100%	100%	-	
			Tonnes of recyclables collected	62	300	101	-199	2
			Resident satisfaction with recycling facilities	82%	40%	84%	+44%	3
		Provide waste minimisation education.	% of residents aware of at least two things people can do to reduce the waste they produce	52%	27%	55%	+28%	4
			Number of residents assisted by Council to compost	45	350	0	-350	5
			% of residents who compost	67%	35%	69%	+34%	6
		Provide skip services throughout the district	Resident satisfaction with skip services	82%	80%	72%	-8%	7
		Provide a facility in the district for the disposal of solid waste	Resident satisfaction with Mt Cooe landfill	77%	55%	77%	+22%	8

## Public Conveniences

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide public toilet facilities	Provide safe, clean and tidy public conveniences throughout the district	Resident satisfaction with public toilets	48%	60%	51%	-9%	9
			Toilets are maintained to contract specifications	98%	100%	98%	-2%	

## Cemeteries

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide cemetery facilities	Provide tidy, accessible and respectful cemeteries throughout the district	Resident satisfaction with cemeteries	82%	80%	84%	+4%	
			Cemeteries are maintained to contract specifications	98%	100%	95%	-5%	

### Reference Notes

- 1 - Wheelie bins continue to have one of the highest satisfaction levels across all of Council's services.
- 2 - Usage of Council's recycling drop-off facilities has been much lower than originally anticipated. Total recyclables collected is expected to increase following the introduction of kerbside recyclables collection.
- 3 - Satisfaction with recycling services is much higher than originally anticipated.
- 4 - There is a greater level of knowledge within the community about ways people can reduce waste than was originally estimated.
- 5 - Financial assistance for composting has not been introduced, with further work on waste minimisation to occur before a final decision on this service is made.
- 6 - There is a much higher incidence of households who compost than was originally estimated.
- 7 - The question about skip services was reworded in the 2010 survey, making it clear that only Council-provided services were being asked about, not private skip services. This change should be taken into account when looking at the 10% drop in resident satisfaction levels.
- 8 - Despite increased user charges being expected to cause a decline, resident satisfaction with Mt Cooe landfill has remained stable.
- 9 - Despite an small increase in resident satisfaction with public toilets, they remain one of Council's lowest ranked services. Common concerns about the facilities relate to cleanliness and vandalism. Despite this, 98% of inspections showed that the sites met contract specifications.

## What it cost for Sanitary Services in 2010/11

	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11
<b>Waste Management</b>			
Expenditure (\$'000)			
Operating Costs	1,174	1,456	1,306
Activity Income	332	403	383
Net Cost of Service	842	1,053	923
Capital Expenditure	0	0	0
<b>Public Conveniences</b>			
Expenditure (\$'000)			
Operating Costs	208	258	203
Activity Income	0	50	0
Net Cost of Service	208	208	203
Capital Expenditure	0	238	0
<b>Cemeteries</b>			
Expenditure (\$'000)			
Operating Costs	162	215	151
Activity Income	84	68	81
Net Cost of Service	78	147	70
Capital Expenditure	0	2	0

# Community Services

ACTIVITY GROUP	ACTIVITY
<b>COMMUNITY LEADERSHIP</b>	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
<b>ROADING SERVICES</b>	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
<b>WATER SERVICES</b>	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
<b>SANITARY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Waste Management</li> <li>2. Public Conveniences</li> <li>3. Cemeteries</li> </ol>
<b>COMMUNITY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Library/Service Centres/Information Services</li> <li>2. Swimming Pools</li> <li>3. Parks, Reserves &amp; Sportsgrounds</li> <li>4. Halls &amp; Community Centres</li> <li>5. Community Housing &amp; Other Property</li> </ol>
<b>REGULATORY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Resource Management</li> <li>2. Animal Control</li> <li>3. Environmental Health</li> <li>4. Building Control</li> <li>5. Liquor Licensing</li> </ol>
<b>EMERGENCY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>



# Community Services

## What we do

Council either directly provides or assists groups to provide various community facilities and services throughout the district. Activities include:

### LIBRARIES, SERVICE CENTRES AND INFORMATION SERVICES, which involves:

- Providing an extensive network of libraries, service centres, and information centres (which are often combined) throughout the district.
- The district library network consists of:
  - One central library in Balclutha.
  - Four branch libraries in Lawrence, Milton, Owaka and Tapanui.
  - Five voluntary community libraries in Clinton, Kaitangata, Taieri Mouth, Waiholā and Waitahuna.
  - Approximately 88,000 books and 171,000 annual issues.
- A service centre network providing a local link to Council departments:
  - Located in Balclutha, Lawrence, Milton, Owaka and Tapanui.
  - Balclutha Service Centre is also an 'I' site handling nationwide bookings for tourists and locals
- Providing financial assistance to the Lawrence and Milton information centres, which are community owned and operated.

### SWIMMING POOLS, which involves:

- Owning and operating four pools in Balclutha, Kaitangata, Milton and Lawrence.
  - With the exception of Balclutha, pools are open for the summer season only. The Balclutha facility is open for 12 months of the year and contains a 33m and 15m heated indoor pool, along with gym/weights facilities.
- Making grants available to various school and community based pools throughout the district.

### PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS, which involves:

- Providing and maintaining 86 hectares of parks and reserves throughout the district, including 18 playgrounds and four sportsgrounds.
- Providing financial assistance for a further 19 hectares of reserves and sportsgrounds that are managed by local committees and sports groups.

### HALLS & COMMUNITY CENTRES, which involves:

- Maintaining and operating town halls in Balclutha and Kaitangata.
- Providing financial assistance for 12 rural committees which operate community centres throughout the district on Council's behalf. These are Clutha Valley, Hillend, Kaka Point, Lovells Flat, Moneymore, Owaka, Paretai, Taieri Mouth, Waiholā, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Beaumont, Clinton, Crookston, Dunrobin, Heriot, Milton, Lawrence, Paretai, Romahapa, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui. These grants are included in the Community Support budget under the Community Leadership section.

### COMMUNITY HOUSING & OTHER PROPERTY, which involves:

- Owning and maintaining 98 one-bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waiholā.
- Other property is owned and maintained by Council for storage of materials and equipment.
- Property which is retained for renting and leasing at market rates.

# Wrap up for Community Services in 2010/11

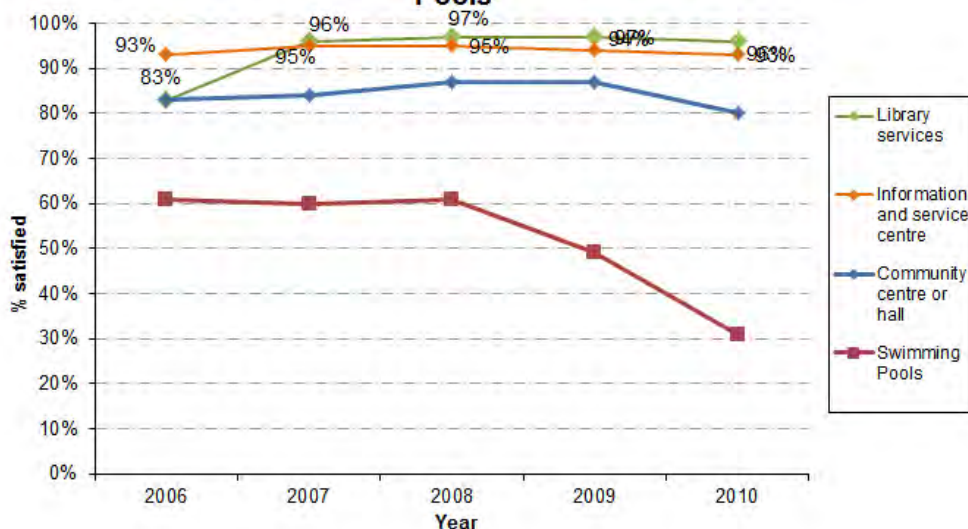
## Customer Satisfaction with Community Services

Council continued to deliver well utilised and appreciated community services throughout the district, with most services maintaining high customer satisfaction levels.

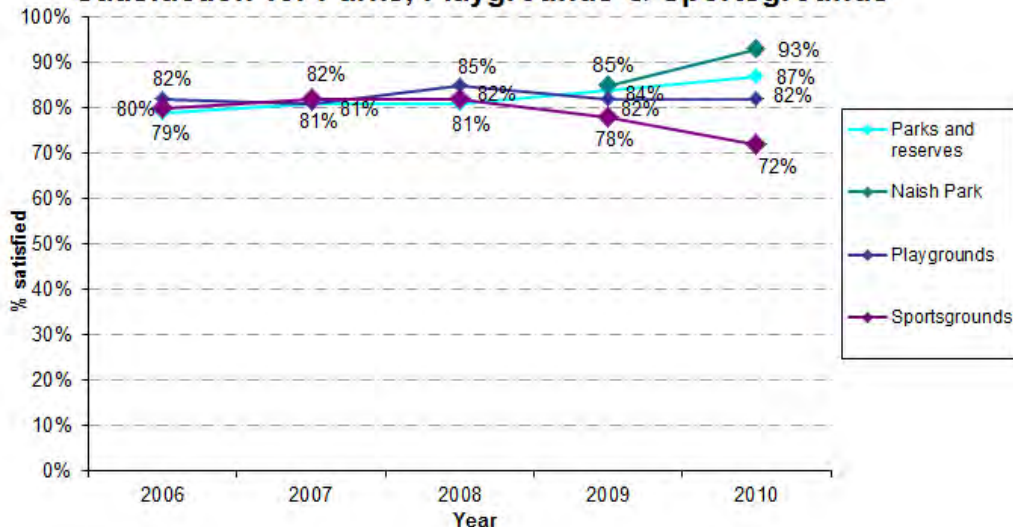
Libraries and Information/Service Centres continue to rate very highly in the annual resident survey, recording 96% and 93% customer satisfaction rates respectively. Council's parks and reserves also rate highly, with 87% satisfaction, along with Naish Park (93%), playgrounds (82%), Council-maintained sportsgrounds (72%), community centres and halls (80%) and community housing units (100%).

Swimming pools, however, continued to decline in customer satisfaction, with just 31% satisfaction over the past year. During the year Council consulted extensively with the community about upgrading the Milton Swimming Pool and finalised plans for the upgrade of the Balclutha Swimming Pool. In the last part of the 2010/11 financial year the upgrade of the Balclutha Swimming Pool began. These upgrades are expected to address issues raised by pool users.

**Satisfaction for Libraries, Service Centres, Halls and Pools**



**Satisfaction for Parks, Playgrounds & Sportsgrounds**



## Swimming Pool Upgrades

Residents have raised a number of issues with Council's swimming pools in recent years. Key concerns included the standard of changing rooms facilities and water temperatures. Council is committed to addressing these issues, and during the past year has worked towards significant upgrades at the Balclutha and Milton Swimming Pools.

In early 2011 Council consulted with the Milton community on an upgrade of the changing rooms at the Milton Swimming Pool. The need for the upgrade was confirmed and a \$684,000 budget was included in the 2011/12 Annual Plan for the upgrade. The upgraded pool will re-open before the end of 2011.

As plans for the upgrade of the Balclutha Swimming Pool progressed, it became clear that the pool required a larger overhaul than originally planned. The scope of the project was increased to include an upgrade of the boiler and a more substantial upgrade of the changing rooms and entrance foyer. These design and specification delays led to the October start for the re-development being postponed. Eventually, the pool had to close in February due to on-going mechanical issues.

At the beginning of May Council awarded a \$3.49 million contract to Lund South to upgrade the pool to modern standards. Due to the increased scope of the project this was more than the \$2.1 million that was originally budgeted. The upgrade is now underway and involves;

- Replacement of the old asbestos roof and walls.
- Reconfiguration of the current Learner's Pool to provide a better and safer area for toddlers with a shallower 'beach' pool.
- Upgraded changing rooms to make them more family friendly.
- Renewal of the heating and ventilation system.
- Upgraded pool entrance.

Construction of a bulk-head and therapeutic pool is conditional upon the community finding additional external funding.

The pool will remain closed until early 2012 whilst the upgrade is underway. Whilst this will be an inconvenience to many users, Council believes that the upgrade is much needed and will be worth the wait. As part of the 2012-22 Long Term Plan, Council will be reviewing the user fees applied to swimming pool users, to ensure that the cost of the upgrade is reflected.



*Left: Artists impression of the upgraded Balclutha Pool. Right: The upgrade underway.*



## Highlights for Clutha District Libraries

Highlights for Libraries in the past year included in excess of 5,473 books being read by 396 participants in the 'Big Bush Read' summer reading programme and the extension of reciprocal library membership with Dunedin City Libraries. An upgrade of the Balclutha Library toilet and staff areas was also undertaken, and has given the front of the library a more modern look and made staff working conditions significantly more comfortable and efficient. Another highlight was the new furniture received by the Milton Library, which was purchased with the support of the George Melville Fund, and has helped give the library a brighter and more modern feel.



*Left: Upgrade of the Balclutha Library staff work area. Right: Story time at Milton Library*

## Waihola Domain Access Road

The road into Waihola Domain, used by visitors to Lake Waihola, has been deteriorating for several years and needs to be replaced. Initially a budget of \$30,000 was included in the 2009/10 year, which was increased to \$80,000 in 2010/11 when it became clear that a more major upgrade than a reaseal was needed. More investigation and recent inspection has shown that the road will need to be completely replaced. A budget of \$110,000 has now been included in the 2011/12 year.

## Vandalism

Vandalism continued to be an issue in 2010/11. The Balclutha grandstand, Waihola Domain and Kaitangata's Victoria Park were main targets this year. Hanging baskets on Balclutha's main street were also damaged prior to Christmas. Besides repairs there was also the cost of extra security, as Council approved additional budgets for steel gates at the Waihola domain, sensor lighting at the grandstand and additional surveillance at parks. On a similar note, damage to turf and gardens, broken glass and littering was an ongoing problem in the reserve area at the Balclutha Town Hall. In response, Council approved funding for bollards to be installed. These have prevented cars parking there while still allowing access for visitors to enjoy the grassed areas.

### Reciprocal library membership

Clutha District residents can now join Dunedin Public Libraries for free!

In May Council's reciprocal library arrangement, previously just with Gore, Southland and Invercargill was extended to Dunedin. Permanent Clutha residents can now become a member of any of these libraries for no charge.

The extension of the arrangement to Dunedin will be of particular benefit to Clutha residents who live in the Taieri Mouth, Berwick and Waihola areas or who work in Dunedin.

It is easy for permanent Clutha residents to become a member of any of these libraries; photo ID, address verification and an alternate contact are all that is required. Users of the service are reminded that any books borrowed from another library must be returned to that library, and not a Clutha branch.

It is hoped that these arrangements will be extended to Queenstown Lakes and Central Otago districts in the 2011/12 year.



## Town Halls

Work budgeted in 2010/11 for Kaitangata and Balclutha halls was deferred. In Kaitangata's case over \$90,000 to replace the boiler and repair the floor has been put on hold until this community can help make a decision about the future of the hall. This will be an area for consultation in the 2012-22 Long Term Plan. For Balclutha, nearly \$150,000 had been set aside for boiler replacement and internal refurbishment work. This too has been put on hold until a report has been completed which will help Council evaluate how the hall might be best used in the future.

## Community Housing

Maintenance and renewal of Council's community housing units continued throughout the year. Work included exterior painting in Owaka and Clinton, roof surfacing in Lawrence, roof replacement in Clinton and the installation of new electric ovens in all units. The installation of wet floor showers continued as units became vacant. Staff are working towards providing wet floor showers for all tenants.

### Highlanders vs Blues

Balclutha hosted a Super 15 warm up rugby match between the Highlanders and Auckland Blues in late January. The match drew an excellent crowd and the ground's conditions were described as first rate.



# What we achieved in 2010/11

## Libraries

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Optimise access to Council library services	Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui and supporting voluntary libraries in Clinton, Kaitangata, Taieri Mouth, Waihola and Waitahuna	Customer satisfaction with libraries	97%	90%	96%	+6%	1
			Customer satisfaction with library opening hours	92%	80%	85%	+5%	
			% of residents who have used a library within the past 12 months	58%	50%	50%	-	
			% of residents registered as library members	55%	50%	58%	+8%	1
			Total costs per capita	\$37.55	\$38.13	\$36.27	-\$1.86	
Making sure there's plenty to see and do	Provide sufficient and appropriate resources to meet the recreational, informational and educational needs of the whole community	Provide a collection consisting of adult fiction, adult non-fiction, reference, children, young adult, large print, local history, newspaper, magazine, adult literacy, audio visual, talking books, media, jigsaws and electronic resource materials.	Loans per capita	10.2	10	10.7	+0.7	2
			Turnover of collections (per annum)	1.9	2.4	2.1	-0.3	3
			Customer satisfaction with the availability of books at the libraries	88%	80%	88%	+8%	1

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Developing and making the most of education, training and lifelong learning opportunities	Encourage reading and supporting literacy	Provide life-long learning opportunities such as reading programmes and author events	Number of participants in information literacy programmes and reader events	3,360	800	3,810	+3,010	4

## Service and Information Centres

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE ARE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Encouraging strong, positive and enterprising communities	Optimise access to Council facilities	Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui and information centres in Balclutha and Owaka.	Resident satisfaction	94%	90%	93%	+3%	
			% of residents who have used a service or info centre during the past 12 months	53%	50%	50%	-	
			Cost per capita	\$27.33	\$34.69	\$23.94	\$10.75	5

## Swimming Pools

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Optimise access to Council facilities	Operate a safe, accessible and affordable pool in Balclutha, along with summer pools in Kaitangata, Lawrence and Milton	Number of users	55,665	53,000	40,886	-12,114	6
			Average cost per swim (for user)	\$1.11	\$3.01	\$1.29	-\$1.72	7
			Average cost per swim (for the ratepayer)	\$10.31	\$29.15	\$15.05	-\$14.10	7
			% of season pool is closed due to planned maintenance	1.8%	20%	15.5%	-4.5%	
			% of time pool is closed due to unforeseen closure	7%	4%	4%	-	
			% of tests showing water is safe	100%	100%	99%	-1%	
			Customer satisfaction	49%	62%	31%	-31%	8
Encouraging strong, positive and enterprising communities	Support volunteers	Provide financial assistance and advice to community-run pools	\$ amount of assistance	\$23,649	\$26,000	\$25,075	-\$925	

**Pools continued**  
*Well-being: Social*

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Optimise access to Council facilities	Provide Splish Splash Swim School	Number of swim school participants	284	350	135	-215	9
		Provide admission free swims to schools throughout the district	Number of free school swims	16,001	12,500	12,103	-397	

**Parks, Reserves, Sportsgrounds and Playgrounds**  
*Well-being: Social*

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Provide active and passive recreation areas	Provide and maintain safe and functional parks, reserves, sportsgrounds and playgrounds throughout the district	Resident satisfaction with parks and reserves	82%	80%	87%	+7%	10
			Resident satisfaction with sportsgrounds	78%	80%	72%	-8%	11
			Resident satisfaction with playgrounds	82%	80%	82%	+2%	
			Parks, reserves, sportsgrounds and playgrounds are maintained to contract specifications	100%	100%	100%	-	

**Reference Notes**

- 1- Libraries continue to be a highly rated Council service, consistently surpassing targeted satisfaction and membership levels.
- 2- As membership levels have risen, so to have loans per capita.
- 3- The size of the library's collection remains high, meaning that despite per capita loans being higher than forecast, collection turnover is lower than targeted.
- 4- Information literacy and reader events held by the libraries continue to be well patronised, with record numbers in 2010/11.
- 5- The target published in the Annual Plan was incorrect. The target for 2010/11 was \$25.81.
- 6- Low customer satisfaction levels and the closure of the Balclutha Pool for an upgrade effected the number of pool users and swim school participants.

## Halls and Community Centres

Well-being: Cultural

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Making sure there's plenty to see and do	Provide halls and community centres	To directly provide, or help communities provide, affordable and accessible halls and community centres throughout the district.	Resident satisfaction with halls and community centres	87%	80%	80%	-	

## Council Community Housing

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Provide community housing	To provide well maintained community housing throughout the district that meets residents' needs and level of income	Resident satisfaction housing units	100%	90%	100%	+10%	12

### Reference Notes cont...

7- The timing and scope of swimming pool upgrades has impacted these figures, for which the targets were set in 2009. Council will be reviewing user charges for swimming pools as part of the 2012-22 Long Term Plan.

8- Customer satisfaction with swimming pools has decreased significantly over the past two years. Wide publicity resulting from consultation on upgrade options could have contributed towards this. The issues raised by users of the Balclutha and Milton pools (fluctuating pool temperatures and poor changing rooms) will be addressed in upgrades of the two pools which are now underway.

9- The closure of the Balclutha Pool for an upgrade along with uncertainty over closure dates meant limited classes were run.

10- This increase is considered to be a result of the upgrade of Naish Park, which was completed in early 2010.

11- Unable to ascertain specific reasons for this variance. Adverse weather conditions did affect the usability of some sportsgrounds during the year, and may have contributed towards this rating.

12- Residents overall satisfaction with Council's community housing units continues to be at 100%, a reflection of ongoing maintenance and upgrades of the units.

## What it cost for Community Services in 2010/11

	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11	
<b>Libraries and Service Centres</b>				
Expenditure (\$'000)				
Operating Costs	1,091	1,185	1,094	
Activity Income	78	76	77	
Net Cost of Service	1,013	1,109	1,017	
Capital Expenditure	329	111	209	
<b>Swimming Pools</b>				
Expenditure (\$'000)				
Operating Costs	595	653	519	
Activity Income	61	89	38	
Net Cost of Service	534	564	481	
Capital Expenditure	10	1,190	140	See note 1
<b>Parks, Reserves and Sportsgrounds</b>				
Expenditure (\$'000)				
Operating Costs	680	3,264	3,235	
Activity Income	35	6	4	
Net Cost of Service	645	3,258	3,231	
Capital Expenditure	260	111	4	See note 1
<b>Halls and Community Centres</b>				
Expenditure (\$'000)				
Operating Costs	324	343	345	
Activity Income	130	77	89	
Net Cost of Service	194	266	256	
Capital Expenditure	35	298	24	See note 1
<b>Community Housing and Other Property</b>				
Expenditure (\$'000)				
Operating Costs	450	451	476	
Activity Income	729	684	797	
Net Cost of Service	-279	-233	-321	
Capital Expenditure	150	176	199	

Note:

1 - The deferral of a number of projects contributed to these variances. See 'Wrap Up for Community Services in 2010/11' section for explanations of projects deferred.

# Regulatory Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
ROADING SERVICES	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
WATER SERVICES	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
SANITARY SERVICES	<ol style="list-style-type: none"> <li>1. Waste Management</li> <li>2. Public Conveniences</li> <li>3. Cemeteries</li> </ol>
COMMUNITY SERVICES	<ol style="list-style-type: none"> <li>1. Library/Service Centres/Information Services</li> <li>2. Swimming Pools</li> <li>3. Parks, Reserves &amp; Sportsgrounds</li> <li>4. Halls &amp; Community Centres</li> <li>5. Community Housing &amp; Other Property</li> </ol>
 <b>REGULATORY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Resource Management</li> <li>2. Animal Control</li> <li>3. Environmental Health</li> <li>4. Building Control</li> <li>5. Liquor Licensing</li> </ol>
EMERGENCY SERVICES	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>



# Regulatory Services

## What we do

Council has a range of regulatory responsibilities under various Acts of Parliament. They are orientated towards maintaining the health and safety of residents, and the sustainability of the district's environment. They include:

**RESOURCE MANAGEMENT**, which involves:

- Promoting the sustainable management of natural and physical resources in the Clutha District via the District Plan.
- Processing resource consent applications (for land use and subdivision). Approximately 100 resource consents are processed annually.
- Carrying out monitoring, enforcement and prosecution when necessary.
- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987.

**ANIMAL CONTROL**, which involves:

- Maintaining a register of the dogs in the district (approximately 7,000).
- Responding to complaints of wandering stock and dogs as well as barking and nuisance complaints.
- Providing impounding facilities, which are located in Balclutha and Milton.
- Providing education and advice to dog owners.
- Prosecuting for non-compliance with dog control legislation and bylaws.

**ENVIRONMENTAL HEALTH**, which involves:

- Registering and inspecting premises that prepare or sell food. Approximately 130 premises are currently inspected on a risk-rating frequency of nine to 24 months.
- Registering and inspecting other controlled premises, such as hairdressers, offensive trades, funeral parlours and camping grounds.
- Maintaining an overseeing role of potable water supplies and recreational waters.
- Promoting safe health practices through seminars and newsletters.
- Responding to noise complaints. Approximately 80 noise complaints are responded to annually.
- Investigating notified infectious diseases.

**BUILDING CONTROL**, which involves:

- Providing advice and administering the Building Act 2004.
- Checking that building complies with the New Zealand Building Code.
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion. Council processes around 700 building consents annually.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work where necessary.

**LIQUOR LICENSING**, which involves:

- Controlling the sale and supply of liquor via the Sale of Liquor Act 1989.
- Processing applications for on, off, club and special licenses, processing managers certificates and renewals, and monitoring licensed premises for compliance. Approximately 300 liquor licenses (licenses and renewals) are processed annually.
- Promoting the principle of host responsibility and the safe use of alcohol through seminars and customer liaison.
- Reviewing Council's sale of liquor policy regularly to ensure it reflects bylaw enforcement.

There are also various other regulatory functions where Council has some responsibility, including gambling control, litter control and parking enforcement. These do not involve significant resources or staff time.



# Wrap up for Regulatory Services in 2010/11

The 2010/11 year saw Council's Regulatory Services department continue to carry out its regulatory functions and respond to proposed new regulations and changes to legislation.

Council sent two building control officers to Christchurch in the aftermath of the Canterbury earthquake. While they were in Christchurch there was some pressure on staff remaining behind and there was concern from builders about the resulting delays. When the situation was explained they all seemed to accept this and the situation was managed with no major issues arising.

## District Plan Review

A review of the District Plan began in 2007, with public consultation on 'issues and options' undertaken in 2008/09. Since then, draft provisions have been prepared on biodiversity, landscape, energy and infrastructure. However, progress has been slower than intended. Budget constraints, the introduction of national environmental standards and policy statements and changes to the Resource Management Act have contributed to this. Further changes to the Act are expected, creating further uncertainty. Fortunately, one of the recent legislative changes removed the need for an overall review of the plan after ten years. Council is now able to undertake the review as separate plan changes, dealing with one section of the plan at a time, rather than reviewing the entire plan as one. It is proposed that the biodiversity, energy and infrastructure sections will be notified as plan changes in 2011/12.

## Legislative and Regulatory Change

Building control, environmental health, liquor licensing and resource management have been subject to a number of regulatory and legislative changes over the past year. Council has been carefully monitoring progress on these changes, and has submitted to central government where appropriate, to ensure that the district's interests are taken into account.

## Building Consent Authority

One area where Council has been particularly vocal is the potential for centralisation of building consent authority functions. Central government proposals would see the control of building consents largely removed from the district. This is something that Council believes would lead to increased cost and less local responsiveness for our communities. Council has been actively following and contributing towards government's decisions on this matter, particularly through its active involvement in the Southern Building Control Group made up of all lower South Island territorial authorities. It is pleasing that retaining the current localised system of processing building consents is now being considered by the government as an option. In the meantime, Council has continued to maintain its accreditation as a Building Consent Authority.

## Balclutha Pound

Construction of a replacement pound at Balclutha began in June, with the tender price of \$106,917 being well under budget.



*The new Balclutha Pound under construction*

# What we achieved in 2010/11

## Resource Management

Well-being: Environmental

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Creating a sustainable environment that's living up to our clean, green image	To meet requirements of the Resource Management Act	To provide a consents service where consents are processed within statutory timeframes in an efficient manner	Customer satisfaction with resource consent processing service	N/A	90%	Not available		1
			Non-notified resource consents processed within 20 days (statutory timeframe)	98%	100%	97%	-3%	
			Non-notified resource consents processed within 10 days	32%	50%	49%	-1%	

## Animal Control

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet the requirements of the Dog Control Act	Respond to reported incidents (e.g. wandering dogs, barking nuisance, dog attacks, stock nuisance)	Incidents investigated within 48 hours of reports being received	92%	80%	90%	+10%	2

## Environmental Health

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Health Act and related legislation	By providing an environmental health inspection service that works towards a safe and healthy living environment	% noise complaints are investigated within 48 hours	100%	100%	100%	-	
			% of food premises inspected according to Council's agreed food inspection schedule	95%	100%	90%	-10%	3

## Building Control

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Building Act	To provide a building consents service where consents are processed within statutory timeframes in an efficient manner	Building consents and PIMs processed within 20 working days	99%	95%	100%	+5%	
			LIMs processed within 10 working days	100%	95%	100%	-	
			CDC maintains its processes so that it meets BCA accreditation status	Meets	Meets	Meets	-	

## Liquor Licensing

Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To meet requirements of the Sale of Liquor Act	To provide a liquor licensing service where licenses are processed within statutory timeframes in an efficient manner	Unopposed liquor licenses and certificate renewals processed within 20 working days	100%	100%	100%	-	

### Reference Notes

- 1 - Not yet available at the time of publication.
- 2 - Achievement of this measure has been higher than initially targeted for the past four years, highlighting the effective response that Council's animal control officers provide.
- 3 - Some lower-risk food premises were not checked as frequently as strictly required by the food inspection schedule, however 96% were inspected within two months of the required date.

## What it cost for Regulatory Services in 2010/11

	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11
<b>Resource Management</b>			
Expenditure (\$'000)			
Operating Costs	233	246	207
Activity Income	86	86	58
Net Cost of Service	147	160	149
Capital Expenditure	0	0	0
<b>Animal Control</b>			
Expenditure (\$'000)			
Operating Costs	144	179	179
Activity Income	166	166	182
Net Cost of Service	-22	13	-3
Capital Expenditure	14	0	0
<b>Environmental Health</b>			
Expenditure (\$'000)			
Operating Costs	129	192	144
Activity Income	17	13	19
Net Cost of Service	112	179	125
Capital Expenditure	14	0	0
<b>Building Control</b>			
Expenditure (\$'000)			
Operating Costs	455	530	482
Activity Income	390	408	403
Net Cost of Service	65	122	79
Capital Expenditure	0	0	0
<b>Liquor Licensing</b>			
Expenditure (\$'000)			
Operating Costs	47	51	47
Activity Income	50	31	32
Net Cost of Service	-3	20	15
Capital Expenditure	0	0	0

# Emergency Services

ACTIVITY GROUP	ACTIVITY
COMMUNITY LEADERSHIP	<ol style="list-style-type: none"> <li>1. Governance</li> <li>2. District Development</li> <li>3. Community Support</li> </ol>
ROADING SERVICES	<ol style="list-style-type: none"> <li>1. Roading</li> </ol>
WATER SERVICES	<ol style="list-style-type: none"> <li>1. Stormwater</li> <li>2. Sewerage</li> <li>3. Water Supply</li> </ol>
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 <b>EMERGENCY SERVICES</b>	<ol style="list-style-type: none"> <li>1. Civil Defence</li> <li>2. Rural Fire</li> </ol>

# Emergency Services

## What we do

### RURAL FIRE, which involves

- Supporting, training and resourcing two volunteer rural fire forces based in Papatowai and Waihola, and contracted fire crews that support NZ Fire Service volunteer brigades around the district. These forces attend and extinguish uncontrolled fires in rural areas outside gazetted urban fire districts as required.
- Issuing fire permits during the restricted fire season.
- Maintaining a Rural Fire Plan to National Rural Fire Authority requirements.
- Carrying out promotion, education and public awareness of rural fire risk.
- Managing and suppressing all rural fires, using Council staff, contractors and volunteers.

### CIVIL DEFENCE EMERGENCY MANAGEMENT, which involves

- Working with local authorities in the Otago region to plan for hazards and maintain a Regional Civil Defence Plan, which includes a Clutha District Civil Defence Operational Plan.
- Maintaining systems, communications and resources that can be used during an emergency.
- Recruiting and providing Civil Defence training for a network of volunteers throughout the district.
- Promoting Civil Defence emergency awareness and personal preparedness.
- Monitoring known hazards, for example, the Clutha and Pomahaka rivers.
- Responding when actual or potential emergencies arise.

# Wrap up for Emergency Services in 2010/11

## Civil Defence

There were no Civil Defence emergency activations within the Clutha District in the past year. However, Council did provide assistance to the national emergency resulting from the February 22 earthquake in Canterbury. This involved Civil Defence staff (along with building inspectors and engineers from within Council) travelling to Christchurch in the immediate aftermath of the event and Council co-ordinating and communicating relevant information to the public.

Sending staff to Christchurch required some logistical effort and cost, as they needed to be able to be self-sufficient given the loss of services in the area. However, the 'survival packs' created for this will be retained and are useful to have on hand in the future.

Council also co-ordinated relevant information for Clutha residents and those displaced by the earthquakes and staying in the district. Key messages communicated included encouraging self-evacuees to register their whereabouts with the Red Cross, and directing the public to put their donations and assistance towards what was required.

Council's direct costs for this response were approximately \$2,500, and exceeded the small budget for Civil Defence Emergency Response.

2010/11 saw the retirement of long-time Civil Defence and Principal Rural Fire Officer Selwyn Vigers. His replacement, Brendon Smith has a full-time Civil Defence Emergency Management Role, meaning more time and effort is able to go into working with local communities on civil defence issues.

Council continued its involvement in the Otago Civil Defence Emergency Management Group activities, including leading the review of the Group Plan. The new plan will hopefully lead to improvements in how Civil Defence authorities work as a group across Otago.

Under the "4Rs" system (Reduction, Readiness, Response and Recovery), reduction is defined as the measures to reduce the risk of hazards to communities. Whilst many risk reduction activities are not undertaken directly by Civil Defence staff or agencies, they are important to the district's overall emergency management.

Key reduction activities that Council has taken over the last year include:

- Completion and commissioning of the floodbank and pump station at Milton, along with stormwater system maintenance and upgrades within the township, to reduce the risk and severity of flooding in Milton. The new works have been tested in some heavy rainfall, and have clearly improved the situation.
- Ongoing work on 'Milton 2060' project to look at future flood risk management for Milton.
- Start of an "Inflow and Infiltration" project to reduce the risk of sewage overflows during flooding Milton.
- Liaison with the Otago Regional Council over improved access to hazard identification.

## Rural Fire

No major fires occurred during the 2010/11 year, although a number of small to medium fires were dealt with. Council's Volunteer Rural Fire Forces in Papatowai and Waihola also responded to a range of medical events and motor vehicle accidents.

The process of creating an enlarged rural fire district across Otago did not make any significant progress during the year, and remains unresolved, so Council has taken a 'wait-and-see' approach. Following Selwyn Vigers' retirement, Council established an interim arrangement with Dunedin City Council for the Principal Rural Fire Officer role, and re-allocated other tasks among other staff. It is intended that this arrangement can remain in place until the end of the 2011/12 year, by when Council will make a decision about the long-term arrangements.

# What we achieved in 2010/11

## Civil Defence Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	Avoidance, elimination or minimisation of hazards	Take measures to reduce the risk and potential impact of Civil Defence Emergencies	Civil Defence Reduction Report completed at the end of the financial year	Reported	Reported	Reported	-	
	Maintain a level of readiness	To run at least 4 media promotions annually, and to provide education, information and training to interested schools and community group	% of residents who have taken steps to personally prepare for a Civil Defence emergency	52%	48%	53%	+5%	
	Provide an effective response to an emergency situation	By responding to Civil Defence emergencies to the best of abilities and resources	Formally report to Council and the community within 2 months of the event	Reported	Reported	N/A	N/A	

## Rural Fire Well-being: Social

PRIMARY COMMUNITY OUTCOME	COUNCIL OBJECTIVE	WHAT COUNCIL PROVIDES (Level of Service)	PERFORMANCE MEASURE	WHAT WE WERE AIMING FOR				
				09/10 (actual)	10/11 (target)	10/11 (actual)	Difference	Reference Note
Working towards a safer and healthier community	To help prevent fire outbreaks through the use of fire season and permits	Timely processing of Rural Fire permits	% of fire permit applications processed within 5 working days	94%	100%	99%	-1%	



## What it cost for Emergency Services in 2010/11

	Actual 2009/10	Annual Plan 2010/11	Actual 2010/11
<b>Civil Defence</b>			
Expenditure (\$'000)			
Operating Costs	75	88	80
Activity Income	6	5	0
Net Cost of Service	69	83	80
Capital Expenditure	0	0	0
<b>Rural Fire</b>			
Expenditure (\$'000)			
Operating Costs	235	166	232
Activity Income	10	3	23
Net Cost of Service	225	163	209
Capital Expenditure	28	0	0

## FINANCIAL OVERVIEW

### STATEMENT OF COMPLIANCE AND RESPONSIBILITY

#### Compliance

The Council and management of the Clutha District Council confirm that all the statutory requirements of the Local Government Act 2002 have been complied with.

#### Responsibility

The Council and management of the Clutha District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them. The Council and management of the Clutha District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Council and management of the Clutha District Council, the annual Financial Statements for the year ended 30 June 2011 fairly reflect the financial position and operations of the Clutha District Council.

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Bryan Cadogan

MAYOR

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Date

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Charles Hakkaart

CHIEF EXECUTIVE

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Date

## FINANCIAL OVERVIEW

### STATEMENT OF FINANCIAL PERFORMANCE

For the Financial Year ended 30 June, 2011

	Notes	2011 \$	Budget \$	2010 \$
<b>Income</b>				
Rates revenue	2 (a)	20,782,170	20,677,000	20,037,126
Other revenue	2 (a)	13,972,402	12,833,307	13,587,826
Other gains/(losses)	2 (b)	1,589,312	1,049,693	1,772,012
<b>Total income</b>	2 (h)	36,343,884	34,560,000	35,396,964
<b>Expenditure</b>				
Employee benefits expense	2 (c)	4,076,401	4,442,828	3,893,822
Depreciation and amortisation expense	2 (d)	14,665,981	11,969,000	12,928,714
Finance costs	2 (e)	690	690	843
Other expenses	2 (f)	18,560,071	19,065,482	14,243,294
<b>Total operating expenditure</b>	2 (h)	37,303,143	35,478,000	31,066,673
<b>Surplus/(Deficit) for the period</b>		\$(959,259)	\$(918,000)	\$4,330,291

## FINANCIAL OVERVIEW

### STATEMENT OF COMPREHENSIVE INCOME

For the Financial Year ended 30 June, 2011

	2011 \$	Budget \$	2010 \$
<b>Surplus/(Deficit) for the period</b>	(959,259)	(918,000)	4,330,291
<b>Other Comprehensive Income</b>			
Available-for-sale financial assets valuation gain/(loss)	(46,859)	-	1,349
Gain/(loss) on property, plant and equipment revaluation	13,809,559	-	-
<b>Total Other Comprehensive Income</b>	13,762,700	-	1,349
<b>Total Comprehensive Income for the period</b>	<u>\$12,803,441</u>	<u>\$(918,000)</u>	<u>\$4,331,640</u>

### STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June, 2011

	2011 \$	Budget \$	2010 \$
Equity at beginning of year	885,934,550	982,271,000	881,602,910
Total Comprehensive Income for the year	12,803,441	(918,000)	4,331,640
<b>Equity at end of year</b>	<u>\$898,737,991</u>	<u>\$981,353,000</u>	<u>\$885,934,550</u>

The accompanying notes form part of these financial statements.

## FINANCIAL OVERVIEW

### STATEMENT OF FINANCIAL POSITION

As at 30 June, 2011

	Notes	2011 \$	Budget \$	2010 \$
<b>Current assets</b>				
Cash and cash equivalents	22 (a)	174,982	415,000	209,715
Trade and other receivables	5	6,130,106	3,376,000	4,306,577
Inventories - development property	6	12,802	9,000	12,802
Other financial assets	7	20,108,774	13,253,000	24,639,086
<b>Total current assets</b>		<b>26,426,664</b>	<b>17,053,000</b>	<b>29,168,180</b>
<b>Non-current assets</b>				
Trade and other receivables	5	24,795	68,000	70,095
Other financial assets	7	55,960	101,000	102,819
Property, plant and equipment	8	875,999,169	968,533,000	861,324,354
Intangible assets	9	299,526	45,000	125,951
Forestry asset	10	2,113,089	1,241,000	1,363,796
<b>Total non-current assets</b>		<b>878,492,539</b>	<b>969,988,000</b>	<b>862,987,015</b>
<b>Total assets</b>		<b>904,919,203</b>	<b>987,041,000</b>	<b>892,155,195</b>
<b>Current liabilities</b>				
Bank overdraft	22 (a)	-	-	-
Trade and other payables	11	5,080,428	4,675,000	5,215,861
Employee entitlements	12	518,237	533,000	494,317
Borrowings	13	3,143	3,000	3,143
<b>Total current liabilities</b>		<b>5,601,808</b>	<b>5,211,000</b>	<b>5,713,321</b>
<b>Non-current liabilities</b>				
Borrowings	13	11,716	12,000	14,898
Provisions	14	465,686	372,000	395,282
Other liabilities		102,002	93,000	97,144
<b>Total non-current liabilities</b>		<b>579,404</b>	<b>477,000</b>	<b>507,324</b>
<b>Total liabilities</b>		<b>6,181,212</b>	<b>5,688,000</b>	<b>6,220,645</b>
<b>Net assets</b>		<b>\$898,737,991</b>	<b>\$981,353,000</b>	<b>\$885,934,550</b>
<b>Equity</b>				
Reserves	15	654,733,327	736,918,000	640,293,930
Retained Earnings	16	244,004,664	244,435,000	245,640,620
		<b>\$898,737,991</b>	<b>\$981,353,000</b>	<b>\$885,934,550</b>

The accompanying notes form part of these financial statements.

## FINANCIAL OVERVIEW

### CASH FLOW STATEMENT

For the Financial Year ended 30 June, 2011

	Notes	2011 \$	Budget \$	2010 \$
<b>Cash flows from operating activities</b>				
Receipts from customers		32,039,365	33,510,000	31,678,876
Interest received		43,942	1,050,000	31,137
Payments to suppliers and employees		(21,809,294)	(23,530,000)	(17,227,735)
Finance costs		(690)	-	(843)
Receipt from non-current receivable		45,300	-	(2,494)
GST (net)		(126,676)	-	(111,451)
<b>Net cash inflow/(outflow) from operating activities</b>	22 (c)	<b>10,191,947</b>	<b>11,030,000</b>	<b>14,367,490</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		369,371	-	240,389
Purchase of property, plant and equipment		(16,331,628)	(18,872,000)	(15,889,620)
Purchase of intangible assets		(254,350)	-	(118,567)
(Purchase)/Sale of other financial assets		5,988,251	7,741,000	1,620,000
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(10,228,356)</b>	<b>(11,131,000)</b>	<b>(14,147,798)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		4,858	-	4,625
Repayment of borrowings		(3,182)	(3,000)	(3,844)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>1,676</b>	<b>(3,000)</b>	<b>781</b>
<b>Net increase/(decrease) in Cash and cash equivalents</b>		<b>(34,733)</b>	<b>(104,000)</b>	<b>220,473</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>209,715</b>	<b>519,000</b>	<b>(10,758)</b>
<b>Cash and cash equivalents(overdraft) at the end of the financial year</b>	22 (a)	<b>\$174,982</b>	<b>\$415,000</b>	<b>\$209,715</b>

The accompanying notes form part of these financial statements.

# FINANCIAL OVERVIEW

## NOTES TO THE FINANCIAL STATEMENTS

For the Financial Year ended 30 June, 2011

### 1. SUMMARY OF ACCOUNTING POLICIES

#### Reporting Entity

The Clutha District Council (“the Council or CDC”) is a territorial local authority governed by the Local Government Act 2002.

The primary objective of the Council is to provide goods or services for the community or social benefit rather than making a financial return. Accordingly, the Council has designated itself as a public benefit entity for the purposes of New Zealand equivalents to International Financial Reporting Standards (NZ IFRS).

#### Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002: Part 6, Section 98 and Part 3 of Schedule 10, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements comply with New Zealand equivalents to International Financial Reporting Standards (NZ IFRS) as appropriate for public benefit entities.

All available public benefit entity reporting exemptions under NZ IFRS have been adopted.

#### Basis of Preparation

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

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

The financial statements have been prepared on the basis of historical cost, except for the revaluation of certain non current assets and financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions or other events is reported.

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

The financial statements are presented in New Zealand dollars. New Zealand dollars are the Council’s functional currency.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Adoption of new and revised Standards and Interpretations

###### Standards and Interpretations Effective in the Current Period

The Standards and Interpretations listed below became mandatory during the period.

###### *Those with disclosure impact:*

The impact of the adoption of the following Standards and Amendments has been to expand the disclosures provided in these financial statements:

<u>Standard/Interpretation</u>	<u>Impact</u>
NZ IAS 1 <i>Presentation of Financial Statements</i> (revised 2007)	The revised Standard has introduced terminology changes (including revised titles for the financial statements) and changes in the format and content of the financial statements. However, the revised Standard has no impact on the reported results or financial position of the Council.
Amendments to NZ IFRS 7 <i>Financial Instruments: Disclosures</i>	The amendments to NZ IFRS 7 expand the disclosures required in respect of fair value measurements and liquidity risk. The Council has elected not to provide comparative information for these expanded disclosures in the current year in accordance with the transitional reliefs offered in these amendments.

###### *Those with no impact:*

Other standards adopted during the year have not led to any changes in the Council's accounting policies with measurement or recognition impact on the periods presented in these financial statements.

###### Standards Approved But Not Yet Effective

At the date of authorisation of the Financial Statements the following new or revised standards or interpretations were in issue but not yet required to be adopted by entities preparing Financial Statements for the period ending on 30 June 2011.



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Adoption of new and revised Standards and Interpretations cont

Standard/Interpretation	Effective for annual reporting periods beginning on or after	Expected to be initially applied in the financial year ending
Amendments to NZ IAS 24 'Related Party Disclosures'	1 January 2011	30 June 2012
NZ IFRS 9 'Financial Instruments'	1 January 2013	30 June 2014
Revised NZ IFRS 9 'Financial Instruments' (2010)	1 January 2013	30 June 2014
Amendments to NZ IFRIC 14 'Prepayments of a Minimum Funding Requirement'	1 January 2011	30 June 2012
Improvements to New Zealand Equivalents to International Financial Reporting Standards 2010		
- Improvements to NZ IFRS 7, NZ IAS 1, NZ IAS 34 and NZ IFRIC 13	1 January 2011	30 June 2012
Amendments to NZ IAS 26 'Accounting and Reporting by Retirement Benefit Plans'	1 April 2011	30 June 2012
Amendments to NZ IFRS 7 'Financial Instruments: Disclosures'	1 July 2011	30 June 2012
Amendments to NZ IAS 12 'Income Taxes' - Deferred Tax: Recovery of Underlying Assets	1 January 2012	30 June 2013
Amendments to NZ IFRS 7 - Appendix E	1 April 2011	30 June 2012
NZ IFRS 10 'Consolidated Financial Statements'	1 January 2013	30 June 2014
NZ IFRS 11 'Joint Arrangements'	1 January 2013	30 June 2014
NZ IFRS 12 'Disclosure of Interests in Other Entities'	1 January 2013	30 June 2014
NZ IFRS 13 'Fair Value Measurement'	1 January 2013	30 June 2014
NZ IAS 27 'Separate Financial Statements' (revised 2011)	1 January 2013	30 June 2014
NZ IAS 28 'Investments in Associates and Joint Ventures' (revised 2011)	1 January 2013	30 June 2014
Amendments to New Zealand Equivalents to International Financial Reporting Standards to Harmonise with International Financial Reporting Standards and Australian Accounting Standards	1 July 2011	30 June 2012
FRS 44 'NZ Additional Disclosures'	1 July 2011	30 June 2012
Amendments to FRS 44 'NZ Additional Disclosures'	1 July 2011	30 June 2012
Amendments to IAS 1 'Presentation of Financial Statements' - Presentation of Items of Other Comprehensive Income	1 July 2012	30 June 2013
Amendments to IAS 19 'Employee Benefits'	1 January 2013	30 June 2014

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

The following accounting policies which materially affect the measurement of results and financial position have been applied:

#### SIGNIFICANT ACCOUNTING POLICIES

##### 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.

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

##### Rates Revenue

Rates revenue is recognised when it is levied.

##### Other Revenue

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 recognised as revenue when eligibility has been established with the grantor agency. Roading subsidies are recognised when the claims are approved by Land Transport New Zealand.

Dividends are recognised when the entitlement to receive the dividends is established.

Interest revenue is recognised on a time proportionate basis using the effective interest method.

##### Other Gains and Losses

Net gains or losses on the sale of property plant and equipment, property intended for sale and financial assets are recognised when an unconditional contract is in place and it is probable that the Council will receive the consideration due.

##### Grant expenditure

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

Discretionary grants are those grants where the Council has no obligation to award on receipt of the grant application and are recognised as expenditure when a successful applicant has been notified of the Council's decision.

##### Leasing

Leases which effectively transfer to the lessee substantially all the risks and benefits incident to ownership of the leased item are classified as finance leases.

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### (a) The Council as Lessor

Amounts due from lessees under finance leases are recorded as receivables at the amount of the Council's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the Council's net investment outstanding in respect of the leases.

Rental income from operating leases is recognised on a straight line basis over the term of the relevant lease.

##### (b) The Council as Lessee

Assets held under finance leases are recognised as assets of the Council at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the Statement of Financial Position as a finance lease obligation.

Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability.

Rentals payable under operating leases are charged to income on a straight line basis over the term of the relevant lease.

##### (c) Lease Incentives

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight line basis over the lease term.

#### Taxation

The Council is exempt from Income Tax in accordance with the Income Tax Act 2007, Section CW39.

#### Goods and Services Tax

Revenues, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST), except for receivables and payables which are recognised inclusive of GST. Where GST is not recoverable as an input tax it is recognised as part of the related asset or expense.

#### Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand, cash in banks and other short-term highly liquid investments that are readily convertible to a known amount of cash.

#### Financial Instruments

Financial assets and financial liabilities are recognised on the Council's Statement of Financial Position when the Council becomes a party to contractual provisions of the instrument. The Council is party to financial instruments as part of its normal operations. These financial instruments include cash and cash equivalents, other financial assets, trade and other receivables, trade and other payables and borrowings. The relevant accounting policies are stated under separate headings.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### (i) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through profit or loss', 'held-to-maturity' investments, 'available-for-sale' financial assets, and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

The effective interest method, referred to below, is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the interest rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

- Financial Assets at Fair Value Through Profit or Loss

Financial assets are classified as financial assets at fair value through profit or loss where the financial asset:

- Has been acquired principally for the purpose of selling in the near future;
- Is a part of an identified portfolio of financial instruments that the Council manages together and has a recent actual pattern of short-term profit-taking; or
- Is a derivative that is not designated and effective as a hedging instrument.

Financial assets at fair value through profit or loss are stated at fair value, with any resultant gain or loss recognised in the Statement of Financial Performance. The net gain or loss is recognised in the Statement of Financial Performance and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

The Council has classified its managed funds, held with One Path, as financial assets at fair value through profit or loss. This fund includes cash, bonds and tradable securities.

- Available-for-Sale Financial Assets

Available-for-sale financial assets are those that are designated as fair value through other comprehensive income or are not classified in any of the other categories. This category encompasses investments that Council intends to hold long-term but which may be realised before maturity and equity securities that Council holds for strategic purposes.

Equity securities held by the Council have been classified as being available-for-sale and are stated at fair value. Fair value is determined in the manner described later in this note. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, with the exception interest calculated using the effective interest method and impairment losses which are recognised directly in the Statement of Financial Performance. Where the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the available-for-sale revaluation reserve is included in the Statement of Financial Performance for the period.

Dividends on available-for-sale equity securities are recognised in the Statement of Financial Performance when the Council's right to receive payments is established.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Financial Instruments cont.

- Loans and Receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method less impairment. Interest is recognised by applying the effective interest rate.

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. An allowance for doubtful debts is established when there is objective evidence that the Council will not be able to collect all amounts due according to the original terms of the receivables. The amount of the allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The amount of the allowance is expensed in the Statement of Financial Performance.

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

Money Market Deposits are included within this classification.

##### Impairment of Financial Assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that as a result of one or more events that occurred after the initial recognition of the financial asset the estimated future cash flows of the investment have been impacted. For financial assets carried at amortised cost, the amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognised in the Statement of Financial Performance.

With the exception of available-for-sale equity instruments, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through the Statement of Financial Performance to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Financial Instruments cont.

###### (ii) Financial Liabilities

- Trade and Other Payables

Trade payables and other accounts payable are recognised when the Council becomes obliged to make future payments resulting from the purchase of goods and services. Trade and other payables are initially recognised at fair value and are subsequently measured at amortised cost, using the effective interest method.

- Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in the Statement of Financial Performance over the period of the borrowing using the effective interest method.

###### (iii) Derivative Financial Instruments

From time to time the Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 26 to the financial statements.

The Council does not hold derivative financial instruments for speculative purposes.

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

Derivative instruments entered into by the Council do not qualify for hedge accounting. The resulting gain or loss is recognised in the Statement of Financial Performance immediately.

There were no derivative financial instruments held by Council at 30 June 2011 or 30 June 2010.

##### Fair Value Estimation

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance date. The quoted market price used for financial assets held by the Council is the current bid price; the appropriate quoted market price for financial liabilities is the current offer price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Council uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments are used for long-term investment and debt instruments held.

##### **Inventories**

##### Development Properties

Development properties classified within Inventory are stated at the lower of cost or net realisable value. Cost includes planning expenditure and any other expenditure to bring the Development property to its present condition.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Property, Plant and Equipment

The Council has the following classes of property, plant and equipment:

###### (a) Operational Assets

Land, buildings, furniture and equipment, plant and motor vehicles, land under forests and library books.

###### (b) Infrastructural Assets

Infrastructural assets are the fixed utility systems owned by the Council. Each asset type includes all items that are required for the network to function:

- Roads, bridges and lighting
- Land under roads
- Stormwater
- Wastewater
- Water

The nature of land under roads are considered equivalent to land improvements and as such they do not incur a loss of service potential over time. Accordingly land under roads assets are not depreciated.

##### Cost/Valuation

Property, plant and equipment is recorded at cost or valuation (as appropriate) less accumulated depreciation and any accumulated impairment losses.

All assets are valued at cost, except for the following:

- Stormwater, wastewater and water infrastructural assets were valued at depreciated replacement value as at 30 June 2011 by Council staff and reviewed by Opus International Limited.
- The roading infrastructural assets (excluding land under roads) were revalued on a depreciated replacement value at 30 June 2010 by MWH Limited.

All valuations are carried out or reviewed by independent qualified valuers and are carried out at least tri-annually. Valuations will be undertaken more regularly if necessary to ensure that no individual item within a class is included at a valuation that is materially different from its fair value.

Of the property, plant and equipment at cost the following classes are at deemed cost:

- Land and buildings - based on valuation at October 1990 with subsequent additions at cost.

##### Additions

Cost includes expenditure that is directly attributable to the acquisition of the assets. Where an asset is acquired for no cost, or for a nominal cost, it is recognised at fair value at the date of acquisition.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Property, Plant and Equipment cont.

Costs incurred in obtaining any resource consents are capitalised as part of the asset to which they relate. If a resource consent application is declined then all capitalised costs are written off.

##### Accounting for revaluations

The Council accounts for revaluations of property, plant and equipment on a class of asset basis.

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

##### Depreciation

Depreciation is provided on a straight line basis on all property, plant and equipment other than land, land under forests and land under roads. Rates are calculated to allocate the cost (or valuation) less estimated realisable value over the estimated useful life of assets.

Expenditure incurred to maintain these assets at full operating capability is charged to the Statement of Financial Performance in the year incurred.

The following estimated useful lives are used in the calculation of depreciation:

	Years	Depreciation Rate
<u>Operational Assets</u>		
Land	n/a	Not depreciated
Buildings	40-50	2% - 2.5%
Furniture and Equipment	3-10	10% - 33.3%
Plant and Motor Vehicles	3-10	10% - 33.3%
Land Under Forest	n/a	Not depreciated
Library Books	7	14.3%
<u>Infrastructural Assets</u>		
Roads - Formation	n/a	Not depreciated
Roads - Pavement (Sealed)	2-100	1%-50%
Roads - Pavement (Unsealed)	35-100	1%-2.86%
Roads - Other Roding Assets	20-150	0.6%-5%
Roads - Other	10-50	2%-10%
Roads - Bridges	50-150	0.6%-2%
Land Under Roads	n/a	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%

The estimated useful lives, residual values and depreciation method are reviewed at the end of each annual reporting period.



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Property, Plant and Equipment cont.

###### Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired 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 asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

###### Borrowing Costs

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

##### Forestry assets

Forestry assets are independently revalued annually at fair value less estimated point of sale costs. Fair value is determined based on the present value of expected net cash flows discounted at a current market determined discount rate.

Gains or losses arising on initial recognition of biological assets at fair value less estimated point of sale costs and from a change in fair value less estimated point of sale costs are recognised in the Statement of Financial Performance.

The costs to maintain the forestry assets are included in the Statement of Financial Performance.

##### Finite life intangible assets

Finite life intangible assets are recorded at cost less accumulated amortisation. Amortisation is charged on a straight line basis over their estimated useful life. The estimated useful life and amortisation period is reviewed at the end of each annual reporting period.

###### (a) Software acquisition and development

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

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

###### Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight line basis over its useful life. Amortisation begins from the date the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each period is recognised in the Statement of Financial Performance

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

Computer Software	3 - 5 years	33%
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## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Impairment of Non-Financial Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, 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. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at fair value, in which case the impairment loss is treated as a revaluation decrease.

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 in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

##### Provisions

Provisions are recognised when the Council has a present obligation, the future sacrifice of economic benefits is probable, and the amount of the provision can be measured reliably.

##### Landfill Post-Closure Costs

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

The provision is measured based on the future cash flows expected to be incurred, taking into account future events including new legal requirements and known improvements in technology. The provision includes all costs associated with the landfill closure.

The discount rate used is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the Council.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave, long service leave, and sick leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Council in respect of services provided by employees up to reporting date.

##### Cash Flow Statement

Operating activities include cash received from all income sources of the Council and record the cash payments made for the supply of goods and services.

Investing activities are those activities relating to the acquisition and disposal of non-current assets.

Financing activities comprise the change in equity and debt structure of the Council.

##### Equity

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

##### Reserves and Council Created Reserves

Reserves are a component of equity generally representing a particular use to which various parts of equity have been assigned. Reserves may be legally restricted or created by Council.

Restricted reserves are those subject to specific conditions accepted as binding by the Council and which may not be revised by the Council without reference to the Courts or a third party. Transfers from these reserves may be made only for certain specified purposes or when specified conditions are met.

Council created reserves are reserves established by Council decision. The Council may alter them without reference to third party. Transfers to and from these reserves are at the discretion of the Council.

The Council's objectives, policies and processes for managing capital are described in Note 26.

##### Budget Figures

The budget figures are those approved by the Council at the beginning of the year in the annual plan. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Council for the preparation of the financial statements.

##### Allocation of Overheads

Those costs of service not directly charged to activities are allocated as overheads using appropriate cost drivers such as actual usage, staff numbers and floor area.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Emission Trading Scheme Accounting Policy

New Zealand Units (NZUs) allocated as a result of the Council's participation in the Emissions Trading Scheme (ETS) are treated as intangible assets, and recorded at cost.

The difference between initial cost and the disposal price of the units is treated as revenue in Surplus/(Deficit) for the period.

Liabilities for surrender of NZUs (or cash) are accrued at the time the forests are harvested, or removed in any other way, in accordance with the terms of the ETS legislation.

Liabilities are accounted for at settlement value, being the cost of any NZUs on hand to meet the obligation plus the fair value of any shortfall in NZUs to meet the obligation.

##### Critical accounting estimates and assumptions

In preparing these financial statements the Council has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- Infrastructural assets

There are a number of assumptions and estimates used when performing Depreciated Replacement Cost (DRC) valuations over infrastructural assets. These include:

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

Experienced independent valuers perform or review the Council's infrastructural asset revaluations.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### SUMMARY OF ACCOUNTING POLICIES cont.

##### Critical Judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2011:

- Classification of Property

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

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	Notes	2011 \$	2010 \$
<b>2. SURPLUS FROM OPERATIONS</b>			
<b>(a) Revenue</b>			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		8,507,918	8,463,164
Targeted rates (i)		12,067,589	11,390,226
Rates Penalties		206,663	183,736
		\$20,782,170	\$20,037,126
(i) Targeted Rates attributable to activities:			
Governance and Planning		140,490	136,783
Central Administration		37,214	37,920
Roading		2,792,983	2,851,524
Water		4,805,644	4,405,982
Stormwater and Wastewater		1,739,829	1,614,677
Sanitary Services		1,094,113	1,002,424
Community Services		1,132,792	1,054,043
Regulatory Services		324,524	286,873
		\$12,067,589	\$11,390,226
<u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		634,738	771,542
Permits and licences		411,995	422,430
Other fees		648,259	746,229
		1,694,992	1,940,201
Rental Revenue:			
Operating lease rental revenue		761,872	798,594
		761,872	798,594
Interest Revenue:			
Bank deposits			
Other loans and receivables	2(g)	43,942	28,575
		43,942	28,575
Dividend Revenue:			
Available-for-Sale-Investments		-	2,562
		-	2,562
Government grants - LTNZ subsidy		9,850,550	7,896,917
Other grants and subsidies		271,907	241,642
Other revenue		1,349,139	2,679,335
		\$13,972,402	\$13,587,826

There are no unfulfilled conditions and other contingencies attached to government grants recognised.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	Notes	2011 \$	2010 \$
<b>(b) Other Gains / (Losses)</b>			
Vested assets		-	401,250
Gain / (loss) on disposal of property, plant and equipment		(709,532)	(848,206)
Gain on changes in fair value of financial assets at fair value through profit or loss	2 (g)	1,457,939	2,096,627
Gain on changes in fair value of forestry asset	10	840,905	122,341
		<b>\$1,589,312</b>	<b>\$1,772,012</b>
<b>(c) Employee Benefits Expense</b>			
Salaries and wages		4,076,401	3,893,822
		<b>\$4,076,401</b>	<b>\$3,893,822</b>
<b>(d) Depreciation and Amortisation Expense</b>			
Depreciation of property, plant and equipment	8	14,585,206	12,890,677
Amortisation of intangible assets	9	80,775	38,037
		<b>\$14,665,981</b>	<b>\$12,928,714</b>
<b>(e) Finance Costs</b>			
Interest on loans carried at amortised cost	2 (g)	690	843
Other interest Expense			
		<b>\$690</b>	<b>\$843</b>
<b>(f) Other Expenses</b>			
Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		15,226	25,721
Grants		3,120,746	344,072
Roading repairs and maintenance		6,658,973	5,548,772
Other expenses		8,765,126	8,324,729
		<b>\$18,560,071</b>	<b>\$14,243,294</b>

Expenses by nature are disclosed under Note 2(h).

Audit fees are disclosed in Note 4.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	Notes	2011 \$	2010 \$
<b>2. SURPLUS FROM OPERATIONS</b>			
<b>(g) Financial Instruments</b>			
Surplus/(deficit) for the year includes the following income and expenses arising from financial instruments classified as:			
<u>Loans and receivables:</u>			
Interest revenue	2(a)	43,942	28,575
		43,942	28,575
<u>Financial assets at fair value through profit or loss:</u>			
Change in fair value of financial assets classified as held for trading	2 (b)	1,457,939	2,096,627
		1,457,939	2,096,627
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2 (e)	690	843
		690	843



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>2. SURPLUS FROM OPERATIONS cont.</b>		
<b>(h) Summary Cost of Services By Activity</b>		
<b>Income</b>		
Community Leadership - Governance	10,500	-
Roading	9,932,686	7,982,812
Water Services - Water	1,141,025	843,605
Water Services - Sewerage	356,586	2,351,069
Sanitary Services - Waste Management	383,000	331,657
Sanitary Services - Cemeteries	81,265	84,233
Community Services - Library/Service Centre/Information Centre	77,279	77,647
Community Services - Swimming Pools	38,320	62,123
Community Services - Parks/Reserves/Sportsgrounds	4,278	35,156
Community Services - Halls & Community Centres	88,592	129,580
Community Services - Other Council Property	797,397	729,042
Regulatory Services - Resource Management	58,109	86,188
Regulatory Services - Animal Control	182,055	165,593
Regulatory Services - Environmental Health	18,531	17,354
Regulatory Services - Building Control	402,777	390,016
Regulatory Services - Liquor Licensing	31,634	49,872
Emergency Services - Civil Defence	-	5,907
Emergency Services - Rural Fire	23,046	9,572
<b>Total activity income</b>	<b>\$13,627,080</b>	<b>\$13,351,426</b>
<b>Add</b>		
Rates (refer Note 2(a))	20,782,170	20,037,126
Other Gains/(Losses)(refer note 2(b))	1,589,312	1,772,012
Petrol Tax	210,025	186,678
Other Income	135,297	49,722
	<b>22,716,804</b>	<b>22,045,538</b>
<b>Total Income</b>	<b>\$36,343,884</b>	<b>\$35,396,964</b>

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>Expenditure</b>		
Community Leadership - Governance	749,134	700,783
Community Leadership - District Development	615,066	599,110
Community Leadership - Community Support	514,591	427,769
 Roading	 18,839,661	 15,858,366
Water Services - Water	5,330,923	4,862,266
Water Services - Stormwater	435,901	414,443
Water Services - Sewerage	1,399,130	1,324,154
Sanitary Services - Waste Management	1,306,056	1,174,100
Sanitary Services - Public Conveniences	203,458	207,677
Sanitary Services - Cemeteries	151,141	162,168
Community Services - Library/Service Centre/Information Centre	1,093,558	1,090,487
Community Services - Swimming Pools	519,361	594,656
Community Services - Parks/Reserves/Sportsgrounds	3,235,339	680,146
Community Services - Halls & Community Centres	345,138	323,598
Community Services - Other Council Property	475,987	450,362
Regulatory Services - Resource Management	207,432	232,808
Regulatory Services - Animal Control	176,589	143,505
Regulatory Services - Environmental Health	144,169	128,964
Regulatory Services - Building Control	481,839	454,946
Regulatory Services - Liquor Licensing	47,203	47,453
Emergency Services - Civil Defence	80,484	75,179
Emergency Services - Rural Fire	231,770	235,176
 <b>Total activity expenditure</b>	 <b>\$36,583,930</b>	 <b>\$30,188,116</b>
 <u>Add</u>		
Additional Depreciation	308,356	275,993
Forestry Expenses	48,919	184,904
Finance Costs (refer note 2(e))	690	843
Other Expenditure	361,248	416,817
	<u>719,213</u>	<u>878,557</u>
 <b>Total Operating Expenditure</b>	 <b>\$37,303,143</b>	 <b>\$31,066,673</b>

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 3. KEY MANAGEMENT PERSONNEL COMPENSATION

The compensation of the Chief Executive, other senior management and Councillors, being the key management personnel of the Council, is set out below:

	2011 \$	2010 \$
Short-term employee benefits	954,218	944,844
	<u>\$954,218</u>	<u>\$944,844</u>

#### 4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	89,900	89,123
Audit fees for assurance and related services	-	15,812
Fees for tax related services	-	121
	<u>\$89,900</u>	<u>\$105,056</u>

Audit fees for assurance and related services include:

- audit of the Long Term Council Community Plan (LTCCP) and amendments thereto.

The auditor of Clutha District Council, for and on behalf of the Controller and Auditor-General, is Deloitte.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables (i)	2,977,986	1,618,900
Rates receivables	914,078	839,925
Allowance for doubtful debts (ii)	(75,000)	(75,000)
	3,817,064	2,383,825
LTNZ Subsidy	2,337,837	1,992,847
	\$6,154,901	\$4,376,672
Disclosed in the financial statements as:		
Current	6,130,106	4,306,577
Non-current	24,795	70,095
	\$6,154,901	\$4,376,672

(i) Trade receivables are non-interest bearing and generally on monthly terms.

The 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. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

The Council holds no collateral as security or other credit enhancements over receivables that are either past due or impaired.

Included within the Council's trade and other receivable balance are debtors which are past due at the reporting date for which the Council has not provided as there has not been a significant change in credit quality and the Council believes that the amounts are still considered recoverable.

The age of these trade and other receivables that are past due, but are not impaired are as follows:

	2011 \$	2010 \$
Past due 1 to 3 months	285,548	293,968
Past due 3 to 6 months	240,388	234,031
Past due 6 to 9 months	219,769	201,231
Past due 9 to 12 months	219,770	201,232
Past due > 12 months	35,000	35,000
	\$1,000,475	\$965,462

## FINANCIAL OVERVIEW

(ii) Movement in the allowance for doubtful debts:

	2011 \$	2010 \$
Balance at Beginning of year	75,000	75,000
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in Statement of Financial Performance	-	-
	<hr/>	
Balance at end of Year	<u>\$75,000</u>	<u>\$75,000</u>

An allowance has been made for estimated irrecoverable amounts and has been calculated based on expected losses. Expected losses have been determined based on reference to past default experience and review of specific debtors.

In determining the recoverability of a trade receivable the Council considers any change in the credit quality of the trade receivable from the date credit was initially granted up to the reporting date.

Other than Land Transport New Zealand, the Council has no significant concentrations of credit risk, as it has a large number of credit customers, mainly ratepayers. The Council believes no further credit provision is required in excess of the allowance for doubtful debts.

	2011 \$	2010 \$
<b>6. INVENTORIES</b>		
Development property (at cost)	12,802	12,802
	<hr/>	
	<u>\$12,802</u>	<u>\$12,802</u>

The carrying amount of inventories pledged as security for liabilities is \$Nil (2010: \$Nil).

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>7. OTHER FINANCIAL ASSETS</b>		
<i>At fair value through profit or loss:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
One Path - NZ Government Stock	10,587,878	10,045,840
One Path - NZ Local Authority Bonds	2,042,966	2,631,928
One Path - NZ Corporate Bonds	5,079,840	4,463,498
One Path - NZ State Owned Enterprises	181,973	723,383
One Path - NZ Floating Rate Notes	1,130,972	2,543,657
One Path - NZ Dollars	125,060	214,946
One Path -- NZ Discounted Securities	460,085	3,565,834
	19,608,774	24,189,086
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	55,960	102,819
	55,960	102,819
<u>Current</u>		
Money Market Deposit	500,000	450,000
	500,000	450,000
	\$20,164,734	\$24,741,905
Disclosed in the financial statements as:		
Current	20,108,774	24,639,086
Non-current	55,960	102,819
	\$20,164,734	\$24,741,905

There are no impairment provisions for other financial assets.

# FINANCIAL OVERVIEW

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

### 8. PROPERTY, PLANT AND EQUIPMENT

2011												
Cost /Valuation 1 July 2010	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2011	Accumulated depreciation and impairment charges 1 July 2010	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2011	Carrying amount 30 June 2011
\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operational Assets</b>												
<b>At Cost</b>												
Land	2,845,074	-	(450)	-	-	2,844,624	-	-	-	-	-	2,844,624
Buildings	8,892,218	100,887	-	142,068	-	9,135,173	(2,317,638)	(179,202)	-	-	(2,496,840)	6,638,333
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	1,261,015
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	116,125
Buildings - restricted (i)	2,838,731	132,198	-	-	-	2,970,929	(846,177)	(57,105)	-	-	(903,282)	2,067,647
Furniture and equipment	1,911,158	143,449	-	-	-	2,054,607	(1,301,697)	(146,757)	-	-	(1,448,454)	606,153
Plant and Motor vehicles	1,568,030	61,677	(113,418)	-	-	1,516,289	(986,171)	(163,225)	111,510	-	(1,037,886)	478,403
Library Books	2,048,708	105,181	-	-	-	2,153,889	(1,765,407)	(97,520)	-	-	(1,862,927)	290,962
<b>Total Operational Assets</b>	<b>21,481,059</b>	<b>543,392</b>	<b>(113,868)</b>	<b>142,068</b>	<b>-</b>	<b>22,052,651</b>	<b>(7,217,090)</b>	<b>(643,809)</b>	<b>111,510</b>	<b>-</b>	<b>(7,749,389)</b>	<b>14,303,262</b>
<b>Infrastructural Assets</b>												
Roads - Formation	474,693,244	786,834	-	-	-	475,480,078	-	-	-	-	-	475,480,078
Roads - Pavement (sealed)	108,980,700	5,436,413	-	-	-	114,417,113	(5,403,004)	(5,895,508)	-	-	(11,298,512)	103,118,601
Roads - Pavement (unsealed)	83,408,998	1,481,949	-	-	-	84,890,947	(2,522,373)	(3,529,085)	-	-	(6,051,458)	78,839,489
Roads - Other roading assets	37,961,095	1,708,028	-	80,056	-	39,749,179	(940,206)	(980,256)	-	-	(1,920,462)	37,828,717
Roads - Other	5,143,609	348,992	-	-	-	5,492,601	(670,688)	(704,028)	-	-	(1,374,716)	4,117,885
Roads - Bridges	44,669,756	1,350,858	-	-	-	46,020,614	(768,615)	(790,355)	-	-	(1,558,970)	44,461,644
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	7,833,222
Stormwater	8,150,484	563,587	(5,126)	739,378	1,106,475	10,554,798	(172,354)	(175,281)	-	347,635	-	10,554,798
Wastewater	30,619,118	245,670	(44,979)	3,738,725	978,200	35,536,734	(560,733)	(600,733)	-	1,161,466	-	35,536,734
Water	50,418,042	957,267	(790,110)	1,676,389	7,770,431	60,032,019	(1,179,200)	(1,266,151)	-	2,445,351	-	60,032,019
Work in Progress	7,399,289	3,016,900	-	(6,523,469)	-	3,892,720	-	-	-	-	-	3,892,720
<b>Total Infrastructural Assets</b>	<b>859,277,557</b>	<b>15,896,498</b>	<b>(840,215)</b>	<b>(288,921)</b>	<b>9,855,106</b>	<b>883,900,025</b>	<b>(12,217,173)</b>	<b>(13,941,397)</b>	<b>-</b>	<b>3,954,452</b>	<b>(22,204,118)</b>	<b>861,695,907</b>
<b>Transfer to Intangible Assets</b>		<b>(146,853)</b>		<b>146,853</b>								<b>-</b>
<b>Total Property, Plant and Equipment</b>	<b>880,758,616</b>	<b>16,293,037</b>	<b>(954,083)</b>	<b>-</b>	<b>9,855,106</b>	<b>905,952,676</b>	<b>(19,434,263)</b>	<b>(14,585,206)</b>	<b>111,510</b>	<b>3,954,452</b>	<b>(29,953,507)</b>	<b>875,999,169</b>

# FINANCIAL OVERVIEW

## NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

### 8. PROPERTY, PLANT AND EQUIPMENT cont

2010

	Cost /Valuation 1 July 2009	Additions	Disposals	Other	Revaluation	Cost /Valuation 30 June 2010	Accumulated depreciation and impairment charges 1 July 2009	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2010	Carrying amount 30 June 2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Operational Assets</b>													
<b>At Cost</b>													
Land	2,790,320	69,154	(14,400)	-	-	2,845,074	-	-	-	-	-	-	2,845,074
Buildings	8,398,551	493,667	-	-	-	8,892,218	(2,147,986)	-	(169,651)	-	-	(2,317,637)	6,574,581
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	-	1,261,015
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	2,838,731	-	-	-	-	2,838,731	(789,308)	-	(56,869)	-	-	(846,177)	1,992,554
Furniture and equipment	1,713,470	197,688	-	-	-	1,911,158	(1,173,081)	-	(128,616)	-	-	(1,301,697)	609,461
Plant and Motor vehicles	1,457,918	256,815	(146,703)	-	-	1,568,030	(948,756)	-	(178,526)	141,111	-	(986,171)	581,859
Library Books	1,951,946	96,762	-	-	-	2,048,708	(1,660,481)	-	(104,926)	-	-	(1,765,407)	283,301
<b>Total Operational Assets</b>	<b>20,528,076</b>	<b>1,114,086</b>	<b>(161,103)</b>	<b>-</b>	<b>-</b>	<b>21,481,059</b>	<b>(6,719,612)</b>	<b>-</b>	<b>(638,588)</b>	<b>141,111</b>	<b>-</b>	<b>(7,217,089)</b>	<b>14,263,970</b>
<b>Infrastructural Assets</b>													
Roads - Formation	474,098,208	595,036	-	-	-	474,693,244	-	-	-	-	-	-	474,693,244
Roads - Pavement (sealed)	103,585,774	5,394,926	-	-	-	108,980,700	-	-	(5,403,004)	-	-	(5,403,004)	103,577,696
Roads - Pavement (unsealed)	81,828,480	1,580,518	-	-	-	83,408,998	-	-	(2,522,373)	-	-	(2,522,373)	80,886,625
Roads - Other roading assets	36,682,240	1,278,855	-	-	-	37,961,095	-	-	(940,206)	-	-	(940,206)	37,020,889
Roads - Other	4,910,994	232,615	-	-	-	5,143,609	-	-	(670,688)	-	-	(670,688)	4,472,921
Roads - Bridges	43,846,578	823,178	-	-	-	44,669,756	-	-	(768,615)	-	-	(768,615)	43,901,141
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	8,007,351	18,711	(10,914)	135,336	-	8,150,484	-	-	(173,659)	1,305	-	(172,354)	7,978,130
Wastewater	30,215,442	174,428	(6,320)	235,568	-	30,619,118	-	-	(561,163)	430	-	(560,733)	30,058,385
Water	49,384,903	2,073,472	(1,070,679)	30,346	-	50,418,042	-	-	(1,212,381)	33,181	-	(1,179,200)	49,238,842
Work in Progress	4,143,014	3,256,275	-	-	-	7,399,289	-	-	-	-	-	-	7,399,289
<b>Total Infrastructural Assets</b>	<b>844,536,206</b>	<b>15,428,014</b>	<b>(1,087,913)</b>	<b>401,250</b>	<b>-</b>	<b>859,277,557</b>	<b>-</b>	<b>-</b>	<b>(12,252,089)</b>	<b>34,916</b>	<b>-</b>	<b>(12,217,173)</b>	<b>847,060,384</b>
<b>Total Property, Plant and Equipment</b>	<b>865,064,282</b>	<b>16,542,100</b>	<b>(1,249,016)</b>	<b>401,250</b>	<b>-</b>	<b>880,758,616</b>	<b>(6,719,612)</b>	<b>-</b>	<b>(12,890,677)</b>	<b>176,027</b>	<b>-</b>	<b>(19,434,262)</b>	<b>861,324,354</b>



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 8. PROPERTY, PLANT AND EQUIPMENT cont

- (i) Restricted Assets - these are assets that cannot be disposed of due to legal or other restrictions. They include reserves vested in Council, endowments and assets held in trust.

#### 9. FINITE LIFE INTANGIBLE ASSETS

	Computer Software
	\$
<b>Gross carrying amount</b>	
Balance at 1 July 2009	442,429
Additions	118,567
Disposals	-
	-
Balance at 1 July 2010	560,996
Additions	107,497
Transfers from Work In Progress	146,853
Disposals	-
	-
Balance at 30 June 2011	\$815,346
<b>Accumulated amortisation and impairment</b>	
Balance at 1 July 2009	397,008
Amortisation expense (i)	38,037
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	-
Balance at 1 July 2010	435,045
Amortisation expense (i)	80,775
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	-
Balance at 30 June 2011	\$515,820
<b>Net Book Value</b>	
As at 30 June 2010	\$125,951
As at 30 June 2011	\$299,526

- (i) Amortisation expense is included in the line item 'depreciation and amortisation expense' in the Statement of Financial Performance.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 10. FORESTRY ASSET

	2011 \$	2010 \$
Balance at beginning of year	1,363,796	1,241,455
Increases due to purchases		
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	142,612	215,000
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	698,293	(92,659)
Decreases due to harvest	(91,612)	-
Balance at end of year	\$2,113,089	\$1,363,796

The Council owns 377.2 hectares (2010: 386 hectares) of Pinus radiata, Macrocarpa and Douglas fir forest, which are at varying stages of maturity ranging from 0 to 39 years.

The forestry block at Tapanui has been harvested during the period (2010: Nil).

Independent registered valuers PF Olsen and Company Limited have valued forestry assets as at 30 June, 2011 (30 June 2010). A post-tax discount rate of 7% (2010:7%) has been used in discounting the present value of expected cash flows.

#### Financial Risk Management Strategies

The Council is exposed to financial risks arising from changes in timber prices. The Council is a long-term forestry investor and does not expect timber prices to decline significantly in the foreseeable future, therefore, has not taken any measures to manage the risks of a decline in timber prices. The Council reviews its outlook for timber prices regularly in considering the need for active financial risk management.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>11. TRADE AND OTHER PAYABLES</b>		
Trade & sundry payables (i)	4,268,584	4,534,048
Rates in advance	185,302	171,287
Deposits and retentions	360,627	349,584
Goods And Services Tax (GST) Payable	265,915	160,942
	\$5,080,428	\$5,215,861

(i) The average credit period on purchases is 30 days.

### 12. EMPLOYEE ENTITLEMENTS

Salary & Wage Accrual	139,337	119,695
Annual leave	289,550	289,896
Long service leave	7,530	7,442
Retirement gratuities	81,820	77,284
	\$518,237	\$494,317

### 13. BORROWINGS

#### Secured - at amortised cost

Bank borrowings (i)	-	-
Other borrowings (i), (ii)	14,859	18,041
	\$14,859	\$18,041

Disclosed in the financial statements as:

Current	3,143	3,143
Non-current	11,716	14,898
	\$14,859	\$18,041

(i) The Council loans are secured over either future general rates of the district or Council assets. Interest is charged on a fixed rate basis. At balance date the current weighted average effective interest rate on the Bank borrowings is 3.50 % (2010: 3.50%). Refer Note 26 for maturity profile.

(ii) Rural housing loans are included in Council debt. The value of these loans at 30 June 2011 is \$3,410 (2010: \$4,241). Interest is charged on a fixed rate basis. The current weighted average effective interest rate on the other borrowings is 5.22% (2010: 5.22%).

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>14. PROVISIONS</b>		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	395,282	412,768
Additional provisions recognised	95,594	-
Reductions arising from payments/other sacrifices of future economic benefits	(25,190)	(17,486)
Reductions resulting from re-measurement or settlement without cost	-	-
Unwinding of discount and effect of changes in the discount rate	-	-
	\$465,686	\$395,282
Balance at end of year	\$465,686	\$395,282

(i) Provision for landfill aftercare costs.

The Council gained a resource consent in May 1995 to operate the Mount Cooee Landfill near Balclutha. The Council has responsibility under several resource consents to provide ongoing maintenance and monitoring of the landfill after the sites are closed and also to monitor a number of historic closed landfill sites around the district.

The management of the landfill will influence the timing of recognition of some future liabilities. However, it is likely that the main restriction on the future use of the current site will be the statutory and regulatory limitations rather than the capacity of the site. It is anticipated that the site will cease operating when the current consent expires in October 2023. At the current rates of usage there will be significant volumetric capacity remaining in 2023.

The cash outflows for Council's closed landfills are expected to occur between 2009 and 2026. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6% excluding inflation.

Other assumptions made in the calculation of the provision are:

- no major capital projects will be required at existing closed landfill sites;
- the Mt Cooee Landfill will close when the current consent expires in 2023.

### 15. RESERVES

Available-for-sale revaluation reserve (a)	(21,238)	25,621
Asset revaluation reserve (b)	630,913,625	617,104,066
Trust Funds (c)	363,606	434,779
Reserves (d)	23,477,334	22,729,464
	\$654,733,327	\$640,293,930
	\$654,733,327	\$640,293,930

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>15. RESERVES cont.</b>		
<b>(a) Available-for-Sale Revaluation Reserve</b>		
Balance at beginning of year	25,621	24,272
Valuation gain/(loss) recognised		
– Equity securities	(46,859)	1,349
	\$ (21,238)	\$ 25,621
Balance at end of year	\$ (21,238)	\$ 25,621

The available-for-sale revaluation reserve arises on the revaluation of equity securities. Where a revalued financial asset is sold that portion of the reserve which relates to that financial asset, and is effectively realised, is recognised in the Statement of Financial Performance. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Statement of Financial Performance.

#### **(b) Asset Revaluation Reserve**

Balance at beginning of year	617,104,066	617,104,066
Revaluation increase / (decrease)		
– Roading revaluation		-
– Stormwater revaluation	1,454,110	-
– Wastewater revaluation	2,139,666	-
– Water revaluation	10,215,783	-
	13,809,559	-
Balance at end of year	\$ 630,913,625	\$ 617,104,066

The asset revaluation reserve arises on the revaluation of infrastructural assets. Where a revalued asset is sold, the portion of the asset revaluation reserve which relates to that asset, and is effectively realised, is transferred directly to retained earnings.

#### Reconciliation of Revaluation Reserve

	<u>Roading</u> \$	<u>Stormwater</u> \$	<u>Wastewater</u> \$	<u>Water</u> \$	<u>Total</u> \$
Balance at 1 July 2009	\$566,695,323	\$4,222,887	\$22,801,012	\$23,384,844	\$617,104,066
Revaluation increase /(decrease)	-	-	-	-	-
Balance at 30 June 2010	\$566,695,323	\$4,222,887	\$22,801,012	\$23,384,844	\$617,104,066
Revaluation increase /(decrease)	-	\$1,454,110	\$2,139,666	\$10,215,783	\$13,809,559
Balance at 30 June 2011	\$566,695,323	\$5,676,997	\$24,940,678	\$33,600,627	\$630,913,625

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### (c) Trust Funds (restricted)

Balance at beginning of year	434,779	407,181
Transfer from/(to) retained earnings		
– Transfer from retained earnings	26,216	28,692
– Transfer to retained earnings	(97,389)	(1,094)
	\$363,606	\$434,779
Balance at end of year	\$363,606	\$434,779

Trust Funds relate to trust and Special funds that have been provided to the Council by various people for specific purposes.

#### (d) Reserves

Balance at beginning of year	22,729,464	21,155,416
Transfer from/(to) retained earnings		
– Transfer from retained earnings	4,670,571	5,182,695
– Transfer to retained earnings	(3,922,701)	(3,608,647)
	\$23,477,334	\$22,729,464
Balance at end of year	\$23,477,334	\$22,729,464

Reserves are funds for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from the general rate or funds are built up annually from general rates and are made available for specific events or purposes.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>16. RETAINED EARNINGS</b>		
Balance at beginning of year	245,640,620	242,911,975
Net Surplus/(Deficit) for the year	(959,259)	4,330,291
Transfer from/(to)		
– Transfer from Reserves	3,922,701	3,608,647
– Transfer from Trust Funds	97,389	1,094
– Transfer to Reserves	(4,670,571)	(5,182,695)
– Transfer to Trust Funds	(26,216)	(28,692)
Balance at end of year	\$244,004,664	\$245,640,620

### 17. COMMITMENTS

#### (a) Expenditure Commitments (Non cancellable contracts)

Not later than 1 year	15,212,053	15,917,702
Later than 1 year, less than 5 years	30,132,000	10,087,075
Later than 5 years	-	-
	\$45,344,053	\$26,004,777

#### (b) Lease Commitments

Finance lease liabilities and non-cancellable operating lease commitments are disclosed in Note 19 to the financial statements.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Over the past two years Council has been in discussions with the Department of Conservation (DoC) and the Otago Regional Council (ORC) regarding an historic dump site located on the coast just north of the Kaka Point Township. This was an informal dump site and was not operated or managed by Council or its predecessors. This site has begun to erode and as a result fill and old rusting farm machinery has been exposed and swept onto the beach. The area that was located on DoC land has now completely eroded and the remaining dump area is located on road reserve. An application was made through the ORC to the Ministry for the Environment Contaminated Sites Remediation Fund during 2010/11 and this application was not successful. The ORC have confirmed that they want this issue addressed and as such Council have indicated a need to address the options, costs and funding through the 2012-22 LTP with an expectation that some costs will be incurred to remediate or contain the fill at this old dump site.

There were no contingent liabilities and contingent assets for the year ended 30 June 2010.

#### 19. LEASES

##### Disclosures for lessees

##### (a) Leasing Arrangements

Operating leases relate to photocopier equipment leases.

	2011 \$	2010 \$
<b>(b) Non-Cancellable Operating Lease Payments</b>		
Not longer than 1 year	37,500	37,500
Longer than 1 year and not longer than 5 years	31,250	68,750
Longer than 5 years	-	-
	<hr/>	<hr/>
	\$68,750	\$106,250
	<hr/>	<hr/>



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 20. RELATED PARTY DISCLOSURES

##### (a) Transactions with Related Parties

The Council undertakes transactions with related parties in the normal course of business on an arms-length commercial basis.

Juno Hayes is a director of Bruce Sawmilling Co. Ltd and was Mayor until 16 October 2010. During the financial year covered by this report transactions totalling \$225 were entered into (2010: \$138). No amount was outstanding at 30 June 2011. (2010:\$Nil)

On 17 October 2010 Bryan Cadogan became Mayor, he was also a director at Selectrix 100% Clutha District. During the current financial year transactions of \$55,838 were entered into. An exemption was obtained for this. Bryan sold the business in April 2011.

Jeff Seymour was a Councillor until 16 October 2010 and is a director in the accounting firm Shand Thomson Ltd. During the financial period covered by this report there were no accounting and financial services, (2010: \$1,167) were purchased from Shand Thomson. No amount was outstanding at 30 June 2011 (2010: \$Nil).

Councillor Mary Johnstone is a director in Johnstone Electrical. During the financial period covered by this report, transactions valued at \$23,549 were entered into. (2010: \$8,713). No amount was outstanding at 30 June 2011 (2010: \$Nil).

##### (b) Other Transactions Involving Related Parties

There were no other transactions with related parties.

#### 21. SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

#### 22. NOTES TO THE CASH FLOW STATEMENT

##### (a) Reconciliation of Cash and Cash Equivalents

For the purposes of the cash flow statement, cash and cash equivalents includes cash on hand and in bank and short term deposits with maturity dates of three months or less, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the financial year as shown in the Cash Flow Statement is reconciled to the related items in the Statement of Financial Position as follows:

	2011 \$	2010 \$
Cash and cash equivalents	174,982	209,715
Bank overdraft	-	-
	<u>\$174,982</u>	<u>\$209,715</u>

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant Trust deeds is \$102,002 (2010: \$97,144).

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

	2011 \$	2010 \$
<b>22. NOTES TO THE CASH FLOW STATEMENT cont</b>		
<b>(b) Borrowing Facilities</b>		
Secured bank overdraft facility with Westpac Banking Corporation, payable at call.		
• Amount used	-	-
• Amount unused	250,000	250,000
	\$250,000	\$250,000
Multi Option Credit Facility with Westpac Banking Corporation,		
• Amount used	-	-
• Amount unused	3,000,000	3,000,000
	\$3,000,000	\$3,000,000
<b>(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating Activities</b>		
Surplus/ (Deficit) for the period	(959,259)	4,330,291
Add/(less) non-cash items:		
Depreciation and amortisation	14,665,982	12,928,714
(Gain) on fair value of forestry asset	(840,905)	(122,341)
(Gain)/Loss on sale of property, plant and equipment	709,532	848,206
Unrealised (gain) on revaluation of other financial assets to fair value	(1,457,939)	(2,096,627)
Vested Assets	-	(401,250)
	12,117,411	15,486,993
Movement in working capital:		
Trade and other receivables	(1,778,229)	(932,747)
Inventories - development properties	-	(3,879)
Trade and other payables	(135,433)	540,985
Employee entitlements	23,919	(38,285)
Provisions	70,404	(17,486)
	(1,819,339)	(451,412)
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	(106,125)	(668,091)
Net cash inflow from operating activities	\$10,191,947	\$14,367,490

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2010/11 budget are as follows:

##### Statement of Financial Performance

The net operating loss of \$959,259 was slightly above that budgeted by \$41,259. The components of this are explained below.

Revenue was approximately \$1.8 million greater than budget for the year ended 30 June 2011. The following major variances contributed:

- New Zealand Transport Agency Financial Assistance was \$735,000 more than budgeted due to various adverse weather events.
- Water and Sewerage miscellaneous income from Department of Corrections was ahead of budget by \$330,493. This is due to the timing of the invoices and payments.
- Miscellaneous Income for Cribs, Endowment Land & Other Land was above budget by \$97,000 due to the sale of property.
- Interest income was more than budget by approximately \$408,000. This occurred principally as a consequence of the increase in the unrealised market value of Council's fixed interest investments.
- Council recorded an unrealised gain of \$840,905 on the revaluation of forestry, however this was offset by a loss on disposal of \$709,532 in respect of water assets.

Operating expenditure was also above budget by \$1.8 million for the year ended 30 June 2011. The following major variances contributed to this variance:

- Actual Roding Depreciation is greater than budgeted by \$2.4 million.
- The \$1 million budgeted for West Otago Health Centre was not required during the 30<sup>th</sup> June 2011 year.
- Roding expenditure was over budget by approximately \$700,000 due to various adverse weather events during the year.
- Other expenses were less than budgeted because internal interest of \$515,000 is removed from the year end actuals.

##### Statement of Financial Position

- Short term investments exceeded budget by \$6.8 million. This occurred because internal loans are raised after balance date (approx. \$3 Mill). \$1 mill loan was not required for West Otago Health and other capital costs were less than budgeted.
- Property plant & equipment was less than budget by \$92 million. This is due to the timing of revaluations and various budgeted capital projects.
- Trade & Other Receivables are above budget due to the timing of various invoices, including New Zealand Transport Agency \$2.3 million.
- Due to the timing of various contract payments Trade & Other payments are slightly below budget.
- Provisions are above budget due to an increase in the provision to reflect costs associated with the Kaka Point closed landfill.

##### Statement of Changes in Equity

Variances in the surplus have been commented on under the Statement of Financial Performance above.

##### Statement of Cashflows

Variances in the surplus have been commented on under the Statement of Financial Performance above.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 24. SEVERANCE PAYMENTS

For the year ended 30 June 2011 Council made no severance payments to employees(2010: Nil).

#### (G) REMUNERATION

During the year to 30 June, 2011, the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, Community Board members and Chief Executive of the Council were as follows:

<i>Elected Representatives</i>	<b>2011</b>	<b>2010</b>
	\$	\$
His Worship the Mayor CE Hayes	23,551	76,395
His Worship the Mayor B A Cadogan	52,510	-
<b>Councillors</b>		
Hamish Anderson	23,415	21,530
Geoff Blackmore	14,371	13,440
John Cochrane	19,637	12,168
Stewart Cowie	8,269	-
Ron Davis	7,962	-
Gaynor Finch	18,114	12,696
Ted Gallagher	4,197	11,526
Bruce Graham	8,428	-
Chris Hargest	11,391	9,480
Mary Johnstone	12,161	10,850
Michelle Kennedy	9,371	-
Bruce McCorkindale	13,986	11,318
Murray McLean	-	10,908
Jeff McKenzie	13,474	13,260
Hilary McNab	8,585	-
Peter McPherson	8,281	24,028
Jeff Seymour	7,129	18,330
Kevin Thompson	4,950	12,490
Bruce Vollweiler	20,674	22,745
<b>Lawrence/Tuapeka Community Board</b>		
Roger Cotton	2,669	3,625
Geoff Davidson	4,423	7,250
Brad Houghton	1,057	3,625
Mel Kenny	1,611	-
Rochelle Langley	2,668	4,833
Garry McCorkindale	2,688	3,625
Rowena Paterson	2,688	3,625
<b>West Otago Community Board</b>		
Lindsay Alderton	3,451	7,250
Richard Davidson	1,057	3,625
Barbara Hanna	3,366	3,625
John Herbert	2,669	3,625
Michelle Kennedy	1,057	3,625
Joy Lietze	1,057	3,625
Michael McElrea	1,611	-
Linda Roulston	1,611	-
Suzanne Wink	1,611	-

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### Remuneration contd.

##### *Chief Executive*

Charles Hakkaart, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$207,290 (2010: \$203,087).

For the year ended 30 June 2011, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$224,400 (2010: \$220,000).

#### 25. EMISSIONS TRADING SCHEME

The Council is part of the Emissions Trading Scheme (ETS) for its pre 1990 forests (mandatory participation).

Under the ETS the Council is allocated New Zealand Units (NZUs). An initial free allocation of NZUs is provided in relation to pre 1990 forests.

The Council will receive 23,640 NZUs relating to pre 1990 forests by 2013. No NZU's have been allocated for the period ended 30 June 2011.

Under the ETS liabilities can accrue as follows:

##### Pre 1990 Forests

Liabilities accrue if the pre 1990 forest land is deforested and not replanted. The company does not anticipate any future liabilities will arise in relation to pre 1990 forest land based on the intention to replant trees harvested or removed in any other way.

#### 26. FINANCIAL INSTRUMENTS

##### (a) Capital Risk Management

The Council's capital is its equity (or ratepayer's funds), which comprise reserves and retained earnings. Equity is represented by net assets.

The Local Government Act 2002 (the Act) requires the Council to manage its revenue, expenses, assets, liabilities, investments and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Public equity is largely managed as a by product of managing revenues, expenses, assets, liabilities, investments and general financial dealings.

The objective of managing these items is to achieve intergenerational equity, which is a principle promoted by the Act and applied by the Council. Intergenerational equity requires today's ratepayers to meet the costs of utilising the Council's assets and not expecting them to meet the full cost of long term assets that will benefit ratepayers in future generations. Additionally, the Council has in place asset management plans for major asset classes detailing renewal and maintenance programmes, to ensure ratepayers in future generations are not required to meet the costs of deferred renewals and maintenance.

The Act requires the Council to make adequate and effective provision in its Long Term Council Community Plan (LTCCP) and in its annual plan (where applicable) to meet the expenditure needs identified in those plans. The Act sets out the factors that the Council is required to consider when determining the most appropriate sources of funding for each of its activities. The sources and levels of funding are set out in the funding and financial policies.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### Financial Instruments contd.

The Council has the following Council created reserves:

- Reserves for different areas of benefit;
- Trust and Special reserves.

Reserves for different areas of benefit are used where there is a discrete set of rate or levy payers as distinct from a general rate. Any surplus or deficit relating to these separate areas of benefit is applied to the specific reserves.

Trust and bequest reserves are set up where Council has been donated funds that are restricted for particular purposes. Interest is added to trust and bequest reserves where applicable and deductions are made where funds have been used for the purpose they were donated.

The Council's overall strategy remains unchanged from 2010.

#### (b) Significant Accounting Policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, and the basis of measurement applied in respect of each class of financial asset, financial liability and equity instrument are disclosed in Note 1 to the financial statements.

#### c) Categories of Financial Instruments

	2011 \$	2010 \$
<b>Financial Assets</b>		
Cash and cash equivalents	174,982	209,715
Trade and other receivables - Loans and receivables	6,154,901	4,376,672
Other financial assets		
• Fair value through profit or loss - held for trading	19,608,774	24,189,086
• Money market cash deposit	500,000	450,000
• Available-for-sale financial assets	55,960	102,819
<b>Financial Liabilities</b>		
Bank overdraft	-	-
Trade and other payables	5,080,428	5,215,861
Borrowings	14,859	18,041
Other Liabilities	102,002	97,144

#### d) Financial Risk Management Objectives

The Council has a series of policies to manage the risks associated with financial instruments. The Council is risk adverse and seeks to minimise exposure from its treasury activities. The Council has established Council approved Liability Management and Investment policies. These provide a framework for prudent debt management and the management of financial resources in an efficient and effective way.

The Council does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### Financial Instruments contd.

##### e) Interest Rate Risk

Council is exposed to interest rate risk as it has bonds, notes and cash investments held for trading as part of its managed funds held with One Path. The risk is managed by the diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

The Council's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk section of this note.

##### f) Other Price Risks

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. The Council is exposed to price risks arising from tradable non equity investments. The Council also holds equity securities which are designated as available-for-sale. This price risk is managed by diversification of the Council's investment portfolio in accordance with the limits set out in the Council's Investment Policy.

##### g) Credit Risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Council.

Other than LTNZ, Council has no significant concentrations of credit risk arising from trade receivables, as it has a large number of credit customers, mainly ratepayers, and Council has powers under the Local Government (Rating) Act 2002 to recover outstanding debts from ratepayers.

With respect to Other Financial Assets, credit risk is reduced by the number of securities held with different counterparties.

The carrying amount of financial assets recorded in the financial statements, net of any allowance for losses, represents the Council's maximum exposure to credit risk without taking account of the value of any collateral obtained.

##### h) Liquidity Risk Management

Liquidity risk is the risk that Council will encounter difficulty in raising liquid funds to meet commitments as they fall due. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through adequate committed credit facilities, and the ability to close out market positions.

The Council manages liquidity risk by maintaining adequate funds on deposit, reserves, banking facilities and reserve borrowing facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities. Included in Note 22 is a listing of additional undrawn facilities that the Council has at its disposal to further reduce liquidity risk.

The maturity profiles of the Council's interest bearing investments and borrowings are disclosed below.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### Maturity Profiles of Financial Liabilities

The following tables detail the Council's remaining contractual maturity for its non-derivative financial liabilities. The tables below have been drawn up based on the undiscounted contractual maturities of the financial liabilities including interest that will be earned on those liabilities except where the Council anticipates that the cashflow will occur in a different period.

2011	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities:</b>									
Trade and other payables	-	-	-	-	-	-	-	5,080	5,080
Borrowings	4.00	3	3	9	-	-	-	-	15
Other Liabilities	-	-	-	-	-	-	-	102	102
<b>Total</b>		<b>3</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>5,182</b>	<b>5,197</b>

The above table also represents the maturity dates of the underlying securities.

2010	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Financial liabilities:</b>									
Trade and other payables	-	-	-	-	-	-	-	5,215	5,215
Borrowings	4.01	3	3	3	9	-	-	-	18
Other liabilities	-	-	-	-	-	-	-	97	97
<b>Total</b>		<b>3</b>	<b>3</b>	<b>3</b>	<b>9</b>	<b>-</b>	<b>-</b>	<b>5,312</b>	<b>5,330</b>

The above table also represents the maturity dates of the underlying securities.



## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 26. FINANCIAL INSTRUMENTS cont.

##### (i) Fair Value of Financial Instruments

The fair values of financial assets and financial liabilities are determined as follows:

- the fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices; and
- the fair value of other financial assets and financial liabilities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions.

The Council considers that the carrying amount of financial assets and financial liabilities recorded at amortised cost in the financial statements approximates their fair values.

##### Fair value measurements recognised in the Statement of Financial Performance

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

	Level 1 NZ\$'000	Level 2 NZ\$'000	Level 3 NZ\$'000
<b>Financial assets at FVTPL</b>			
OnePath - NZ Government Stock	10,588		
OnePath - NZ Local Authority Bonds	2,043		
OnePath - NZ Corporate Bonds	5,080		
OnePath - NZ State Owned Enterprises	182		
OnePath - NZ Floating Rate Notes	1,131		
OnePath - NZ Dollars	125		
OnePath -- NZ Discounted Securities			460
<b>Available for sale financial assets</b>			
Equity Securities - Civic Assurance			56

##### (j) Currency Risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Council is not exposed to current risk, as it does not enter into foreign currency transactions.

## FINANCIAL OVERVIEW

### NOTES TO THE FINANCIAL STATEMENTS (Cont.)

For the Financial Year ended 30 June, 2011

#### 26. FINANCIAL INSTRUMENTS cont.

##### (k)Sensitivity Analysis

The Council is exposed to interest rate risk arising from bonds, notes and cash investments held for trading as part of its managed funds held with One Path.

The sensitivity analysis below has been determined based on the exposure to interest rates for financial instruments at the reporting date and the stipulated change taking place at the beginning of the financial year and held constant throughout the reporting period.

At reporting date, if interest rates had been 10% lower or higher and all other variables were held constant, the Council's:

- Surplus would decrease/increase by \$19,484 (2010: \$23,874). This is mainly attributable to the Council's exposure to interest rates on its investments within its managed funds held with ING.
- Other equity reserves would remain unaffected.

The Council's sensitivity to interest rates has not changed significantly from the prior year.

The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.

At reporting date, if equity prices had been 10% higher or lower and all other variables were held constant, the Council's:

- Surplus would remain unchanged.
- Other equity reserves would increase / decrease by \$103 (2010:\$101) as the equity investments are classified as available for sale investments.

The Council's sensitivity to equity prices has not changed significantly from the prior year.