



Clutha District Council



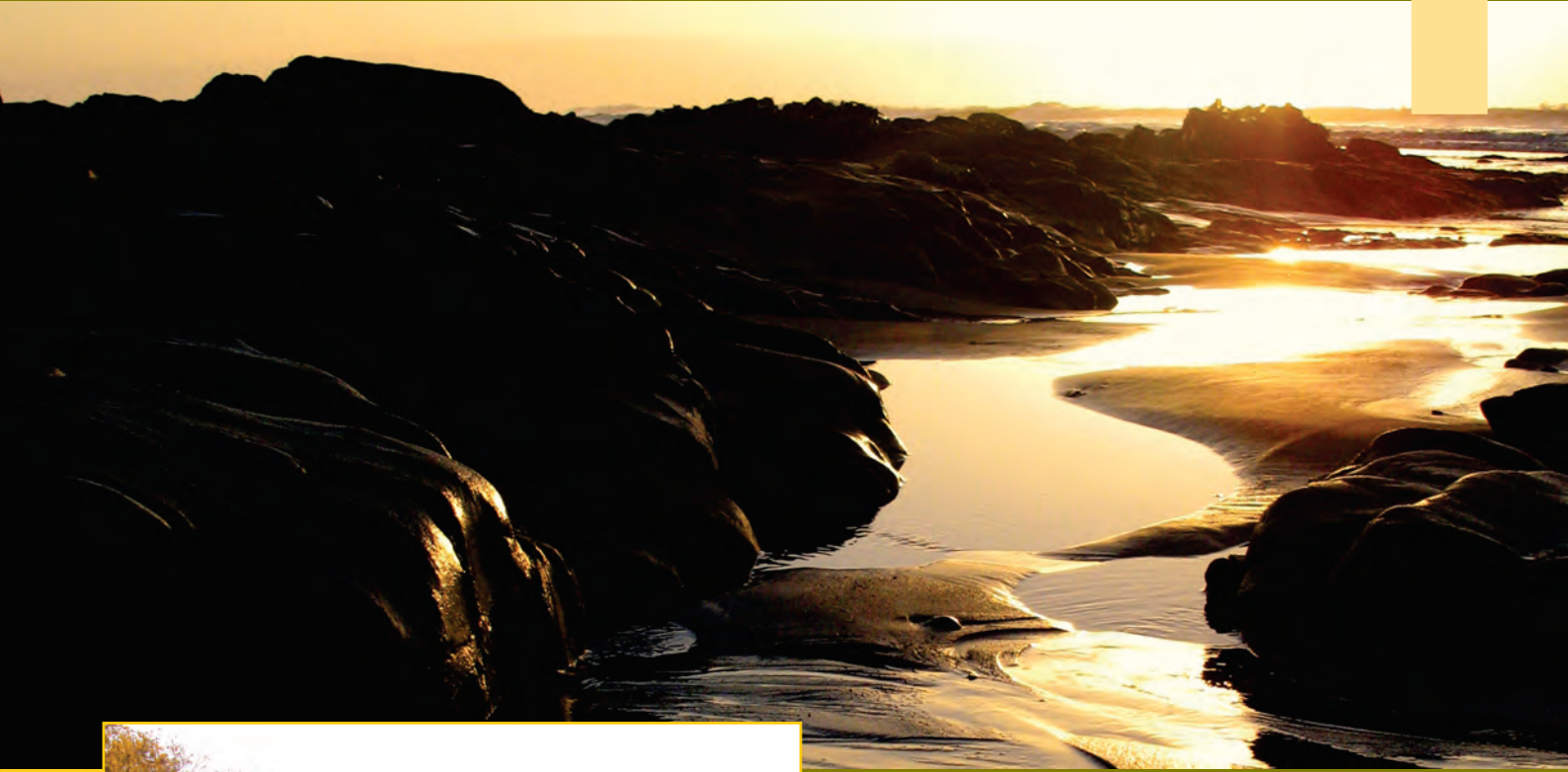
Annual Report 2014/15

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introduction

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From the Mayor

Thank you for taking an interest in this year's Annual Report, which is our opportunity to review the past 12 months and consider the ramifications our actions will have on the Clutha District in the coming years.

The economic and political environments we operate in have, once again, challenged and impacted our decision-making.

While many of our day-to-day functions remain ongoing, the stand-out features for me have been the noticeable lift in Council's workload, the acknowledgement that change is necessary and the pace at which that change of strategic direction has moved across the organisation to meet those challenges.



This year developing the 2015/25 Long Term Plan was a major undertaking, where we resolved to change our rating mechanisms around the 'Three Waters' to equalise the cost throughout urban communities. Changes to how we fund our roading network were also necessary as we responded to central government's continued reduction in their commitment to our district's roads.

One of the principal catalysts for the changes was a growing appreciation of what a declining population fundamentally means to our communities and the district, and what we need to do to address the issue. We also felt it was imperative that any initiatives were rates neutral and it is in this context I'd like you to consider Council's actions to promote growth.

To begin, we have considered where our focus should be to stimulate economic activity and enhance the prospect of population growth. The most visible initiative is our recent acquisition of an industrial park at the former Rosebank sawmill site, but there have been many other less prominent actions such as changes to the District Plan work programme to facilitate growth in Milton.

We are also working to free up land across the district and a review of Council's property portfolio has identified numerous parcels of land to sell as they are not considered strategically important. A review of Council's investments such as our forestry holdings has also been carried out to ensure we are getting the best returns we can.

In line with our commitment to attract and retain people in the district, I'm delighted the upgrade of Balclutha's main street is finally happening. The perception we, and others, have of our district is an important factor in the success of our overall growth strategy.

I'd also like to take this opportunity to congratulate all the communities that took part in the WW100 commemorations. Anzac Day 2015 was an important time in the Clutha District and the Council-led district-wide event held on 26 April, "The Anzac Connection" was a testament to the numerous community groups and individuals involved.

The 2014/15 year was another busy one, but I look forward to continuing our work to meet the ongoing challenges in our district, ones that we must all face together.

Bryan Cadogan
Mayor

Date: 22 October 2015

Chief Executive's Summary

I am now in my second year with Council and am pleased to see what has been achieved during 2014/15, particularly the work to set a strong strategic direction.

The financial year ended with a positive financial result and Council is in a strong position to move forward.

Financial Performance

After forecasting a \$1.6 million deficit in 2014/15, Council recorded a \$2.5 million surplus. Council operates a diverse and complex business and this is reflected in the items recorded against operating revenue and costs, and ultimately in the operating surplus result.



Revenue was \$1.8 million more than budgeted. This was due to a combination of factors including the following:

- New Zealand Transport Agency income for the subsidised roading programme was overbudget due to the timing of carry forwards and the end of the three year cycle for the 2012/15 subsidised Land Transport programme (\$1.1 million).
- There was additional income from leases and the sale of surplus Council land (\$0.1 million)
- Forestry was revalued upwards by \$0.4 million, and investment income was higher than budgeted by \$0.6 million due to better returns than forecast (\$1.0 million)
- Rates levied on Council-owned properties are no longer accounted for (\$0.3 million less revenue).

Operating costs were \$2.3 million less than budgeted. This was generated from several areas as outlined below:

- Water services and community services were both \$0.4 million less than forecast. Staffing levels and developing the 2015/25 Long Term Plan impacted on work programmes and projects carried out in 2014/15 in both these areas.
- Solid waste was \$0.2 million less, mostly due to landfill operation costs being less than budgeted.
- Community leadership was under budget by \$0.1 million, due to the carry forward of funding into the Clutha Gold Trail maintenance fund, and unspent community funding grants.
- Roothing was less than forecast by \$0.7 million. The main variance here was due to depreciation being less than budgeted.
- As included in revenue above, rates levied on Council-owned properties are no longer accounted for (\$0.3 million).

Financial Position

At balance date Council had net assets of just over \$1 billion. The vast majority were in land, buildings and infrastructure systems such as Council's roading and pipeline reticulation networks.

Fixed assets are less than budgeted by \$23.3 million. This was principally due to:

- Water services capital expenditure being less than forecast by \$6.5 million
- \$1.6 million less being spent on roading
- Changes in timing of the revaluation of roading which was carried out in 2014, a year earlier than initially budgeted in the 2012/22 Long Term Plan.

Capital Expenditure

After forecasting \$20.3 million worth of capital works in 2014/15, a total of \$13.7 million went through the books this year. This was primarily due to the changes in timing for major projects, such as Balclutha streetscape improvements and water treatment upgrades. We also took the opportunity to put the three waters renewals programme on hold, while we carefully evaluated forward works programmes ahead of updating 2015/25 Long Term Plan.

Internal Debt

Council has no external debt and continues to fund activities internally from reserve funds. Due to the change in timing for several large projects referred to above, internal debt increased from \$22.0 million to \$24.7 million, less than the \$27.3 million forecast. The main increase in internal debt was for the community loan for the Tuapeka Aquatic Centre, key water projects and purchase of the Rosebank mill industrial site.

Consequently internal debt now sits at \$1,441 per capita. Our other measure of internal debt is interest costs as a percentage of rates revenue, which is currently 4.59%. These are well within Council's self-imposed limits set in the financial strategy of \$1,500 per capita and 10% of rates revenue to service internal debt.

Investments

A flow on effect of less reserve funds than forecast being committed to internal borrowing, contributed to a change in investments, from \$21.9 million to \$21.8 million. This was \$11.3 million higher than the drop to \$10.5 million forecast in the 2014/15 Annual Plan.

Rates

A total of \$24.7 million of rates was collected this financial year. The overall rates change from 2013/14 to 2014/15 was 2.62%. This was slightly down on the 3.02% forecast in the 2014/15 Annual Plan, and within the parameters set in our 2012/22 Financial Strategy for 2014/15.

Local Government (Financial and Prudence) Regulations 2014

This year marked the second year of reporting against Local Government (Financial and Prudence) Regulations 2014. As set out on pages 123 to 130 of this report, Council was within the parameters set for these, with the exception of the debt control benchmark, where our forecast (internal) debt was less than forecast. However, Council continues with no external debt and no intentions to raise any in the future.

Overall, these results demonstrate that Council is prudently managing its revenue and expenses, its assets, and its liabilities.

Overview of Council's Non-Financial Performance

Reporting Against Our Performance Targets

The 2014/15 year was the third and final year of implementation of the 2012/22 Long Term Plan.

Council has structured its activities into eight groups which comprise a total of 24 activities. Council's non-financial performance is reported in the Statement of Service Provision section of the Annual Report.

Overall, of the 76 performance targets, Council met 45 (63%) of them and was within 5% of meeting a further 10 (14%). There were 16 (22%) not met and 1 (1%) that was not available at year end.

On one hand it was pleasing to note high levels of satisfaction recorded in Council's independent annual resident survey in several areas. On the other, there are several areas for improvement, including our own performance monitoring systems. A focus area for us is continuous improvement, and seeking to make further improvements on behalf of the community.

Projects of Note

The details of performance levels and key achievements are set out in each of the Group Activity areas in this Annual Report. Significant achievements or aspects of note during the year include:

Developing the 2015 Long Term Plan

Planning for the future took centre-stage during 2014/15 as we developed our first 30-year infrastructure strategy and updated our ten year plan.

Elected members and staff spent considerable time and effort throughout 2014/15 updating the ten year plan. To meet new legislative requirements, for the first time Council created a magazine-style consultation document designed to be easy to understand and interesting to read. The Your Community - Your Council - Your Future consultation document helped explain key issues and decisions Council was facing. It set out options for public feedback, to help elected members make choices and set Council's future direction. The new format and approach resulted in double the number of responses compared to 2012 when the last plan was developed.

The concentrated effort on developing the LTP did impact on work programmes and our capacity to complete projects during 2014/15. It also gave us the opportunity to put some on hold to check they were in keeping with Council's strategic direction going forward.

Economic Development

Clutha Development Trust continued economic development and destination marketing work on Council's behalf, and also played a key role in developing Council's strategic direction through the drafting of the Economic Development and Living and Working strategies.

In parallel with this work, Council aligned the service specification and contract to these two strategies. Clutha Development Trust also underwent necessary structural change and Council approved its proposed structure of an Incorporated Society, Clutha Development, and a separate charitable trust. The new specification and the new organisation take effect for the new financial year.

Promoting Growth

In keeping with the support shown through the Long Term Plan process for Council to take a leadership role in driving our district's economy, Council purchased eight hectares of the former Rosebank sawmill site towards the close of the financial year. Converting the Rosebank sawmill site on Balclutha's outskirts into an industrial park will help meet demand from our businesses to expand, as well as a demand for businesses to locate here.

The purchase was consistent with Council's new economic development strategy adopted following public consultation and is closely linked with the development of the Long Term Plan. The strategy provides for Council to be more proactive about promoting growth and business investment, including jobs, and allows it to take up opportunities, as long as any decision is, at worst, rates neutral.

Council plans to ensure maximum yield and quality development of the site as an industrial park for the benefit of the community. There will be opportunities for any size business to advise Council of its needs and for potential developers and investors to advise us of their interests, so the site can be developed to its full potential.

Property Review

A major review of Council's portfolio of over 600 properties began in 2014/15. During the year Council developed a decision-making process for the future of individual Council property holdings and for the purchase of new Council property. Work began to classify property as held for strategic purposes, strategic assets, reserve land, land associated with assets, forestry property, and land no longer held for a strategic purpose. Council will go on to sell or lease non-strategic properties, depending on which provides the greatest economic return, this will feed into reserves for future decisions by Council for best use of the funds.

Improving Council's Forestry Investment Return

With over a quarter of our forestry at harvest maturity, Council examined options for achieving the best returns possible from the 358 hectares of commercial trees it currently owns. We called for proposals from interested parties to demonstrate how to generate the highest economic return from our existing forestry resources, including divestment as an option. After reviewing the proposals, it was decided the best economic return would not be gained from continued forestry management, and it was resolved that a market valuation should be sought so that divestment options can be considered.

WW100 Commemorations

Like all of New Zealand, ANZAC Day 2015 was an important time in the Clutha District, where many residents commemorated and connected with the past. Following on from services throughout the district, Council staff coordinated a district-wide commemoration held on Sunday 26 April, referred to as "2015 The Anzac Connection - Clutha District". It began with a commemorative parade of military and war-era vehicles, horses, and more than 200 marchers through the streets of Balclutha, followed by a reception at the Cross Recreation Centre, held in tribute to Anzac soldiers. The event also included a vintage aircraft flyover, flag-raising of New Zealand and Australian flags, historical displays, and a variety performance involving community and school groups from throughout the district.

Tuapeka Aquatic Centre Grant

In September 2014, Council approved a \$1.35 million loan-funded grant to Tuapeka Aquatic Centre Inc towards building the Tuapeka Aquatic Centre in Lawrence.

The new \$2.4 million community-owned and operated facility will be located alongside the Lawrence Area School and Simpson Park complex and sporting hub.

As longer term options for community facilities in the district come under the spotlight, Council has encouraged communities to take over the running of pools. The Tuapeka Aquatic Centre community-driven project to replace an aging Council-owned-and-operated Lawrence pool is an example of a local community finding sustainable solutions for the facilities important to them.

Balclutha Streetscape

After further consultation to help inform final designs, the main construction tender was awarded late March 2015 and physical construct on the long-awaited main street upgrade began with the undergrounding of overhead powerlines. Due to delays incurred in getting the project underway, an overall under expenditure occurred for 2014/15 with a revised timeframe and budget allocation confirmed through the 2015/25 Long Term Plan Process.

Clydevale-Pomahaka Rural Water Scheme Capacity Upgrades

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was designed and tendered in 2014/15. This upgrade was well underway by the end of the year, but substantial works are still required in early 2015/16 due to the necessity for some redesign and wet ground conditions halting pipe-laying work. Additional units will be supplied during 2015 as these upgrades are finalised.

Work to Water Treatment Plants

Work to key urban water treatment plants continued in 2014/15. This included the renewal of plant buildings, repainting, upgrades to meet Occupational Health and Safety requirement and updating the operations and maintenance manuals. The work was completed for Balclutha and Tapanui in 2014/15 and will continue into 2015/16 for Lawrence and Kaitangata.

Rural Water Quality and Compliance with Drinking Water Standards

Council must 'take all practicable steps' to meet drinking water standards, so we are continuing treatment upgrades across all urban and rural water schemes.

During the year Council investigated what upgrade work was required to bring schemes up to current drinking water standards, for protozoa and bacteria compliance. Examples of protozoa include giardia and cryptosporidium. Examples of bacteria include E. coli.

Progress has been made on a number of treatment plants, however this project is behind schedule and not as much work was completed during 2014/15 as expected. As such, the work programme has been revised and the water upgrade projects are expected to be completed over the next three years.

Milton Mains Renewals

There are approximately 7.6km of concrete water mains in the Milton water supply system. Some 6.7km of these were installed in 1925, 90 years ago. Problems with these pipes breaking, along with condition assessments showed that 1km of these pipelines needed to be fixed or replaced. The majority of the physical works for these replacements were carried out in 2013/14, and finalised in 2014/15.

At the same time flow monitoring measures were also installed, to help identify areas of the town with high water flows and usage. The information from this monitoring will help detect leaks and inform future pipeline renewal works.

Waitahuna Rising Main Renewal

The Waitahuna Treatment Plant treats water for the Balmoral 1, Balmoral 2 and Tuapeka East Rural Water Schemes. The rural water scheme committees and Council confirmed a budget for the renewal of the two high pressure rising mains in 2014/15. The pipeline installation work was completed during the year, but a delay in the supply of key components at the treatment plant meant final completion of this project was delayed until early 2015/16.

Wheelie Bin Collection

The two-bin residual waste and recycling wheelie bin collection entered its fourth year, meeting or surpassing the performance targets for Resident Satisfaction, tonnes of recyclables collected and tonnes of waste diverted from Mt Cooee Landfill.

While the tonnes of waste collected per month appear to be following an upward trend, the number of wheelie bin customers is also increasing in a similar trend. While there has been an overall increase in the tonnes of recycling collected, the kilograms of recycling collected per customer has remained relatively static since service began in April 2012.

The main concern from customers remains the emptying frequency as different users have different waste needs. Council has signalled more work in this area to survey actual usage over the next two years. This will inform any future decision making about the provision of this service.

Mt Cooee Landfill

The Mount Cooee Landfill operation is generally working well, but there are some consent issues to be resolved regarding the stormwater culvert underneath the landfill.

Investigation of options for remediation work to the stormwater pipeline at the landfill continued throughout 2014/15. This work is also an important step in the process of preparing to apply for a resource consent extension when the current consent expires in 2023.

Cross Recreation Centre Carpark Sealing

Following overwhelming community support, the sealing of the carpark at the district's recreation hub was completed in 2014/15.

Since opening in 2011 in Balclutha, the Cross Recreation Centre has become an important community asset and recreational hub for the Clutha District. Council was the main funder of the facility, contributing half the cost of building the \$5 million facility. It now boasts user statistics of over 50,000 visits a year.

Council included a budget of \$147,000 in the 2014/15 Annual Plan and approved an additional \$28,000 to ensure the sealing was completed. It was completed in June 2015 and has resulted in a number of improvements for users. These include a cleaner environment and access, more efficient use of parking space and less cleaning for the centre. Feedback regarding this project has been overwhelmingly positive.

Balclutha Playground Improvements

New playground equipment designed to appeal to a wider age range was installed at the Balclutha Bridge Playground in 2013/14 and was completed in 2014/15.

This project has seen a significant increase in use of this playground and further improvements such as seating and landscaping are planned from existing budgets.

District Plan

The ongoing programme to update the District Plan continued during 2014/15, with a focus on infrastructure and hazards.

Hearings were held for Plan Changes 28-36 (Infrastructure and Hazards) in late 2014, with decisions issued in December 2014. An appeal by the Otago Regional Council was made to plan changes 33-36 (Hazards), with two other land owners joining the appeal, which is still unresolved.

A joint coastal study between other Otago councils was commissioned with the report on the Clutha coast produced in June 2015. Consultation on this and the Outstanding Natural Landscape study produced in 2014 is still to be started.

Building Control

During the year there was fewer building consent applications, with 461 issued for the year, compared to 505 applications in 2013/14. However, the value of consents was around the same at \$34 million. All consents were processed within the statutory timeframes. Likewise, the processing of Land Information Memorandums was well within the timeframes required.

A review of our Building Control Authority functions was carried out by IANZ in January 2015, with four corrective actions needed before the certification could be granted. This was achieved within the timeframe set.

I am now into my second year with Council and am pleased to see a strong strategic direction has been set through the Long Term Plan, along with a clear work programme. It is clear that the organisational structure of Council must change if that programme is to be met, but I am confident we will do just that and I look forward to what our future achievements will mean for our communities and the district.



Steve Hill
Chief Executive
Date: 22 October 2015

Independent Auditor's Report



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2015

The Auditor-General is the auditor of Clutha District Council (the District Council). The Auditor-General has appointed me, B E Tomkins, using the staff and resources of Deloitte to audit:

- the financial statements of the District Council that comprise:
 - the statement of financial position as at 30 June 2015 on page 71;
 - the statement of comprehensive revenue and expense on page 69, the statement of changes in net assets/equity on page 70, and cashflow statement for the year ending 30 June 2015 on page 72;
 - the funding impact statement of the District Council on page 130;
 - the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 16 to 66; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 73 to 121;
- the statement of service performance of the District Council on pages 16 to 66 and the funding impact statements in relation to each group of activities of the District Council on pages 16 to 66; and
- the disclosures of the District Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 122 to 129.

In addition, the Auditor-General has appointed me to report on whether the District Council's annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, where applicable, by including:

- information about:
 - internal borrowing on page 100;
 - reserve funds on pages 101 to 107;
 - each group of activities carried out by the District Council on pages 16 to 66;
 - remuneration paid to the elected members and certain employees of the District Council on pages 91, 113 and 114;
 - employee staffing levels and remuneration on page 114;
 - severance payments on page 113;
 - rating base units on page 120; and
 - insurance of assets on page 121;
- a report on the activities undertaken by the District Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 26; and
- a statement of compliance signed by the Mayor of the Council, and by the District Council's Chief Executive on page 68.



Opinion

Audited information

In our opinion:

- the financial statements of the District Council on pages 69 to 121:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2015;
 - the results of its operations and cash flows for the year ended on that date; and
 - comply with generally accepted accounting practice in New Zealand.
- the funding impact statement of the District Council on page 130, presents fairly, in all material respects, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the District Council on pages 16 to 66, presents fairly, in all material respects, by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan.
- the statements of service performance of the District Council on pages 16 to 66:
 - present fairly, in all material respects, the District Council's levels of service for the year ended 30 June 2015, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
 - comply with generally accepted accounting practice in New Zealand; and
- the funding impact statements in relation to each group of activities of the District Council on pages 16 to 66, present fairly, in all material respects, by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan.
- the disclosures on pages 122 to 129 represent a complete list of required disclosures and accurately reflect the information drawn from District Council's audited information.

Compliance with the other requirements of schedule 10

The District Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 22 October 2015. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Council and our responsibilities, and we explain our independence.



Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the information we audited is free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and statements of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the District Council's preparation of the information we audited in order to design procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the District Council's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Council;
- the adequacy of the disclosures in the information we audited;
- determining the appropriateness of the reported statements of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

We did not examine every transaction, nor do we guarantee complete accuracy of the information we audited.

When reporting on whether the annual report complies with the *Other Requirements* of schedule 10 of the Local Government Act 2002, our procedures were limited to making sure the information required by schedule 10 was included in the annual report, where relevant, and identifying material inconsistencies, if any, with the information we audited. This work was carried out in accordance with International Standard on Auditing (New Zealand) 720; *The Auditor's Responsibilities Relating to Other Information in Documents Containing Audited Financial Statements*. As a result we do not express an audit opinion on the District Council's compliance with the requirements of schedule 10.

We did not evaluate the security and controls over the electronic publication of the information we are required to audit and report on. We have obtained all the information and explanations we have required and we believe we have obtained sufficient and appropriate evidence to provide a basis for our opinion.

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and statements of service performance that:
 - comply with generally accepted accounting practice in New Zealand;
 - present fairly the District Council's financial position, financial performance and cash flows;
 - present fairly its service performance, including achievements compared to forecast;

Deloitte.

- a funding impact statement that presents fairly the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's annual plan;
- funding impact statements in relation to each group of activities that presents fairly by each group of activities the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the District Council's long-term plan;
- statements about budgeted and actual capital expenditure in relation to each group of activities that presents fairly by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the District Council's long-term plan or annual plan;
- disclosures in accordance with the requirements of the Local Government (Financial Reporting and Prudence) Regulations 2014; and
- the other information in accordance with the requirements of schedule 10 of the Local Government Act 2002.

The Council's responsibilities arise under the Local Government Act 2002.

The Council is responsible for such internal control as it determines is necessary to ensure that the annual report is free from material misstatement, whether due to fraud or error. The Council is also responsible for the publication of the annual report, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to this audit, which includes our report on the *Other Requirements*, we have carried out other assurance services and assignments in the areas of conducting an audit of the District Council's 2015-2025 Long Term Plan which are compatible with those independence requirements. Other than the audit and this assignment, we have no relationship with or interests in the District Council.




B E Tomkins
Deloitte
On behalf of the Auditor-General
Dunedin, New Zealand

statement of service performance

2



2014/15 in Detail

This section of the Annual Report includes detail about Council's achievements and performance in 2014/15 (referred to as Statement of Service Provision). It also includes commentary about the main achievements in each of Council's eight strategic areas referred to as:

- Community Leadership
- Roading
- Water Supply
- Sewerage
- Stormwater
- Solid Waste Management
- Community Services
- Regulatory and Emergency Services.

All of Council's work aims to contribute towards our long term goals, referred to as Council Community Outcomes. How these link with Council's services is outlined on the following page.

For each of the eight areas of Council, we include the following:


- What we do for each area, and why we do it.
- A wrap up of what happened in each area in the 2014/15 year.
- How we performed and whether we met our performance targets.
- What it cost, whether we met budgets, and an explanation for variances.


All performance measures were set in 2012 as part of the 2012/22 Long Term Plan (LTP). Performance is measured in a variety of ways, including independently commissioned annual surveys of Clutha District residents.

Table: Linking Council Activities with Council's Community Outcomes

Outcome	1	2	3	4	5	6	7
	A well informed community where people have their say in decisions that affect them	Roading infrastructure that sustainably supports the community and economy	Water services that sustainably support the community and economy	Community facilities that sustainably benefit users and the wider community	A sustainable environment that promotes a clean, green image	An economic environment that encourages growth in a way which sustainably supports the community	A safe and supportive community
Community Leadership							
Governance	Primary	Secondary	Secondary	Secondary	Secondary	Secondary	Secondary
Economic Development						Primary	
Community Development				Primary			Primary
Roading							
Roads & Footpaths		Primary					
Water Supply							
Urban Water Supply			Primary				
Rural Water Schemes	Secondary		Primary				
Sewerage							
Sewerage			Primary		Primary		
Stormwater							
Stormwater			Primary		Secondary		
Solid Waste Management							
Solid Waste Management					Primary		
Community Services							
Libraries, Service & Info Centres				Primary		Secondary	
Swimming Pools				Primary			
Parks, Reserves & Sportsgrounds				Primary	Secondary		
Halls & Community Centres				Primary			
Public Conveniences				Primary	Secondary		
Cemeteries				Primary	Secondary		
Community Housing & Property				Primary			Secondary
Cross Recreation Centre				Primary			
Regulatory and Emergency Services							
Resource Management	Secondary				Primary	Secondary	
Building Control						Secondary	Primary
Environmental Health						Secondary	Primary
Animal Control					Secondary		Primary
Liquor Licensing	Secondary					Secondary	Primary
Civil Defence							Primary
Rural Fire							Primary

Key

 Council Outcome the activity primarily contributes to

 Council Outcome the activity makes a secondary contribution to

Council Community Outcomes

In the 2012/22 Long Term Plan, Council committed to monitoring and reporting on the below Council community outcomes. As per this commitment, the below information is included in the Annual Report 2014/15.



Community Outcome 1

A well informed community where people have their say in decisions that affect them

Why it is important:

'Local people making local decisions' is an important part of the philosophy of our rural district and our council.

Monitoring results for this outcome in 2014/15:

- 70% of residents were satisfied that they had an opportunity to participate in decision-making and planning processes.
- 51% of eligible voters voted in the October 2013 triennial elections.



Community Outcome 2

Roading infrastructure that sustainably supports the community and economy

Why it is important:

Local roading is an integral part of our infrastructure and is especially important to our lives and livelihood in our widespread rural district.

Monitoring results for this outcome in 2014/15:

- 66% of residents were satisfied that local roads were appropriate for their travel needs.



Community Outcome 3

Water services that sustainably support the community and economy

Why it is important:

Water supplies, sewerage schemes and stormwater drainage are essential for our urban communities to function. Rural water schemes provide an important cornerstone for the productivity of our agricultural industry.

Monitoring results for this outcome in 2014/15:

- 63% of urban customers and 64% of rural customers were satisfied with the taste and cleanliness of their water supply.
- 95% of customers were satisfied with sewerage services.
- 84% of customers were satisfied with stormwater services.



Community Outcome 4

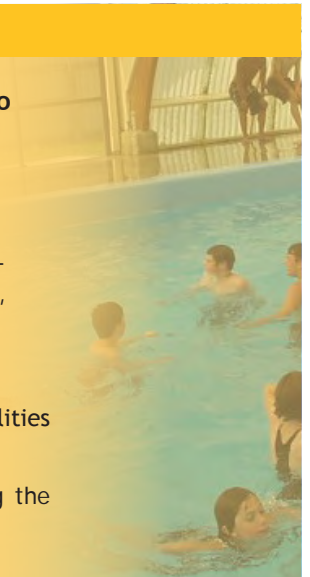
Community facilities that sustainably provide benefits to users and the wider community

Why it is important:

Community facilities play a key part in our way of life and well-being, but we recognise that they do come at a cost for our relatively small rating base. Getting as much as we can out of them, now and in the future is important.

Monitoring results for this outcome in 2014/15:

- 77% of residents were satisfied with community facilities (overall average).
- 50% of residents used a Council-operated facility during the past 12 months (overall average).



Community Outcome 5

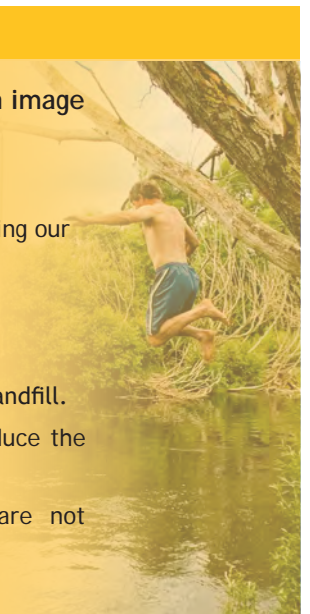
A sustainable environment that promotes a clean, green image

Why it is important:

Our district's economy and lifestyle is based around the natural environment. Stewardship of our environment is vital for sustaining our way of life for both today's residents and future generations.

Monitoring results for this outcome in 2014/15:

- 499kg of waste per resident went into Mt Cooe Landfill.
- 41kg of waste per resident was diverted from Mt Cooe Landfill.
- 76% of residents were aware of at least two ways to reduce the waste they produce.
- Resource consent conditions for Council's activities are not reported here due to timing/availability of information.



Community Outcome 6

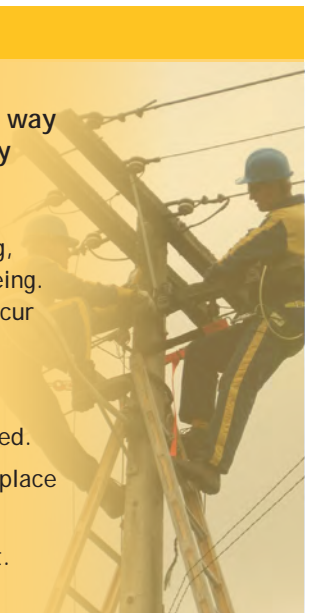
An economic environment that encourages growth in a way which sustainably supports and protects the community

Why it is important:

A strong economy not only provides for our economic well-being, but also supports our social, cultural and environmental well-being. It is also important to ensure that economic growth does not occur at the expense of our communities or environment.

Monitoring results for this outcome in 2014/15:

- Just under \$34 million of building consents were processed.
- 88% of residents agreed that the Clutha District is a good place to make a living.
- \$31.94 per resident was spent on economic development.





Community Outcome 7

A safe and supportive community

Why it is important:

Having a safe and supportive community is part of our district's identity as the place where 'everyone says hello'. It is an important part of what makes our district a great place to live.

Monitoring results for this outcome in 2014/15:

- 95% of residents agreed that there is a great sense of community where they live.
- 97% of residents agreed that the Clutha District is a safe place to live.
- 43 community groups and organisations were provided with financial assistance.
- \$21.88 per resident was spent on community grants.



Community Leadership

What we do

Council provides leadership for the district, including governing Council's operations and budgets and supporting our economy and communities. The activities in this group include Governance, Economic Development and Community Development.

GOVERNANCE involves:

- Providing representation to 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 elected 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.

ECONOMIC DEVELOPMENT involves services orientated towards:

- Enabling and strengthening our business and primary production sectors (through a contract with the Clutha Development Trust).
- Attracting and supporting new businesses and enterprise developments (through a contract with the Clutha Development Trust).
- Destination marketing and tourism development (through a contract with the Clutha Development Trust), and also Council funding for information centres in Lawrence, Milton and Owaka.

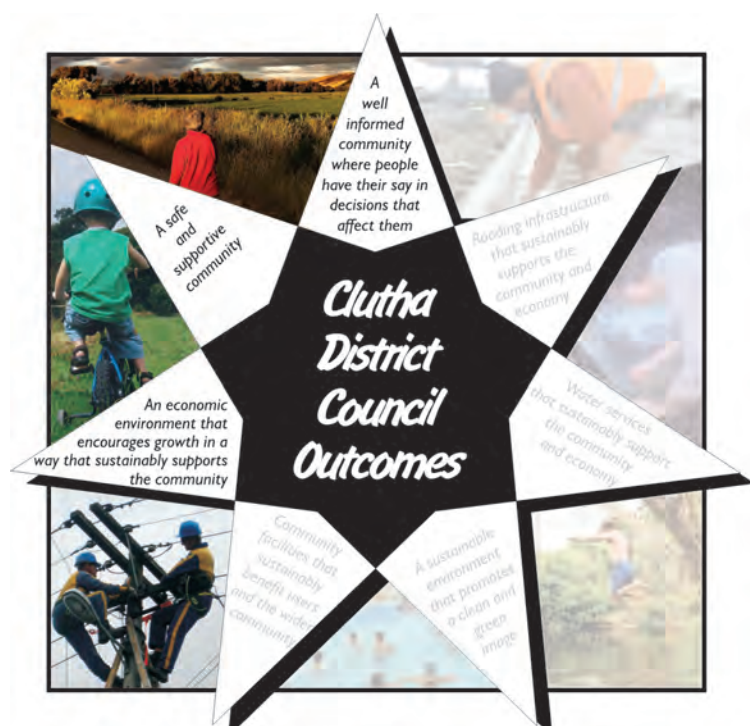
COMMUNITY DEVELOPMENT involves:

- Providing financial and non-financial assistance to a range of community groups and organisations.
- Promoting development of the District's youth.
- Recreation promotion and coordination.
- Arts and Cultural Development, including providing funding to the six museums in the district.

Why we do it

Council is involved in these activities to help our district and its communities develop and move forward. Decisions are made in the interests of the whole of the district, with current and future generations in mind.

This activity group makes a primary contribution to the community outcomes "a well informed community where people have their say in decisions that affect them", "an economic environment that encourages growth in a way which sustainably supports the community" and "a safe and supportive community".



Wrap up for Community Leadership in 2014/15

Governance

Your Community, Your Council, Your Future - Developing the Long Term Plan

Planning for the future took centre-stage during 2014/15 as we developed our first 30-year infrastructure strategy and updated our ten year plan.

Elected members and staff spent considerable time and effort throughout 2014/15 updating the ten year plan. Several key issues were considered during its development including whether ratepayers' urban water, sewerage and stormwater charges depended on the community they lived in; and whether Council should reduce spending on roads across the district and target investment at roads with the biggest economic impact.

To meet new legislative requirements, for the first time Council created a magazine-style consultation document designed to be easy to understand and interesting to read. The Your Community - Your Council - Your Future consultation document helped explain key issues and decisions council was facing. It set out options for feedback, to help in making choices and set future direction.

A range of community-specific issues were also included in the consultation document such as sealing the Nuggets Road and the future of the Kaitangata Swimming Pool.

Council also consulted on the proposed economic development and living and working in Clutha strategies; revenue and financing policy; policy on the remission of rates; policy on the remission and postponement of rates on Maori freehold land; policy on financial contributions; and the proposed schedule of fees and charges for 2015-16.

Just over 370 written submissions were received from residents and organisations. This was double the number of responses in 2012 when the last long term plan was developed. A further 41 people also came to speak to Council in support of their written submissions.

Taking a Leadership Role in Promoting Growth

After recognising the importance of the site and what it could mean for the local area, Council took a vital move towards promoting industrial growth by purchasing the former Rosebank Sawmill site.

In keeping with the support shown through the Long Term Plan process for Council to take a leadership role in driving our district's economy, Council purchased 8 hectares of the former Rosebank Sawmill site towards the close of the financial year. Converting the Rosebank sawmill site on Balclutha's outskirts into an industrial park will help meet demand from our businesses to expand, as well as a demand for businesses to locate here.

The purchase was consistent with Council's new economic development strategy adopted following public consultation and is closely linked with the development of the Long Term Plan. The strategy provides for Council to be more proactive about promoting growth and business investment, including jobs, and allows it to get on and take up opportunities, as long as any decision is, at worst, rates neutral.

Council has identified that action needs to be taken in both Balclutha and Milton to facilitate future growth in the towns. In particular, Balclutha has a lack of space for industrial growth. After careful consideration Council recognised this was an opportunity that we could not pass up, especially when we are capable of driving development on a rates neutral basis. With Council's primary objective being to facilitate growth, not make a profit, it allows us to offer affordable sites in a district that has been lacking options.

Council plans to ensure maximum yield and quality development of the site as an industrial park for the benefit of the community. There will be opportunities for any size business to advise Council of its needs and for potential developers and investors to advise us of their interests, so the site can be developed to its maximum potential.

Property Portfolio Review

A major review of Council's portfolio of over 600 properties began in 2014/15.

Council developed a process for decision-making on the future of individual Council property holdings and for the purchase of new Council property. During the year work began to classify property into that held for strategic purposes, strategic assets, reserve land, land associated with assets, forestry property, and land no longer held for a strategic purpose.

Council will go on to sell or lease non-strategic properties, depending on which provides the greatest economic return, which will feed into reserves for future decisions by Council for best use of the funds.

Improving Council's Forestry Investment Return

With over a quarter of our forestry at harvest maturity, Council turned attention to examining options for achieving the best returns possible from this investment.

Council currently owns approximately 464 hectares of land, with 358 hectares occupied by commercial trees. There is currently 100 hectares that have reached harvest maturity.

During the year Council began taking a close look at our forestry estate. We called for proposals from interested parties to demonstrate how to generate the highest economic return from our existing forestry resources, including divestment as an option.

Council reviewed proposals and identified the best economic return was not from continued forestry management, and resolved for market valuation to be determined, so that further divestment options can be considered.

Tuapeka Aquatic Centre Grant

In September 2014, Council approved the release of the \$1.35 million loan-funded grant to Tuapeka Aquatic Centre Inc towards building the Tuapeka Aquatic Centre in Lawrence.

The new \$2.4 million community-owned and operated facility will be located alongside the Lawrence Area School and Simpson Park complex and sporting hub. It will include a toddlers' pool, learners' pool and 25m six-lane lap pool and is expected to operate six months of the year.

As longer term options for community facilities in the District come under the spotlight, Council has encouraged communities to take over the running of pools. The Tuapeka Aquatic Centre community-driven project to replace an aging Council-owned-and-operated Lawrence pool is an example of a local community finding sustainable solutions for the facilities important to them.

Council's funding commitment, set at up to 57% of construction costs, had been subject to Council approval of the final design, contract cost and procurement process, confirmation of other funding sources, and consideration of project risks.

There will be a rating impact which will take effect from 1 July 2015 when the \$1.35 million begins being repaid from a combination of Lawrence/Tuapeka Community Board ward rates, Lawrence community services rates and the uniform annual general charge.

While the rates impact is not insignificant, Council noted that the existing Lawrence pool would have required significant expenditure to keep it operational had the new project not gone ahead.

Council recognises the significant community effort to raise in excess of \$400,000, and substantial volunteer contribution from local contractors and community members towards the building of the facility.

Construction began in October 2014 and the facility is expected to open for the 2015/16 summer season.

Economic Development

Clutha Development Trust continued economic development and destination marketing work on Council's behalf, and also played a key role in developing Council's strategic directions in the Economic Development and Living and Working strategies.

Clutha Development Trust participated in drafting the economic development strategy and living and working in Clutha strategy. In parallel with this work Council aligned the service specification and contract to these two strategies. Clutha Development Trust was also undergoing necessary structural change and Council approval was given to their proposed structure of an Incorporated Society, Clutha Development, and a separate charitable trust. The new specification and the new organisation are in effect for the new financial year.

Other highlights included:

- Facilitating water catchment farmer groups to assist implementing the Otago Regional Council's Plan Change 6A.
- Working on the feasibility for extending the Clutha Gold Cycle from Lawrence to Waihola
- Facilitating Lawrence Wetlands Project, which aims to turn land into a wetland for the benefit of the community.
- Developing the Clutha Young Professionals Network, which aims to provide young professionals in the Clutha District with opportunities to meet new people, make new friends and develop professional networks through a range of social and business events held throughout the year.

Community Development

Community support and development included contact with some 75 community groups and organisations in 2014/15.

Ensuing support included facilitation and connection to leadership, funding workshops, coordination of social media training, planning support and advice with funding applications, establishment of new groups and on-going support, the requirements of incorporation, scoping significant projects, support with feasibility studies, participation in the long term planning process, setting up a trust and charities registration.

WW100 Commemorations

Like all of New Zealand, ANZAC Day 2015 was an important time in the Clutha District, where many residents commemorated and connected with the past, and in doing so, with each other.

Following on from services throughout the district on Saturday, Council Community Development staff coordinated a district-wide commemoration held on Sunday 26 April, referred to as "2015 The Anzac Connection - Clutha District".

Beginning with a commemorative parade of military and war-era vehicles, horses, and more than 200 marchers through the streets of Balclutha, followed by a reception held in tribute to Anzac soldiers at Cross Recreation Centre. The commemoration also included a vintage aircraft flyover, flag-breaking of New Zealand and Australian flags, historical displays, and variety performance involving various community and school groups from throughout the district.

Clutha District Youth Council

The Youth Council continued into its seventh year in 2015.

This year the Youth Council have taken part in a number of workshops covering team building, council services, respect and working together, and event planning. The Youth Council made a thoughtful submission to the LTP process, holding a workshop on the topic of Youth - Living and Working in Clutha District. This workshop is the beginning of improved community engagement to be driven by the Youth Council.

Other highlights for the Youth Council included delivering the annual Youth Week Disco and the Friday Night Fives annual sports team event at the Cross Recreation Centre.

Clutha District Youth Development Programme

Clutha District Youth Development Programme is a collaboration, with Clutha District Council contracting the Malcam Charitable Trust to deliver programmes for Clutha District's youth.

The main objective of the programme is to provide Clutha District youth between 12 and 24 years with the opportunity to build self-esteem and confidence, build leadership skills, and increase their connection with, and participation within their communities.

To provide a basis for programme delivery, a survey of Clutha District youth was completed with a return response from 750 young people.

Following on from this in 2014/15 youth development programmes were initiated in Blue Mountain College, South Otago High School and Tokomairiro High School. Also a youth Tokomairiro Drama Group was established to build confidence, improve decision making skills and growing healthy interaction in young people.

Working with the Community Support and Development Advisor the Malcam Trust's Youth Worker also provides facilitation to the CDC Youth Council. Motivational team building workshops are held before each Youth Council meeting to provide confidence building and encouragement to members to engage actively with the youth in the district.

Clutha District Settlement Support

Clutha District Council continues to work in conjunction with Clutha District Settlement Support Group, Clutha Development Trust, Immigration New Zealand and Ethnic Communities New Zealand towards establishing a 'Settling In' Initiative for the Clutha District.

Maori Participation in Decision-Making

During 2014/15, along with other councils in Otago/Southland, Council participated in the Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. The papatipu runanga and the participant councils continue to meet quarterly at the Te Roopu Taiao hui, which provides for excellent partnership and exchange of information. A key focus in 2014/2015 has been to seek to give these meetings more of a strategic focus and less focus on day to day operational / retrospective reporting back.

A review is also underway of the Charter of Understanding foundation document, He Huarahi mō Ngā Uri Whakatupu, which articulates the relationship between the four councils and the tangata whenua. This is expected to be completed in the 2015/16 year. Council has renegotiated its terms of engagement with KTKO and Te Ao Marama Incorporated for the review of the District Plan.

Council also acknowledges the local runanga, Waikoau Ngai Tahu South Otago Runanga, and liaises with them on matters that might be of relevance.

What we achieved in 2014/15

ECONOMIC DEVELOPMENT

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Provide one on one support to existing local businesses</i>	Number of businesses supported annually	46	≥150	71* Not achieved
<i>Provide one on one advice and assistance to new business ventures</i>	Number of potential new businesses assisted annually	9	≥15	15 Achieved
<i>Facilitate, support and promote apprenticeship programmes in the District</i>	Number of new apprenticeships	3	10	3* Not achieved
	Number of apprentices supported in the district annually	13	20	13* Not achieved
<i>Undertake research and best practice projects that aim to enhance and strengthen productivity, diversity and sustainability of Clutha's primary production sector</i>	Number of projects undertaken	4	3	4 Achieved

* Work programme was significantly impacted by the CDC-directed adjusted work programme and respecification of contract.

GOVERNANCE

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>For elected members to provide a high level of participation in the decision-making process</i>	Residents satisfied with decision-making, leadership and planning of elected members	83%	≥50%	80% Achieved
	Residents satisfied with overall performance of the Clutha District Council	82%	≥60%	80% Achieved
	Residents who see or read the 'Council News' newsletter	89%	≥90%	88% Not achieved

What it cost for Community Leadership in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	2,058	2,126	2,023
Targeted rates	106	108	181
Subsidies and grants for operating purposes	0	0	0
Fees and charges	27	28	0
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,191	2,262	2,204
Applications of operating funding			
Payments to staff and suppliers	(2,748)	(1,716)	(2,459)
Finance costs	(42)	(98)	(44)
Internal charges and overheads applied	(352)	(368)	(393)
Other operating funding applications	0	0	0
Total applications of operating funding	(3,142)	(2,182)	(2,896)
Surplus (deficit) of operating funding	(951)	80	(692)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	1,000	(53)	901
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	1000	(53)	901
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	0
Capital expenditure to replace existing assets	0	0	0
(Increase) decrease in reserves	(83)	(9)	(209)
(Increase) decrease of investments	34	(18)	0
Total applications of capital funding	(49)	(27)	(209)
Surplus (deficit) of capital funding	951	80	692
Funding Balance	0	0	0

What it cost for Central Administration in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	419	430	500
Targeted rates	0	0	87
Subsidies and grants for operating purposes	0	0	0
Fees and charges	363	374	427
Internal charges and overheads recovered	3,685	3,820	3,655
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	4,467	4,624	4,669
Applications of operating funding			
Payments to staff and suppliers	(4,098)	(4,244)	(4,083)
Finance costs	(52)	(50)	(51)
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding	(4,150)	(4,294)	(4,134)
Surplus (deficit) of operating funding	317	330	535
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(32)	(34)	(34)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	(32)	(34)	(34)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	0
Capital expenditure to replace existing assets	(71)	(175)	(138)
(Increase) decrease in reserves	(108)	(148)	(1,713)
(Increase) decrease of investments	(106)	27	1,350
Total applications of capital funding	(285)	(296)	(501)
Surplus (deficit) of capital funding	(317)	(330)	(535)
Funding balance	0	0	0

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 roading network of 2,910km, the Clutha District has the third largest local roading network in New Zealand. Of the 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.

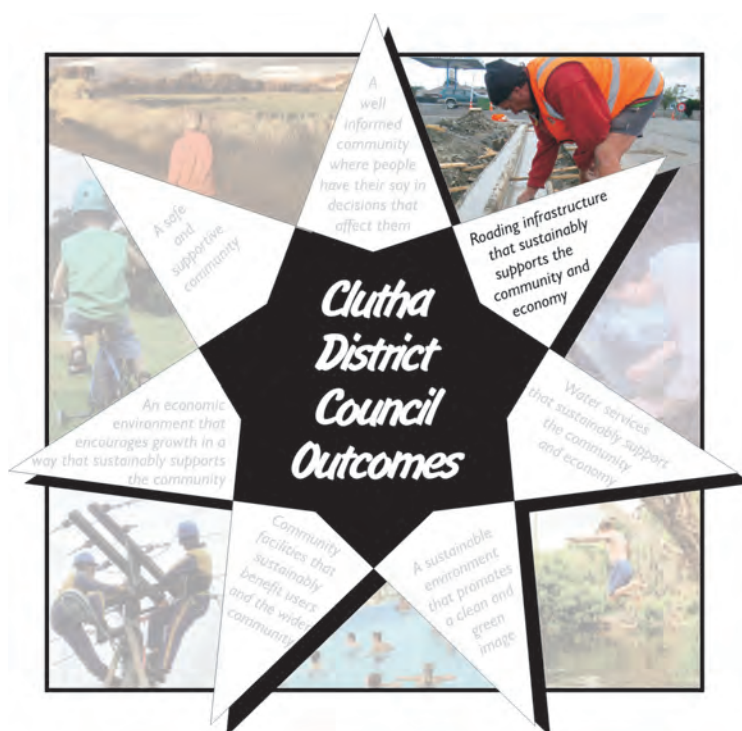
Main roading tasks include road, bridge and culvert maintenance and replacement; resealing and rehabilitating sealed roads; grading and metalling of unsealed roads; footpath maintenance and construction; car park maintenance and construction, street lighting and road safety improvement projects. The total replacement cost for these assets is \$859 million.

The majority of Council's roading activities are financially assisted by the NZTA. In 2014/15 the rate of assistance was 61.5%. This means that local ratepayers funded 38.5% 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.

Why we do it

Council considers that the provision of land transport services is a core function of local government. The activity is assessed as having mainly public benefits that assist in promoting the economic, social, environmental and cultural wellbeing of the district's various communities, by helping to facilitate the safe and efficient movement of people and goods throughout the District.

The Roding activity group primarily contributes to the outcome: "Roading infrastructure that sustainably supports the community and economy."



Wrap up for Roding in 2014/15

2014/15 Land Transport Programme

CDC received an overall Financial Assistance Rate (FAR) of 61.5% from the New Zealand Transport Agency (NZTA) in 2014/15, amounting to \$9 million. This funding was integral to maintaining the local roading network in the Clutha District.

A total of \$14.7 million was spent on Maintenance, Renewals and Minor Improvement Projects in 2014/15, which was the third and final year of the 2012/15 NZTA approved Land Transport Programme. Expenditure and work targets were consistently met for the assisted programme, made possible through the significant input from consultants and a high workload for contractors.

Pavement Rehabilitations

Rebuilding of a total of 6.5km of sealed roads as pavement rehabilitations was completed in 2014/15, at a cost of just over \$2.2 million. Work was done on Edievale, Hillend, Kaka Point, Lakeside, Mt Wallace, Rankleburn and Wooded Hill roads, and James Street (Balclutha).

Sealed Road Resealing

Resealing is one of Council's biggest expenditure items. In order to be more efficient, stimulate competition and gain better prices for this work, Reseal and Preseal Repairs, was tendered for a 3-year contract in 2012/13 whereas historically it had been contracted out on an annual basis.

A total of 67.5km of resealing was completed throughout the district in 2014/15, at a cost of \$2.3 million with a total length of 191.6km of resealing completed over the 3 year contract period.

Drainage Renewals

Springfield Road and Lakeside Road Culvert Renewals - \$105K and \$177K

These projects on Springfield Road (Milton) and Lakeside Road/Bembridge Street (Kaitangata) involved replacing existing culverts which had either come to the end of its useful life or were posing a safety hazard to road users.

Maintenance & Operations

The roading maintenance and operations contract works have generally gone well in the 2014/15 year. There have been several wet weather and snow events that have caused damage to varying degrees across the district. The cost of dealing with these events has generally been handled within existing budgets, apart from some culvert renewals which have been funded as capital projects.

There has been an improvement in service request response time during the year with an overall compliance rate of 82%. Council will continue to work with the contractor to ensure this is further improved and appropriate timeframes are met for works. Grading targets have been met for the year with an average of 3.7 grades per annum for each road section (target = 3.2 grades per annum). The main reason for this target being exceeded is due to additional 'response' grading required to address particular issues with rutting, potholes and corrugations on roads.

June 2015 Flood Event

Mother Nature provided a fair share of challenges during 2014/15, with the most notable being a significant wet weather event in June 2015 which resulted in ongoing maintenance repairs into 2015/16. Persistent rain on already saturated ground resulted in widespread surface flooding affecting roads right throughout the district. There were various road closures and slips affected some roads. Initial reinstatement of roads were completed to make areas safe and passable, and were dealt with within existing 2014/15 budget allocations.

Road Safety Results

A key goal for Council is working towards reducing injury crashes in the district. There were 48 reported injury crashes in 2014/15 (40 in 2013/14), which fell outside the target of 38 or less. Of the 48 crashes, 1 was fatal (nil in 2013/14), 12 were serious (12 in 2013/14) and 35 were minor (28 in 2013/14). Further detail analysis will be carried out in order to determine the factors contributing to the increase in the injury crashes from 2013/14.

Road Safety Improvements

A number of safety improvements were made on the roading network during 2014/15. The main projects of note were:

Purakaunui Falls Road Traction Seal - \$113K

Purakaunui Falls Road provides visitor access to the popular Purakaunui Falls, and is also subject to heavy commercial vehicles from farming operations. Council continued traction sealing Purakaunui Falls Road, undertaking just over \$113,000 worth of work in 2014/15. The bulk of the preparatory work was completed in 2013/14, with only the sealing completed in 2014/15. While it is expected there will be some longer term maintenance savings, the main immediate gain will be from a road safety perspective.

Waihola's Finlayson Road Safety Footpath - \$115K

Through the Annual Plan process, Council was made aware of safety concerns for pedestrians (including school children) on the section of Finlayson Road between the Christian Camp just outside the Waihola township and Lake Waihola. Most of the section is in a 100km/h speed limit area, with very narrow road shoulders for parts of the route.

An unsealed safety footpath was constructed in 2014/15 in order to provide a safer trafficable area for pedestrians, which addressed the initial safety concerns raised.

Lakeside Road Realignment through Rail Overbridge (road underpass) - \$189K

Work was done to realign the road approaches to this narrow single lane structure (rail overbridge), resulting in improved visibility.

Replacement of Bridge 406, Mill Road, West Otago - \$254K

This bridge was part of the stock of old timber bridges in the district, coming to the end of their useful lives (at Class I load capacity). Continued use of this bridge in its existing condition would require weight restrictions to be imposed, and it not being able to be used by Heavy Commercial Vehicles associated with farming activities in the area. The solution was to replace the old timber bridge with a new more suitable structure (i.e. concrete box culvert) at current loading standards (Class I) and current bridge design standards.

Stock Underpasses - \$107K

Underpasses play an important role in reducing the presence of stock and effluent on roads. As per NZTA policy, Council contributed to the installation of four underpasses in 2014/15. These were located on Kaitangata Highway, Clutha River Road, Black Bridge Road and Duncan North Road.

Owaka Intersection Improvements - \$47K

Improvements were made to the main intersection in the Owaka township to improve clarity around traffic flow priority. Work included the realignment of the traffic island at the primary intersection, the "T-ing" up of the secondary intersection and improved signage.

Chaslands Highway, Florence Hill Lookout Access Improvements - \$22K

Accessways were slightly widened and culverts were extended in order to improve the entry/exit points to this popular visitor lookout point and existing pull-off area.

Road Safety Education

In addition to the above road safety improvement projects, Council outsources road safety education services on an annual basis, with Arai Te Uru Whare Hauora (ATUWH) currently providing these services for the Clutha District as part of a CDC/NZTA agreement. The two main focus areas for 2014/15, as approved by the NZTA, consisted of "Speed" and "Young Drivers". Numerous workshops were held with Telford - A Division of Lincoln, schools, and in conjunction with Students Against Dangerous Driving (SADD), reinforced the messages of safe speeds, no distractions, avoiding risks, driving to the conditions, building experience/confidence and sober driving.

Transitioning to the One Road Network Classification

During 2014/15 the Transition Plan, which documents Clutha District Council's progress towards implementing the One Network Road Classification (ONRC) and NZTA's Business Case Approach (BCA) in its future planning and budgeting processes, was completed. The Transition Plan identifies gaps in implementation and highlights improvement actions in how CDC intends to achieve full implementation of the ONRC by 1 July 2018.

The NZTA expects that the ONRC will be used as the basis for funding application/allocation from 2018/19 onwards.

The road classification and the proposed national targets developed through the ONRC will have a significant impact on how Customer Levels of Service are set for the Clutha District and how decisions are made for maintaining, operating, disposing and renewing CDC's transportation assets. With 72% of our network unsealed, it is acknowledged that the impact of the ONRC is more of an unknown with regard to potential changes in Customer Levels of Service and more so in how to consult with stakeholders/users on such potential changes. From a sealed network, a key element identified in the proposed Customer Levels of Service for Amenity and specifically the Performance Measure of roughness and with the 2015/18 Land Transport Programme significantly reduced with regard to Pavement Rehabilitation lengths, CDC is working towards addressing the gap between the current roughness for mainly rural roads, as measured against the ONRC targets.

Update of Transportation Strategy and Activity Management Plan

The transportation work associated with the Long Term Plan development was a significant milestone completed during the 2014/15 year. Council's approach to maintaining the district's local sealed roads came under scrutiny, particularly for rehabilitation and reseal work.

Flowing out of the Transportation Strategy and Activity Management Plan, levels of service for sealed roads was a key issue for consultation as part of the Long Term Plan. Council asked whether we should increase rates to maintain current standards for sealed roads, or reduce spending and target investment. The clear direction was for the latter, and this will be an area for ongoing work and focus moving forward. It will mean changing future spending to do less work on lower volume sealed roads, and instead targeting funds towards sealed roads with the biggest economic benefit to the district.

Further refinement was carried out on the Economic Network Plan (ENP), as previously endorsed by Council, with the ENP now being actively used in strategic and operational decisions. As more specific and more refined data becomes available, the ENP will be updated accordingly.

Footpath Programme

The completion of final work for the district-wide footpath programme was approved by Council in December 2013. The budget for this was carried forward to the 2014/15 year for completion (Balclutha, Milton and Clinton footpaths). The balance of the work in Clinton is still subject to further confirmation, and as such was excluded from the project budget. The work completed was for Bell Street (Owaka), Johnson Street and Constitution Ave (Milton) and Ipswich Street (Balclutha). The balance of the Ipswich Street kerb and channel and footpath work is to be completed in early 2015/16, together with grass berm work in Milton, once the season allows for it.

Balclutha Streetscape Upgrade Underway

After further consultation to help inform final designs, the main construction tender was awarded late March 2015 and the physical construction got underway on the long-awaited streetscape upgrade. Work commenced with the undergrounding of the overhead power lines and due to delays incurred in getting the streetscape project underway, an overall under expenditure occurred for 2014/15 with a revised timeframe and budget allocation confirmed through the 2015/25 Long Term Plan Process.

What we achieved for Roding in 2014/15

ROADING

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>To provide an effective and sustainable local roading network</i>	Residents satisfied local roads are an effective means of transport	61%	≥50%	66% Achieved
	Average number of times (unsealed) roads are graded	3.5	3.2	3.7 Achieved
	% of kilometres travelled on urban sealed roads that are considered to be smooth	90%	90%	88% Not achieved
	% of kilometres travelled on rural sealed roads that are considered to be smooth	99%	98%	99% Achieved
	Residents satisfied with footpaths	71%	≥40%	59% Achieved
<i>To monitor safety and invest in improving the roading network</i>	Average speed residents feel they can safely travel at on local sealed roads (km/hr)	95	80-90	85 Achieved
	Average speed residents feel they can safely travel at on local unsealed roads (km/hr)	65	60-70	65 Achieved
	Number of reported injury crashes (fatal, serious, minor) on local roads	38	≤38	48* Not achieved

* Increase in reported minor injury crashes. Refer to Wrap Up Section for more information.

Main Capital Projects 2014/15 - Progress Report for Roding

Aspect	Annual Plan Budget (2014/15)	Actual (2014/15)	Progress
Unsealed roading metalling	1,655	1,789	
Sealed road resurfacing (reseals)	2,699	2,299	Reflecting further savings obtained within the three-year contract, with target lengths met.
Drainage renewals	355	695	Includes two major culvert renewals with carry over funding from 2013/14 to supplement the overall three-year budget (2012/15).
Pavement rehabilitation	2,213	2,219	Completed.
Structures components replacement	659	1,233	Includes carry over funding from 2013/14.
Traffic services renewals	264	288	Completed.
Balclutha Main Street footpath upgrades	578	0	Reprogrammed for 2015/16 construction.
Balclutha main street upgrade	2,071	209	Reprogrammed for bulk of construction in 2015/16.
Minor improvement projects	668	829	Includes carry over funding from 2013/14 to supplement the overall three-year budget (2012/15).

What it cost for Roding in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates	7,786	8,029	7,434
Subsidies and grants for operating purposes	2,804	2,747	3,283
Fees and charges	3	4	107
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	10,593	10,780	10,824
Applications of operating funding			
Payments to staff and suppliers	(5,243)	(5,386)	(5,816)
Finance costs	(313)	(306)	(269)
Internal charges and overheads applied	(1,411)	(1,462)	(1,183)
Other operating funding applications	0	0	0
Total applications of operating funding	(6,967)	(7,154)	(7,268)
Surplus (deficit) of operating funding	3,626	3,626	3,556
Sources of capital funding			
Subsidies and grants for capital expenditure	5,475	5,691	5,751
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(142)	(147)	(187)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	5,333	5,544	5,564
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(1,040)	(1,066)	(909)
Capital expenditure to replace existing assets	(7,778)	(8,007)	(8,562)
(Increase) decrease in reserves	(55)	(63)	351
(Increase) decrease of investments	(86)	(34)	0
Total applications of capital funding	(8,959)	(9,170)	(9,120)
Surplus (deficit) of capital funding	(3,626)	(3,626)	(3,556)
Funding balance	0	0	0

Water Supply

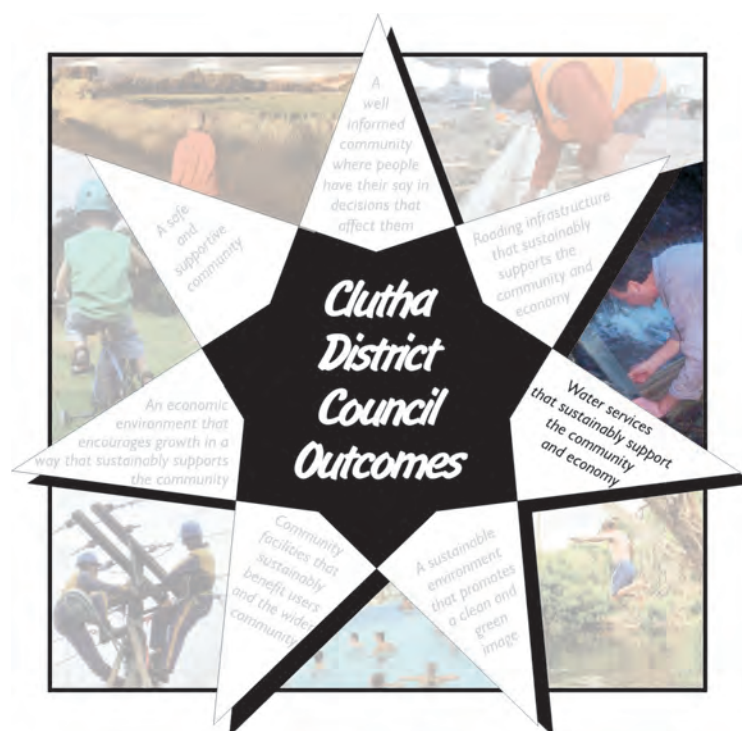
What we do

Council supplies water via a number of urban and rural water supply schemes. Approximately a third of the water produced is for domestic consumption and the balance is largely used for stock water. Council's water supplies include:

- Six urban water supplies servicing Balclutha, Kaitangata, Lawrence, Milton, Owaka and Tapanui. With the exception of Owaka which is a restricted supply, they provide an unrestricted supply of potable water for domestic, commercial and industrial use within each scheme area.
- 11 rural water schemes which primarily provide drinking water for stock. These are Balmoral 1, Balmoral 2, Clydevale-Pomahaka, Glenkenich, Moa Flat, North Bruce, Richardson, South Bruce, Tuapeka, Waipahi and Wangaloa. All schemes other than Waipahi also provide water for domestic consumption.
- Nine smaller communities and townships are provided water in bulk from rural water schemes. These townships 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, except Stirling which is metered and Cherry Lane which is unrestricted.

Why we do it

The supply of safe and affordable water provides for public health as well as enabling higher productivity and providing security for our agriculture-based economy. Council considers it to be a core function of local government. Water Supply primarily contributes to the outcome: "Water services that sustainably support the community and economy."



Wrap up for Water Supply in 2014/15

Clydevale-Pomahaka Capacity Upgrades

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was designed and tendered in 2014/15. This upgrade was well underway by the end of the year, but substantial works are still required in early 2015/16 due to the necessity for some redesign and wet ground conditions halting pipe laying. Additional units will be supplied during 2015 as these upgrades are finalised.

Continuing to Improve Rural Water Quality and Compliance with Drinking Water Standards

The government requires Council to 'take all practicable steps' to meet new drinking water standards, introduced in 2000, updated in 2005 and revised in 2008. Council is undertaking treatment upgrades across all urban and rural water schemes to comply with the legislation.

During the year Council investigated what upgrade work was required to get district schemes up to current drinking water standards, for protozoa and bacteria compliance. Examples of protozoa include giardia and cryptosporidium. Examples of bacteria include E. coli.

Following meetings with rural water scheme committees, Council has proposed a number of upgrade works throughout the district schemes. These are to be carried out in two stages. The first stage involves gaining a clear understanding of the quality of incoming water - for example, the water take from the Clutha River. Because the water quality is variable throughout the year, Council needs a clear understanding of how its quality changes, e.g. are the same changes in water quality occurring at the same or similar parts of the year. This first stage will also involve changing coagulant dosage types in a few treatment plants to address the variable raw water quality more efficiently. The second stage involves the physical works associated with water treatment.

Progress has been made on a number of treatment plants, however this project is behind schedule and not as much work was completed during 2014/15 as expected. This is due to a lack of staff resources which has meant that this project has not been progressed as was expected. As such the work programme has been revised through the 2015-25 LTP process and the water upgrade projects are expected to be completed over the next three years.

Capital Assistance Programme-Related Work

Council's four urban water treatment plants in Balclutha, Lawrence, Kaitangata and Tapanui were recently upgraded with Capital Assistance Programme (CAP) funding assistance from Ministry of Health. But this funding was strictly limited to critical process improvement only to deliver water to meet the drinking water standards. A budget of \$332,000 has been included in 2014/15 for secondary components, such as renewal of plant buildings, repainting, upgrades to meet Occupational Health and Safety requirements, and to update the operations and maintenance manuals. This work has been completed for Balclutha and Tapanui, however, work remains to be completed at Lawrence and Kaitangata. This work is planned for the 2015/16 year for these remaining plants.

Milton Water Treatment Plant

Since opening in 2008, the new Milton treatment plant has had some difficulty in producing enough treated water when the river is in flood. River conditions during flood events have been worse than was expected when the plant was designed, meaning that additional treatment may be required to enable the plant to produce sufficient volumes of water during these events. A budget of \$259,000 has been carried forward from 2013/14 into 2014/15 for potential pre-treatment. A scoping exercise was completed by external consultant and this confirmed that the budget was not sufficient for appropriately sized pre-treatment works. This is expected to be evaluated and considered by Council as part of the 2016/17 Annual Plan process. As part of this project, changes have been made by using the old treatment plant clarifier to further thicken the backwash sludge. This will enable the plant to operate more reliably and is expected to significantly reduce operating costs.

Milton Mains Renewals

There are approximately 7.6km of concrete watermains in the Milton water supply system. Some 6.7km of these were installed in 1925, nearly 90 years old. Problems with these pipes breaking, along with condition assessments had shown that 1km of these pipelines needed to be fixed or replaced. The majority of the physical works for these replacements were carried out in 2013/14, and finalised in 2014/15.

At the same time flow monitoring measures were also installed, to help identify areas of the town with high water flows and usage. The information from these monitoring measures will help in future for detecting leaks and informing pipeline renewal works.

Waitahuna Rising Main Renewal

The Waitahuna Treatment Plant treats water for the Balmoral 1, Balmoral 2 and Tuapeka East Rural Water Schemes. The rural water scheme committees and Council confirmed a budget for the renewal of the two high pressure rising mains from this treatment plant for 2014/15. The pipeline installation work for this project was completed during the year and a delay in the supply of key components at the treatment plant meant that the final completion for this project was delayed until early 2015/16.

Backwash and Discharge Consents

Four applications for new backwash discharge consents were included for 2014/15.

Moa Flat and North Bruce Water Treatment Plants - These consents expire in October 2015 and applications for new consents were prepared and lodged during the year. They were still in the midst of notification and processing at the end of the year, but new consents are expected to be issued by the end of the first quarter in 2015/16.

Glenkenich and Kaitangata Water Treatment Plants - New consents were to be sought for these plants to accommodate increased discharge volumes. The applications were substantially completed by the end of the year, but had yet to be lodged. Lodgement is expect in early 2015/16.

Two applications for water takes were included for 2014/15:

Greens Creek Take (Glenkenich Water Treatment Plant) - A new consent to replace the existing was sought and granted.

Puerua River Take (Puerua Water Treatment Plant) - A new consent to allow an expansion of the capacity of the treatment plant was envisaged, but not furthered during the year.

North Bruce Rural Water Scheme Reservoir Issues

During early 2015 the North Bruce Raw Water Reservoir was critically low and a scheme-wide conserve water notice was put in place. This was caused by a number of smaller leaks on the scheme and the inflow from the raw water pipeline being lower than normal. A range of improved monitoring solutions have been identified for consideration by the scheme committee to ensure the inflows and levels are monitored continuously and alarmed via the telemetry system as an early warning in the future.

What we achieved for Water Supply in 2014/15

URBAN WATER SUPPLY

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Urban supplies provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	78%	73%	83% Achieved
<i>Provide a water supply adequate for firefighting</i>	Average number of properties per fire hydrant	5.8	5.8	5.8 Achieved
<i>Urban water schemes are managed efficiently and effectively</i>	% of customer requests for service resolved within specified timeframes*	95%	90%	74%** Not achieved
<i>Water from Council-provided schemes is safe to drink</i>	Urban consumers who receive water that meets the NZ Drinking Water Standards 2005	100%	100%	50%*** Not achieved
	Customer satisfaction with taste and cleanliness	73%	54%	63% Achieved

RURAL WATER SUPPLY

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Rural water schemes provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	76%	62%	69% Achieved
<i>Water from Council-provided schemes is safe to drink</i>	Customer satisfaction with taste and cleanliness	53%	52%	64% Achieved
	Rural scheme consumers who receive water that meets the NZ Drinking Water Standards 2005	100%	100%	64%*** Not achieved
	% of new water demand met units applied	96%	≥80%	89% Achieved
<i>Rural water schemes are managed efficiently and effectively</i>	% of customer requests for service resolved within specified timeframes*	91%	≥80%	79%** Not achieved

* 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.

** Council is working with the contractor to ensure appropriate contract timeframe response and resolution rates are achieved and performance is lifted from the current rates to at least the target levels.

*** "Meets" means either full compliance with the standards, or that 'all practicable steps' have been taken (i.e. that an approved Water Safety Plan is in place). Council is working through the expired Water Safety Plans and has submitted several of these to the Ministry of Health for assessment. We are aiming to have all expired plans submitted for review by the end of 2015 calendar year.

Main Capital Projects 2014/15 - Progress Report for Water Supply

Aspect	Annual Plan Budget (2014/15)	Actual (2014/15)	Progress
Increase capacity on the Clydevale-Pomahaka scheme	622	506	Council approved budget increase to \$1.4M to increase capacity of upgrade. Physical works continuing, with expected completion in late 2015.
Milton pre-treatment improvements	259	21	Improvements to the main treatment process were identified. Initial sludge improvements were made and this project will be reconsidered as part of the 2016/17 Annual Plan Process.
Clydevale-Pomahaka - treatment upgrade	155	10	Revised Stage 1 of this project is expected to be completed during 2015/16.
Glenkenich - treatment upgrade	240	21	
Moa Flat Rural - treatment upgrade	332	37	
North Bruce - treatment upgrade	539	33	
Richardson - treatment upgrade	534	23	
Tuapeka - Evans Flat treatment upgrade	153	21	
Waitahuna treatment Plant upgrade	249	25	
Stirling treatment Plant upgrade	249	42	
Capital assistance programme completion of works at Balclutha, Kaitangata, Lawrence and Milton plants	332	65	Balclutha and Tapanui plant work completed. Scoping work for other plants was undertaken and will be carried out as contracting resources become available during 2015/16.
Owaka - reservoir telemetry & well head upgrade	42	18	Flowmeter installed. Revised Stage 1 of this project is expected to be completed during 2015/16.
Renewal of cast iron mains in Balclutha	570	-	Further assessment of options was undertaken. Carried forward to 2015/16.
Waitahuna rising main renewal	2,144	1,628	On target and scheduled for completion under budget in early 2015/16.

What it cost for Water Supply in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates	6,038	6,358	6,361
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	182
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	6,038	6,358	6,543
Applications of operating funding			
Payments to staff and suppliers	(3,553)	(3,683)	(4,106)
Finance costs	(306)	(316)	(223)
Internal charges and overheads applied	(588)	(607)	(548)
Other operating funding applications	0	0	0
Total applications of operating funding	(4,447)	(4,606)	(4,877)
Surplus (deficit) of operating funding	1,591	1,752	1,666
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt ^(internal debt)	165	(208)	885
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	165	(208)	885
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	(508)
Capital expenditure to improve the level of service	(1,040)	(717)	(344)
Capital expenditure to replace existing assets	(471)	(654)	(2,256)
(Increase) decrease in reserves	(1)	20	557
(Increase) decrease of investments	(244)	(193)	0
Total applications of capital funding	(1,756)	(1,544)	(2,551)
Surplus (deficit) of capital funding	(1,591)	(1,752)	(1,666)
Funding balance	0	0	0

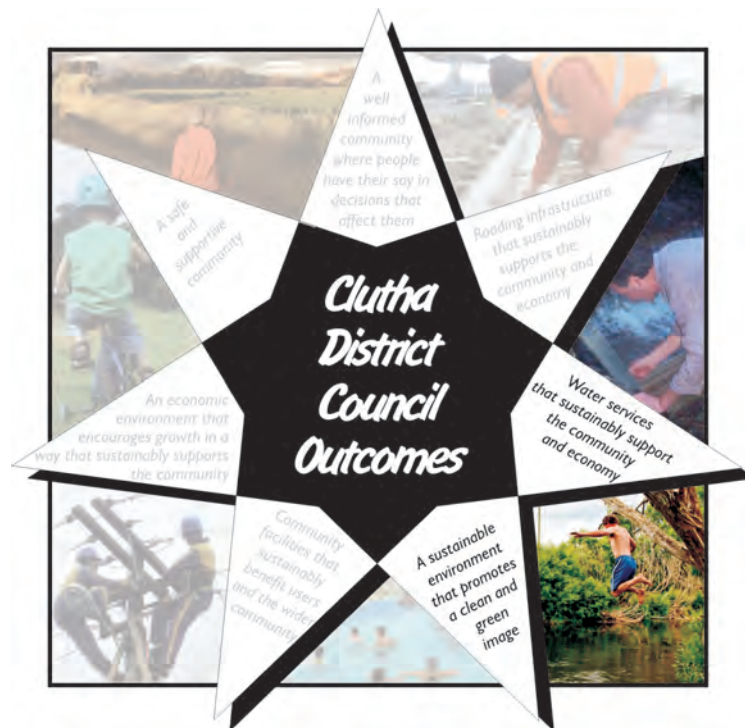
Sewerage

What we do

Council collects, treats and disposes of domestic sewage and tradewaste discharges via 11 public sewerage schemes. These schemes service the townships of Balclutha, Clinton, Heriot, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Stirling, Tapanui and Waihola. Extensions to the Balclutha, Milton and Owaka schemes have recently been completed, to serve the townships Benhar, Tokoiti and Pounawea respectively.

Why we do it

The safe disposal of sewage ensures public and environmental health. Council considers this to be a core function of local government. Sewerage primarily contributes to the outcomes: "Water services that sustainably support the community and economy" and "A sustainable environment that promotes a clean and green image."



Wrap up for Sewerage in 2014/15

Sewage Treatment Plant Upgrades

New treated sewage discharge consents for the Heriot & Kaitangata townships include a requirement to upgrade the plants to comply with new consent conditions within a 4 year timeframe.

A new consent will be applied for in 2015/16 for the Waihola township, with the same conditions expected there as for the other two plants.

To upgrade the treatment in order to comply, a registration of interest was advertised in 2014/15 for design build proposals for these three systems. This procurement process and subsequent upgrades are expected to be carried out over the next few years.

Lawrence Sewerage Pond Desludging

Desludging the Lawrence sewerage pond was completed in 2014/15. The work was required by a condition of the plant's discharge to air resource consent, required with the recently renewed effluent discharge consent. It was also necessary to restore the pond capacity and is expected to reduce the likelihood of odour issues reoccurring. At \$49K for 2014/15, this came in \$9K under the year's budget and a similar amount under the total project budget, which included work in 2013/14.

What we achieved for Sewerage in 2014/15

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Meet sustainability/resource consent requirements</i>	% resource consent conditions met	92%	100%	Not available#
<i>Sewerage schemes are managed efficiently and effectively</i>	Customer requests for service resolved within specified timeframes*	94%	≥85%	76%** Not achieved
<i>Provide sewerage services that effectively collect and dispose of sewage</i>	Reported blockages/year/100km of sewer	13.1	≤14.0	13.6 Achieved
	Customer satisfaction	97%	≥85%	95% Achieved

Not available from Otago Regional Council at time of publication.

* 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.

** Council is working with the contractor to ensure appropriate contract timeframe response and resolution rates are achieved and performance is lifted from the current rate of 76% to at least the target level of 85%.

Main Capital Projects 2014/15 - Progress Report for Sewerage

Aspect	Annual Plan Budget (2014/15)	Actual (2014/15)	Progress
Clinton - consent renewal and upgrade	52	0	Consent due for renewal in May 2017. Decision was made to defer to the 2016/17 year.
Heriot - upgrade	0	6	This upgrade will take place over the next three years. While there was no budget for the work, a request for proposal, shortlisting of suppliers and preparation of invitation for tender documentation, all in conjunction with the Kaitangata and Waihola upgrades.
Kaitangata - upgrade	58	23	This upgrade will take place over three years. Tasks completed this year as planned included request for proposal, shortlisting of suppliers and preparation of invitation for tender documentation, all in conjunction with the Heriot and Waihola upgrades.
Waihola - consent renewal and upgrade	363	14	This upgrade will take place over three years. Tasks completed this year as planned included request for proposal, shortlisting of suppliers and preparation of invitation for tender documentation, all in conjunction with the Heriot and Kaitangata upgrades.
Renewal work to various schemes	54	0	No urgent replacements identified. Renewals deferred and forward works programmes updated and incorporated into 2015/25 Long Term Plan budgets.
Kaitangata - magflow meter at oxidation pond	42	0	Initial design was completed. Installation is expected in early 2015/16.
Balclutha - magflow meter at oxidation pond	16	0	Deferred/scheduled to be constructed at the same time as the Balclutha pond upgrade.
Lawrence pond desludging	58	49	Project completed (carry forward from 2013/14).

What it cost for Sewerage in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates	1,691	1,844	1,755
Subsidies and grants for operating purposes	0	0	0
Fees and charges	120	120	179
Internal charges and overheads recovered	88	162	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,899	2,126	1,934
Applications of operating funding			
Payments to staff and suppliers	(707)	(819)	(849)
Finance costs	(186)	(189)	(146)
Internal charges and overheads applied	(305)	(314)	(249)
Other operating funding applications	0	0	0
Total applications of operating funding	(1,198)	(1,322)	(1,244)
Surplus (deficit) of operating funding	701	804	690
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	17	172	(120)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	17	172	(120)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(94)	(753)	(74)
Capital expenditure to replace existing assets	(146)	(101)	(53)
(Increase) decrease in reserves	134	112	(443)
(Increase) decrease of investments	(612)	(234)	0
Total applications of capital funding	(718)	(976)	(570)
Surplus (deficit) of capital funding	(701)	(804)	(690)
Funding balance	0	0	0

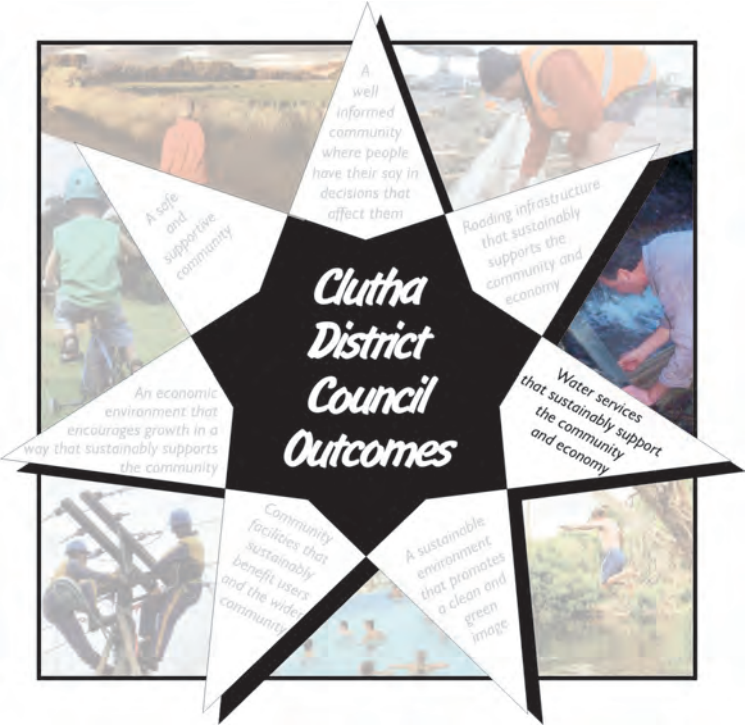
Stormwater

What we do

Council provides for the drainage of stormwater via nine community stormwater drainage reticulation schemes. These drainage schemes are located in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui. Council also provides minor stormwater infrastructure in Stirling, Waihola, Palmer Place (Taieri Mouth), Pounaweia and Papatowai.

Why we do it

Council provides stormwater services to protect property from flood damage. Stormwater primarily contributes to the community outcome: "Water services that sustainably support the community and economy."



Wrap Up for Stormwater in 2014/15

Milton Rural Stormwater Diversion Work

Milton Rural Stormwater diversion works aim to substantially reduce the amount of rural run-off entering Milton during a large flood event. Upgrading of a major roading culvert on Springfield Road was completed in 2014/15. Consultation with landowner and initial designs and were also completed in 2014/15. A contaminated site adjacent to a saw mill was identified in 2014/15. This has resulted in delays to the project while soil testing is undertaken. Resource consents may be required to disturb a contaminated site to enable this project to proceed in 2015/16. A consultant was engaged in 2014/15 to progress this assessment work and apply for necessary consents. It is likely that this will result in an additional budget requirement for this project but the extent will not be known until the soil testing results are available.

General Renewals

Approximately \$77K worth of renewal work identified in the 2014/15 Annual Plan was deferred, while Council did further work to update its capital forward works programme identified in the Stormwater Activity Management Plan. With the Activity Management Plan now updated during 2014/15, the renewal works now form part of the renewals programme contained within Long Term Plan 2015/25 budgets.

What we achieved for Stormwater in 2014/15

STORMWATER

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>By providing a level of protection against the effects of flooding in reticulated areas</i>	Customer satisfaction	76%	≥67%	84% Achieved
<i>By managing stormwater systems efficiently and effectively.</i>	Customer requests for service resolved within specified timeframes*	73%	≥80%	80% Achieved

* 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.

Main Capital Projects 2014/15 - Progress Report for Stormwater

Aspect	Annual Plan Budget (2014/15)	Actual (2014/15)	Progress
Milton rural stormwater diversion - stage 2	82	2	Additional contaminated site testing and resource consents have delayed this project, and are expected to result in additional costs. This project has been carried forward to the 2015/16 year.

What it cost for Stormwater in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates	563	617	538
Subsidies and grants for operating purposes	0	0	0
Fees and charges	0	0	0
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	563	617	538
Applications of operating funding			
Payments to staff and suppliers	(95)	(99)	(60)
Finance costs	(36)	(33)	(26)
Internal charges and overheads applied	(193)	(199)	(159)
Other operating funding applications	0	0	0
Total applications of operating funding	(324)	(331)	(245)
Surplus (deficit) of operating funding	239	286	293
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(47)	(50)	(44)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	(47)	(50)	(44)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(52)	0	0
Capital expenditure to replace existing assets	(79)	(79)	(196)
(Increase) decrease in reserves	21	(1)	(53)
(Increase) decrease of investments	(82)	(156)	0
Total applications of capital funding	(192)	(236)	(249)
Surplus (deficit) of capital funding	(239)	(286)	(293)
Funding Balance	0	0	0

Solid Waste Management

What we do

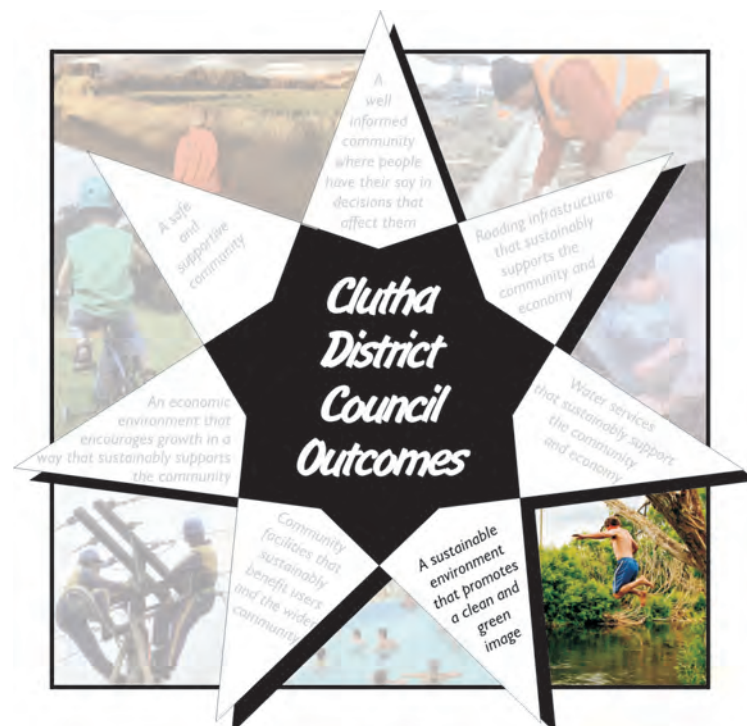
Council oversees the management and minimisation of solid waste within the district. These activities include:

- Operating a sanitary landfill and recycling drop-off depot for the district at Mt Cooe on the outskirts of Balclutha.
- Providing a fortnightly collection of recyclables and residual household waste via kerbside wheelie bins in urban areas. The service is also available to individual rural households along service routes. Collection alternates weekly between collection of recyclables and collection of residual waste.
- Providing transfer stations/skip services which are collected on a regular basis in Clinton, Clydevale, Lawrence, Milton, Owaka, Tapanui and Taieri Mouth.
- Providing recycling drop-off facilities at Clinton, Lawrence, Milton, Owaka and Tapanui.
- Providing coin-operated "Jack Trash" bin at Papatowai.
- Providing a skip service at Maclennan that is collected on an as-needed basis.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing EnviroSchools (waste minimisation education) to schools throughout the district.

Why we do it

Council provides waste management activities to ensure the safe and hygienic disposal of household waste and to ensure that wastes are sustainably managed.

Council's Solid Waste Management activities primarily contribute towards the outcome: "A sustainable environment that promotes a clean, green image."



Wrap up for Solid Waste Management in 2014/15

Residual Waste and Recycling Wheelie Bin Collection

The two-bin residual waste and recycling wheelie bin collection entered its fourth year, meeting or surpassing the performance targets for Resident Satisfaction, tonnes of recyclables collected and tonnes of waste diverted from Mt Cooee Landfill. While the tonnes of waste collected per month appear to be following an upward trend, the number of wheelie bin customers is also increasing in a similar trend. While there has been an overall increase in the tonnes of recycling collected, the kilograms of recycling collected per customer has remained relatively static since service began in April 2012.

The main concern from customers remains the emptying frequency as different users have different waste needs. Council has signalled more work in this area to survey actual usage over the next two years. This will inform any future decision making on the provision of this service.

Mt Cooee

The Mount Cooee Landfill operation is generally working well. There are some outstanding consent issues to be resolved regarding the stormwater culvert underneath the landfill and these are discussed further below. A mag-flow meter was installed in the leachate pump station which will allow accurate data to be collected about the amount of leachate that the landfill is producing.

Stormwater Pipeline Remediation

Investigation work for options on remediation work for the stormwater pipeline at Mt Cooee Landfill continued throughout 2014/15.

A detail CCTV inspection was completed in November 2014, which confirmed initial concerns relating to infiltration through the vertical manhole risers. Suitable contractors to carry out effective sealing of the manhole riser joints and some further minor pipeline repairs will be the focus in early 2015/16, followed by the exposure of the steel sheetpile cut-off wall. This is to confirm the structural integrity of the sheetpile wall, as well as inspect the seal between the stormwater pipe where it passes through the sheetpile wall.

This work is an important step in the process of preparing to apply for a resource consent extension when the current consent expires in 2023.

Waste Minimisation

Enviroschools

Enviroschools is going from strength to strength in the Clutha District with Waitahuna School joining the programme in December, bringing the total to 9 schools signed up to the programme. This is 36% of all schools in the District. The initial target was to increase this to 40% of schools in 2014/15. Progress was made towards this target. However, the Enviroschools Programme takes whole school commitment, not by individual teachers/classes, so a school can only be signed up when that commitment is shown.

Second Hand Sunday

Three "Second-Hand Sundays" were trialled during 2014/15, as an alternative to Inorganic Bulky Waste Collections. They aimed to provide a practical, effective and efficient opportunity for residents to get rid of unwanted items that would otherwise go to landfill and/or to acquire new treasures. In essence it worked like a garage sale however, no monies change hands. Feedback was participants was generally positive with 75% of all items put out being collected and 90% of participants saying they would take part again. Taking this into consideration, an annual Second Hand Sunday event will be held in October each year.

Waste Free Living and Nappy Workshops

Four Cloth Nappy Workshops have been held during the past two years. While the first workshop almost sold out, the following workshops fell short, despite a significant amount of advertising and publicity.

Due to lack of numbers attending the two Cloth Nappy Workshops in 2014/15, the workshops will now become Waste Free Living Workshops. By broadening the scope of the workshop to encompass more areas of waste free living and parenting it will open the attendance up to all residents of the Clutha District, without losing the original intent of the workshops.

What we achieved for Solid Waste Management in 2014/15

Solid Waste

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Provide a kerbside refuse and recycling collection service to townships and along service routes</i>	Resident satisfaction with the wheelie bin service	82%	≥85%	86% Achieved
	Tonnes of recyclables collected	645	550	691 Achieved
<i>Provide waste minimisation education</i>	% of schools who take part in the EnviroSchools programme	32%	40%	36% Not achieved
	% of residents aware of at least two things people can do to reduce the waste they produce	74%	80%	76% Not achieved
<i>Provide a facility in the district for the disposal of solid waste</i>	Resident satisfaction with Mt Cooe landfill	83%	≥50%	81% Achieved
	Tonne of waste to Mt Cooe landfill	8,704	≤10,800	8,439 Achieved
	Tonne of waste diverted from Mt Cooe landfill	665	≥700	691 Not Achieved

What it cost for Solid Waste Management in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGC's, rates penalties	64	64	0
Targeted rates	922	952	908
Subsidies and grants for operating purposes	62	64	59
Fees and charges	576	648	475
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,624	1,728	1,442
Applications of operating funding			
Payments to staff and suppliers	(1,252)	(1,292)	(964)
Finance costs	0	0	0
Internal charges and overheads applied	(18)	(17)	(227)
Other operating funding applications	(257)	(266)	0
Total applications of operating funding	(1,527)	(1,575)	(1,191)
Surplus (deficit) of operating funding	97	153	251
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(7)	(7)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	(7)	(7)	0
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(361)	0	0
Capital expenditure to replace existing assets	(22)	(23)	0
(Increase) decrease in reserves	333	(82)	(251)
(Increase) decrease of investments	(40)	(41)	0
Total applications of capital funding	(90)	(146)	(251)
Surplus (deficit) of capital funding	(97)	(153)	(251)
Funding balance	0	0	0

Community Services

What we do

Council provides various community facilities and services throughout the district. Financial and non-financial assistance is also provided to external organisations that provide community services. Activities include:

Libraries, Service and Information Centres which involves:

- A district library network consisting of a central library in Balclutha, four branch libraries in Lawrence, Milton, Owaka and Tapanui and voluntary community libraries in Waiholā and Waitahuna.
- Service centres, which provide a local link to Council departments are located in Balclutha, Lawrence, Milton and Tapanui (Lawrence, Milton and Tapanui also incorporate a branch of the Clutha District Library network referred to above).
- An “i-Site” service at the Balclutha Service Centre, which handles nationwide bookings for tourists and locals.
- Provision of financial assistance to Owaka, Lawrence and Milton information centres, which are community owned and operated.

Swimming Pools which involves:

- Owning and operating year round a pool in Balclutha and seasonal (summer) pools in Milton and Lawrence.
- Making grants available to various school and community-based pools located throughout the district (these grants are included in the community support budget under the Community Leadership section).

Parks, Reserves, Sportsgrounds and Playgrounds 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 and Community Centres which involves:

- Maintaining and operating 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 at Clutha Valley, Hillend, Kaka Point, Lovells Flat, Moneymore, Owaka, Paretai, 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, Hina Hina, Milton, Lawrence, Romahapa, Tahakopa, Taieri Mouth, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui.

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, and Tuapeka).
- Providing financial assistance towards the maintenance of war memorials throughout the district.

Community Housing and other Property which involves:

- Owning and maintaining 98 one bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waihola.
- 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 with the income offsetting rates. This includes camping grounds at Balclutha, Milton, Kaka Point, Pounaweia and Waihola.
- 400 hectares of plantation forestry which is managed as a long term investment.

Cross Recreation Centre which involves:

- Funding \$2.5 million towards the cost of constructing the multi-use Cross Recreation Centre in Balclutha, and providing an annual operating grant.



Sealing getting underway for Cross Recreation Centre Carpark

Wrap up for Community Services in 2014/15

Cross Recreation Centre Carpark Sealing

Since opening in 2011 in Balclutha, the Cross Recreation Centre has become an important community asset and recreational hub for the Clutha District. Council was the main funder for the facility, contributing half the cost of building the \$5 million facility. The facility now boasts user statistics of over 50,000 visits a year.

Council included a budget of \$147K in 2014/15 Annual Plan budgets after consultation in order for this carpark to be sealed, and approved additional \$28K to ensure the sealing was completed. This project was completed in June 2015 and has resulted in a number of improvements for users in the area and for the centre. These include a cleaner environment and access, more efficient use of parking space and less cleaning for the recreation centre. Feedback regarding this project has been overwhelmingly positive.

Balclutha Pool Update

When the pool reopened in September 2012 following a major refurbishment, the pool water heating system had been unable to maintain a constant water temperature. A report commissioned by the Council in May 2014 identified significant deficiencies in the current installation and the report outlined a list of remedial actions needed to correct the fluctuations in temperature.

The pool was closed for a four week period in early August 2014 for its annual shutdown and to allow for work needed to correct the water heating system.

The work carried out was successful and the variability and fluctuations in water temperature have been eliminated, and patrons have been able to enjoy a constant pool temperature of approximately 28.5 degrees celcius.

The pool subsequently enjoyed its most successful year since the refurbishments, with total user's increasing to 42,869 which was an increase of 22% over the previous year.

South Island Children's and Young Adult Librarians Conference

The South Island Children's and young Adult Librarians conference was hosted in Balclutha on 16 and 17 of October 2015. Approximately 140 people were involved during the two day event and included several speakers of international keynote standard. Sponsorship was provided by several organisations from the library and other sectors. Council also provided significant contributions in the form of staff time, from library staff in particular. Accommodation was fully booked in Balclutha, with people also staying in Milton, Owaka, Dunedin and Telford. Local businesses were also well supported by conference visitors. Feedback was overwhelming positive from delegates and exhibitors, demonstrating to all that small rural towns can host high quality conferences.

War Memorials

Work was completed to ensure the 30 memorials throughout the district were cleaned and repaired ahead of WW100 commemorations. This work was initially intended to be funded from a mix of grants and Council funding. Unfortunately, grant funding was not able to be secured so Council agreed to fully fund this work during the year. The West Otago Community Board also initiated a project to move the Heriot War Memorial within the township to a more appropriate location. This project is expected to be completed in 2015/16.

Balclutha Cemetery Road Extension

In preparation for future expansion of the Balclutha Lawn Cemetery, roading extensions to the south end of the current cemetery were completed in 2014/15. The extension will give access to the upper and lower side of the new cemetery development. The road will remain as a metal road while it settles over the next year or two and will be sealed before any burials. It is predicted that the new cemetery will be functional in 2019/20.

Lawrence Cemetery Clearing

Work to clear an area behind the west side of the Lawrence cemetery was undertaken in 2014/15. This has opened up a large area of land which will be available for future cemetery needs. The area will be grassed in Spring in 2015/16 and will be mown to suppress weeds.

Lawrence's Historic Poplars

After a reprieve in 2011 when Lawrence celebrated its 150th anniversary, it was agreed that the historic poplar trees along State Highway 8 on Whitehaven Street needed to be removed for safety reasons. The tender for their removal was awarded in 2014/15, with the removal programmed for early 2015/16 and replanting with white-spire birch trees programmed for late 2015/16.

Lawrence Dump Station

The installation of the double dump station in Lawrence was completed in 2014/15. Located at the terminus of the Clutha Gold Trail, this dump station improves facilities available for visitors to the area.

Balclutha Dump Station

This project has once again been deferred due to the lack of a suitable site. Two locations were identified during the year but these are subject to confirmation of future development options which are expected to be resolved in the next 18 months.

Taylor Park Camping Ground - Manager's Residence

This project was deferred as part of the 2015-25 LTP Process. Council has signaled that the future ownership structure and funding of all camping grounds will be reviewed over the first two years of the LTP and as such any major capital investment would be deferred until this review process is completed.

Balclutha Riverbank Access Improvements

This project was initially intended to provide improved access to the riverbank in the area of the Balclutha Memorial Hall. Changes in community events and usage in this area meant that during the design stage this project was extended to provide improved access to the stop bank throughout Balclutha. This was to provide improved access for walking and passive recreation at a number of locations.

Balclutha Playground Improvements

New playground equipment designed to appeal to a wider age range was installed at the Balclutha Bridge Playground in 2013/14 and was completed in 2014/15. This project has seen a significant increase in use at this playground and further improvements such as seating and landscaping are planned from existing budgets.



New playground equipment in Balclutha under construction

What we achieved for Community Services in 2014/15

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui</i>	Customer satisfaction with libraries	99%	≥90%	99% Achieved
	Customer satisfaction with library opening hours	94%	≥80%	96% Achieved
	% of residents who have used a library within the past 12 months	52%	50%	49% Not achieved
<i>Provide a library 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, jigsaw and electronic resource materials</i>	Customer satisfaction with the availability of books at the libraries	94%	≥80%	94% Achieved
<i>Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui</i>	Resident satisfaction with service centres	97%	≥90%	98% Achieved
	% of residents who have used a service centre within the past 12 months	49%	50%	42% Not Achieved
<i>Provide Council-run information services in Balclutha, Owaka and Tapanui along with community contracted information</i>	Customer service (mystery shopper) survey of information services	Not Measured	≥80%	82% Achieved
<i>Operate a safe, accessible and affordable district pool in Balclutha, along with summer pools in Kaitangata, Lawrence and Milton</i>	Number of swims	53,688	53,000	59,923 Achieved
	% of residents who have visited a Council pool during the past year	30%	≥29%	29% Achieved
	% customer satisfaction	59%	≥55%	68% Achieved
<i>Maintain 86 hectares of parks and reserves, and provide financial assistance for a further 19 hectares that are managed by local communities</i>	Resident satisfaction with parks and reserves	92%	≥80%	92% Achieved
	% of residents who visited a park or reserve during the year	67%	55%	66% Achieved
<i>Provide and maintain 18 playgrounds throughout the district</i>	Resident satisfaction with playgrounds	93%	≥80%	89% Achieved
	% of residents who visited a playground during the year	47%	40%	51% Achieved
<i>Provide and maintain sportsgrounds at Balclutha, Kaitangata, Milton and Owaka</i>	Resident satisfaction with sportsgrounds	93%	≥80%	89% Achieved
<i>Operate and maintain 6 urban and 8 rural cemeteries throughout the district</i>	Resident satisfaction with cemeteries	89%	≥80%	90% Achieved
	% of residents who had visited a cemetery during the year	57%	50%	55% Achieved
<i>Provide and maintain 24 public toilets throughout the district</i>	Resident satisfaction with toilets	64%	≥45%	69% Achieved
	% of residents who had used a public toilet during the year	49%	50%	43% Not Achieved
<i>Directly operate and maintain the Balclutha Town Hall, and help communities provide halls and centres in their respective communities</i>	Resident satisfaction with halls and community centres	90%	≥80%	93% Achieved
	% of residents who had used a hall/ community centre during the year	64%	55%	69% Achieved
<i>Provide and maintain 98 community housing units throughout the district</i>	Tenant satisfaction with housing units	97%	≥90%	95% Achieved

Main Capital Projects 2014/15 - Progress Report for Community Services

Aspect	Annual Plan Budget (2014/15)	Actual (2014/15)	Progress
Lawrence cemetery extension	11	5	Clearing completed in 2014/15. Regrassing planned for spring 2015.
Cross Recreation Centre - carpark and access road sealing	147	159	Additional budget approved by Council. Completed in 2014/15.
Taylor Park - Manager's Residence	147	0	Deferred pending camping ground review.
Balclutha dump station	22	0	Deferred as no suitable site could be identified.
Lawrence dump station	7	6	Completed in 2014/15.
Wet floor showers - Lawrence community housing	11	0	Deferred pending review of community housing
Wet floor shower - Waihola community housing	6	0	Deferred pending review of community housing
Balclutha Memorial Hall - Flytower	94	0	Deferred pending further investigations into earthquake strengthening requirement for Balclutha Memorial Hall
Toko Mouth Hall roof replacement	32	17	Completed in 2014/15 and under budget.
Library book renewals	111	105	Ongoing annual renewal programme.
Milton service centre refurbishment	89	0	Deferred pending review of earthquake strengthening requirements.
Lawrence service centre renewals	8	0	Not completed due to contractor availability. Deferred until 2015/16.
Balclutha service centre renewals	8	0	Deferred pending review of earthquake strengthening requirements.
Roof replacement at Naish Court community housing	111	0	Not required at this stage - to be reconsidered in approximately 5 years.
Owaka public toilet	137	0	Location and design to be confirmed in consultation with the community. Funding has been carried forward to 2015/16.
Balclutha cemetery roading extension	21	14	Carry forward project from 2013/14. Completed in 2014/15.
Balclutha riverbank access improvements	26	22	Carry forward project from 2013/14. Completed in 2014/15.
Balclutha Bridge Playground upgrade	50	48	Carry forward project from 2013/14. Completed in 2014/15.
WW100 memorials cleaning and restoration work	52	42	Completed in 2014/15.
Balclutha pool heating and filtration work	0	37	Work carried out to address temperature fluctuations.

What it cost for Community Services in 2014/15

Funding impact statement for the year ended 30 June 2015

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	2,337	2,381	2,025
Targeted rates	1,142	1,203	1,563
Subsidies and grants for operating purposes	0	0	0
Fees and charges	1,081	1,115	1,304
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	4,560	4,699	4,892
Applications of operating funding			
Payments to staff and suppliers	(3,023)	(3,018)	(3,638)
Finance costs	(595)	(595)	(318)
Internal charges and overheads applied	(447)	(464)	(501)
Other operating funding applications	0	0	0
Total applications of operating funding	(4,065)	(4,077)	(4,457)
Surplus (deficit) of operating funding	495	622	435
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	29	(184)	1,296
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	29	(184)	1,296
Applications of capital funding			
Capital expenditure to meet additional demand	0	(11)	0
Capital expenditure to improve the level of service	(124)	0	(354)
Capital expenditure to replace existing assets	(561)	(327)	(174)
(Increase) decrease in reserves	(1)	(20)	(1,203)
(Increase) decrease of investments	162	(80)	0
Total applications of capital funding	(524)	(438)	(1,731)
Surplus (deficit) of capital funding	(495)	(622)	(435)
Funding balance	0	0	0

Regulatory & Emergency Services

What we do

Resource Management which involves:

- Promoting the sustainable management of natural and physical resources in the Clutha District via the District Plan.
- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies.
- Responding to legislative changes at the national and regional levels, as well as cross boundary issues with neighbouring councils.
- Processing resource consent applications (for land use and subdivision). Approximately 60-80 resource consents are processed annually.
- Carrying out monitoring, enforcement and prosecution when necessary.

Property File Record Management, which involves:

- Providing Land Information Memoranda in accordance with the requirements of the Local Government Official Information and Meetings Act 1987.
- Keeping property files up to date and available for public inquiries.

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.
- Providing education and advice to dog owners.
- Prosecuting for non-compliance with dog control legislation and bylaws.

Environmental Health which involves:

- Registering and inspecting/auditing premises that prepare or sell food. Approximately 130 premises are currently inspected on a risk-rating frequency of 9 to 24 months.
- Promoting the use of Food Control Plans prior to them becoming mandatory in 2016.
- Registering and inspecting other controlled premises, such as hairdressers, offensive trades, funeral parlours and camping grounds.
- Maintain an overseeing role of potable water supplies and recreational waters.
- Promote safe health practices through seminars and newsletters.
- Responding to noise complaints. Approximately 80 noise complaints are responded to annually.

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 between 500-600 building consents annually.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work where necessary.
- Responding to legislative changes that affect building matters.

Alcohol Licensing, which involves:

- Controlling the sale and supply of alcohol via the Sale and Supply of Alcohol Act 2012.
- Processing applications for on, off, club and special licenses, processing managers certificates and renewals, and monitoring licensed premises for compliance. Approximately 300 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 liquor ban bylaw to ensure it is responding to problem areas.
- Preparing an Alcohol Strategy that reflects the community's desire for the management of the sale and supply of alcohol and alcohol related harm.

Civil Defence Emergency Management which involves;

- Working with local authorities in the Otago Group to plan for hazards and maintain an Otago Group Civil Defence Emergency Management Plan, and 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 Council staff, emergency services staff and volunteers throughout the district.
- Promoting Civil Defence emergency awareness and personal preparedness.
- Monitoring known hazards, for example, flooding of the Clutha and Pomahaka rivers.
- Responding when actual or potential incidents/events arise.
- Assisting with recovery after an event.

Rural Fire which involves;

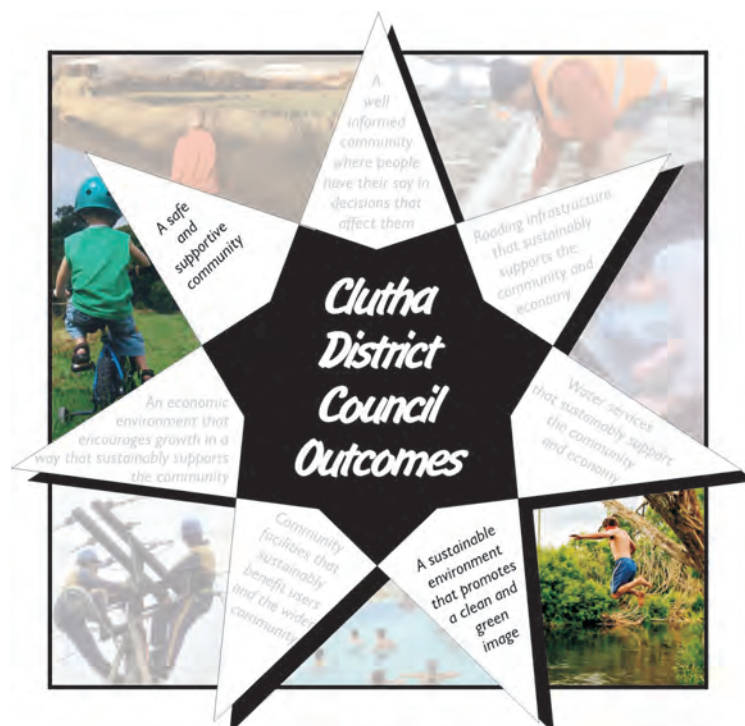
- Contributing to the Otago Rural Fire Authority (ORFA), who manages this function on behalf of all councils in Otago.

There are also various other regulatory functions where Council has some responsibility, including gambling control, litter control, parking and freedom camping enforcement. These sometimes involve resources or staff time.

Why we do it

The activities in this group are provided to ensure public health and safety, and to ensure that economic activity and development occurs in a way that does not place people or the environment at risk.

This activity group makes a primary contribution to the community outcomes: “A safe and supportive community” and “a sustainable environment that promotes a clean, green image.”



Wrap up for Regulatory & Emergency Services in 2014/15

Resource Consents

There was a decrease in the number of resource consents processed: 68 compared to 82 in 2013/14. Of these, three were processed outside of the statutory timeframes, by up to 3 additional days and with small refunds issued.

District Plan

Hearings were held for Plan Changes 28-36 (Infrastructure and Hazards) in late 2014, with decisions issued in December 2014. An appeal by the Otago Regional Council was made to plan changes 33-36 (Hazards), with two other land owners joining the appeal, which is still unresolved.

A joint coastal study between other Otago councils was commissioned with the report on the Clutha coast produced in June 2015. Consultation on this and the Outstanding Natural Landscape study produced in 2014 is still to be started.

Animal Control

Council continued to respond to animal related incidents and no noticeable drop off in these occurred with just over 200 recorded incidents for the year. The rehoming of dogs impounded continues to be successful, however not all dogs can be rehomed. Council officers are still finding unregistered dogs, despite efforts to make sure all dogs are registered.

Wandering stock also resulted in 45 reported incidents for the year, with the bulk of these responded to by Council's Rooding contractor.

Building Control

During the year there was fewer building consent applications, with 461 issued for the year, compared to 505 applications in 2013/14. However, the value of consents was around the same at \$34 million. All consents were processed within the statutory timeframes. Likewise, the processing of Land Information Memorandums was well within the timeframes required for the 212 issued for the year.

A review of our Building Control Authority functions was carried out by IANZ in January 2015, with four corrective actions requiring auctioning before the certification could be granted. This was achieved within the timeframe set.

Shared Services for Building Control

Council also jointly submitted on changes to the Earthquake Prone Buildings Legislation and noted that many of the changes suggested in the previous joint southern councils' submission had been made.

The Shared Services Forum had requested a combined Building Control Shared Service between Southland District, Invercargill City and Gore District Councils, with Clutha District Council also opting to participate in this initiative. The four councils continue to work closely together on building control matters in terms of both information sharing and staff exchanges to support each other at busy times.

A combined process and quality manual was developed and the councils have now adopted and implemented that. This manual standardises consent processing methodology and quality assurance measures and has now been the subject of a formal IANZ reaccreditation review via the Clutha District Council review in January 2015. IANZ praised the combined manual approach as the first of its type in New Zealand, and supported the content, subject to some minor continuous improvement recommendations.

A workstream is also proposed in conjunction with the Ministry of Business Innovation and Employment which seeks to identify common blockages in building consent processes across the councils and how these can be removed or minimised. This has considerable potential to assist the region with being "open for business" for new development.

Environmental Health

Food premises have been audited throughout the district with generally good levels of compliance, although some minor issues have been brought to the premise owner's attention to rectify and/or monitor through the use of a Food Control Plan.

Only a small number (two) premises have officially registered their Food Control Plan with the Ministry for Primary Industries (MPI), however this is not mandatory until March 2016, with a transitional period following this date. It is still unclear as to how existing Food Control Plans will meet the new requirements, with MPI gradually releasing guidance material.

Alcohol Licensing

The District Licensing Committee (DLC) considered one application by way of a formal hearing as well as a small number of minor applications considered on the papers. All other applications were considered by the DLC Chairman, with 226 licences issued in total, 90% within 20 working days.

An extension to the liquor ban area was formalized in July 2014, to include streets around the Cromer Street playground and along Paisley Street.

The Clutha Action on Alcohol forum met regularly throughout the year, with outputs around resources to help those with alcohol problems and discussion to formulate a survey on perceptions of alcohol in the district.

Other Regulatory Matters

Enforcement of parking and littering was undertaken with infringements issued for littering and fines issued for parking over time. Noise complaints remained relatively high for the year with 101 after hours complaints responded to and seven during working hours. Two of the seven have required further noise monitoring, which has assisted to reduce the noise problem.

Emergency Services

A Community Response Plan was developed for the Clydevale area following meetings with the community and emergency services, with support from Councillor Cowie. Further community awareness training has occurred at Clutha Health First hospital, Victim Support and Clydevale School.

Gavin Scott and David Campbell were approved by Council as controllers, once they have had the required training in late 2015. They will bolster the number of controllers for the district, which has reduced through natural attrition.

An internal capability assessment was completed in November 2014. The self-assessment comprised some 380 questions and resulted in a score of 62 out of a possible 100, an improvement on the score of 40 from the assessment five years ago.

Monitoring of weather related events occurred throughout the year, with the June 2015 floods requiring some closer monitoring, but without full activation of the Emergency Operations Centre.

Promotion of civil defence continued throughout the district, with targeted workshops at various organisations.

Rural Fire

The Otago Rural Fire Authority (ORFA) managed the fire season across Otago, including the Clutha District. Restrictions were put in place over the summer months and extended into autumn due to drier than normal conditions. Council also fielded many enquiries about fires in urban areas.

Council approved a request from ORFA to fund the replacement of three water tankers in the Clutha district over the next three years, with the funding of an immediate replacement made in this financial year from depreciation funds that were available.

What we achieved for Regulatory & Emergency Services in 2014/15

Level of Service	Performance Measures	Actual (2013/14)	Target (2014/15)	Actual (2014/15)
<i>To provide a consents service where consents are processed within statutory timeframes in an efficient manner</i>	Non-notified resource consents processed within 20 days (statutory timeframe)	94%	100%	96% Not achieved
	Non-notified resource consents processed within 10 days	43%	50%	40% Not achieved
	Customer satisfaction with resource consent processing	Not Measured [#]	90%	100% Achieved
<i>Animal control incidents are responded to in a prompt and efficient manner</i>	Incidents investigated within 48 hours of reports being received	98%	100%	93% Not Achieved
<i>Provide an environmental health inspection service that works towards safe and healthy living</i>	% noise complaints are responded to within 48 hours	100%	100%	99% Not achieved
<i>Food control plans are used by premises that sell food</i>	% of food premises using a Food Control Plan	New Measure	50%	<5% ^{##} Not achieved
<i>To provide a liquor licensing service where licenses are processed within statutory timeframes in an efficient manner</i>	Unopposed liquor licenses and certificate renewals processed within 20 working days	99%	100%	90% Not achieved
<i>Provide a building consents service where consents are processed within statutory timeframes in an efficient manner</i>	Building consents and PIMs processed within 20 working days	99%	100%	100% Achieved
	LIMs processed within 10 working days	100%	100%	100% Achieved
<i>There is timely processing of fire permits</i>	% of fire permit applications processed within 5 working days	98%	100%	Not applicable*
<i>Encouraging and promoting residents to be prepared for a Civil Defence emergency</i>	% of residents who have taken steps to personally prepare for a Civil Defence emergency	47%	62%	44% ^{**} Not achieved

[#] Measured biennially, surveying did not take place in the 2013/14 year.

^{##} Several in progress, but not officially completed by 30 June 2015. This a mandatory requirement for food premises by March 2016.

* This service has now transitioned to the Otago Rural Fire Authority.

** After trending upwards in recent years, this has been trending downwards. We can only speculate on the likely causes for this, such as the time elapsed since the Canterbury earthquakes, no significant events in the Clutha District and less marketing of preparedness messages.

What it cost for Regulatory & Emergency Services in 2014/15

Funding impact statement for the year ended 30 June 2014

	2014 Long Term Plan (\$000)	2015 Long Term Plan (\$000)	2015 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	366	378	342
Targeted rates	316	338	154
Subsidies and grants for operating purposes	0	0	0
Fees and charges	735	758	725
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,417	1,474	1,221
Applications of operating funding			
Payments to staff and suppliers	(856)	(894)	(1,323)
Finance costs	(7)	(7)	(11)
Internal charges and overheads applied	(523)	(541)	(364)
Other operating funding applications	0	0	0
Total applications of operating funding	(1,386)	(1,442)	(1,698)
Surplus (deficit) of operating funding	31	32	(477)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(5)	(5)	(13)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	(5)	(5)	(13)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	(19)
Capital expenditure to replace existing assets	0	0	(49)
(Increase) decrease in reserves	(9)	(10)	558
(Increase) decrease of investments	(17)	(17)	0
Total applications of capital funding	(26)	(27)	490
Surplus (deficit) of capital funding	(31)	(32)	477
Funding balance	0	0	0

financial information

3



Photo: A Hughes



Photo: M Venz

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 2015 fairly reflect the financial position and operations of the Clutha District Council.



Bryan Cadogan
MAYOR

Date: 22nd October 2015



Steve Hill
CHIEF EXECUTIVE

Date: 22nd October 2015

Statement of Comprehensive Revenue & Expense

For the Financial Year ended 30 June 2015

	Notes	2015 \$	Annual Plan \$	2014 \$
Revenue				
Rates revenue	2 (a)	23,341,646	23,640,951	22,763,562
Subsidies and grants	2 (a)	9,340,112	8,188,102	8,305,009
Other revenue	2 (a)	3,399,114	3,475,031	3,094,280
Other gains/(losses)	2 (b)	1,776,320	640,714	496,375
Total Revenue	2 (h)	37,857,192	35,944,798	34,659,226
Expenses				
Employee benefits expense	2 (c)	4,423,657	4,384,749	4,429,306
Depreciation and amortisation expense	2 (d)	12,370,869	12,974,749	13,228,231
Finance costs	2 (e)	184	119	210
Other expenses	2 (f)	18,527,199	20,145,173	16,152,691
Total operating expenses	2 (h)	35,321,909	37,504,790	33,810,438
Surplus/(Deficit) for the year		2,535,283	(1,559,992)	848,788
Other Comprehensive Revenue & Expense				
Items that may be reclassified to surplus or deficit				
Available-for-sale financial assets valuation gain/(loss)		2,697	-	(1,887)
Items that will not be reclassified to surplus or deficit				
Gain/(loss) on property, plant and equipment revaluation		-	29,144,528	25,585,365
Total Other Comprehensive Revenue & Expense				
Total Comprehensive Revenue & Expense for the year		\$2,537,980	\$27,584,536	\$26,432,266

Statement of Changes in Net Assets/Equity

For the Financial Year ended 30 June, 2015

	2015 \$	Annual Plan \$	2014 \$
Equity at beginning of year	1,017,100,226	1,001,831,107	990,667,960
Total Comprehensive Revenue & Expense for the year	2,537,980	27,584,536	26,432,266
Equity at end of year	<u>\$1,019,638,206</u>	<u>\$1,029,415,643</u>	<u>\$1,017,100,226</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June, 2015

	Notes	2015 \$	Annual Plan \$	2014 \$
Current assets				
Cash and cash equivalents	22 (a)	452,654	202,726	468,401
Trade and other receivables	5	5,196,501	2,924,571	3,852,292
Assets held for sale	6	859,178	12,802	12,802
Other financial assets	7	21,835,981	10,548,549	21,929,589
Total current assets		28,344,314	13,688,648	26,263,084
Non-current assets				
Trade and other receivables	5	-	1,828	934
Other financial assets	7	40,453	39,644	37,756
Property, plant and equipment	8	994,575,820	1,018,006,357	993,664,492
Finite Life Intangible assets	9	-	381,357	66,222
Forestry asset	10	3,242,977	2,726,675	2,863,212
Total non-current assets		997,859,250	1,021,155,861	996,632,616
Total assets		1,026,203,564	1,034,844,509	1,022,895,700
Current liabilities				
Trade and other payables	11	5,338,512	3,904,956	4,529,026
Employee entitlements	12	357,967	493,879	422,683
Borrowings	13	1,438	1,803	3,694
Total current liabilities		5,697,917	4,400,638	4,955,403
Non-current liabilities				
Borrowings	13	-	-	1,333
Provisions	14	808,757	924,844	782,378
Other liabilities		58,684	103,384	56,360
Total non-current liabilities		867,441	1,028,228	840,071
Total liabilities		6,565,358	5,428,866	5,795,474
Net assets		\$1,019,638,206	\$1,029,415,643	\$1,017,100,226
Equity				
Reserves	15	782,626,711	786,158,625	779,471,509
Accumulated comprehensive revenue & expense	16	237,011,495	243,257,018	237,628,717
		\$1,019,638,206	\$1,029,415,643	\$1,017,100,226

The accompanying notes form part of these financial statements.

Cashflow Statement

For the Financial Year ended 30 June, 2015

	Notes	2015 \$	Annual Plan \$	2014 \$
Cash flows from operating activities				
Receipts from customers		33,876,959	35,304,084	32,665,786
Interest received		270,152	640,714	136,696
Payments to suppliers and employees		(22,267,789)	(24,530,558)	(19,751,149)
Finance costs		(184)	-	(210)
Receipt from non-current receivable		934	-	893
Net cash inflow/(outflow) from operating activities	22 (c)	11,880,072	11,414,240	13,052,016
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	-
Purchase of property, plant and equipment		(13,244,553)	(20,329,900)	(9,642,181)
(Purchase)/Sale of other financial assets		1,350,000	8,655,139	(3,100,000)
Net cash inflow/(outflow) from investing activities		(11,894,553)	(11,674,761)	(12,742,181)
Cash flows from financing activities				
Proceeds from borrowings		-	-	-
Repayment of borrowings		(1,266)	(3,269)	(50,469)
Net cash inflow / (outflow) from financing activities		(1,266)	(3,269)	(50,469)
Net increase/(decrease) in Cash and cash equivalents		(15,747)	263,790	259,366
Cash and cash equivalents at the beginning of the financial year		468,401	466,516	209,035
Cash and cash equivalents(overdraft) at the end of the financial year	22 (a)	\$452,654	\$202,726	\$468,401

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Financial Year ended 30 June 2015

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 Financial Reporting.

Statement of Compliance

The financial statements of the Council have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

The financial statements have been prepared in accordance with Tier 1 PBE Standards.

These financial statements comply with PBE standards.

These financial statements are the first financial statements presented in accordance with new PBE accounting standards. There were no material adjustments arising on transition to the new PBE accounting standards.

Basis of Preparation

The preparation of financial statements in conformity with PBE IPSAS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, revenue 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

Adoption of new and revised Standards and Interpretations

Standards and interpretations effective in the current period

In May 2013, the External Reporting Board issued a new suite of PBE accounting standards for application by public sector entities for reporting periods beginning on or after 1 July 2014.

This is the first set of financial statements of the Council that is presented in accordance with PBE standards. The Council have previously reported in accordance with NZ IFRS (PBE).

The accounting policies adopted in these financial statements are consistent with those of the previous financial year, except for instances when the accounting or reporting requirements of a PBE standard are different to requirements under NZ IFRS (PBE) as outlined below:

Revenue from exchange and non-exchange transactions

PBE standards distinguish between revenue from exchange and revenue from non-exchange transactions. These two types of revenue are accounted for under two different accounting standards. PBE IPSAS 9 provides guidance on accounting for revenue from exchange transactions, and PBE IPSAS 23 provides guidance on accounting for revenue from non-exchange transactions. There is no equivalent to PBE IPSAS 23 under NZ IFRS.

Professional judgement has been exercised in determining whether the substance of a transaction is that of a non-exchange or an exchange transaction.

The Council has disclosed separately the revenue from exchange transactions and revenue from non-exchange transactions. The Council has also disclosed separately the trade and other receivables and trade and other payables associated with exchange and non-exchange transactions.

The sale of goods and the rendering of services are normally classified as exchange transactions. If, however, the transaction is conducted at a subsidised price, that is, a price that is not approximately equal to the fair value of the goods or services sold, that transaction falls within the definition of a non-exchange transaction.

Fees received from the following activities are recognised as revenue from exchange transactions:

Interest Revenue

Other Revenue

Rental & Lease Revenue

Non-exchange revenue from grants is deferred and recognised as a liability if there is a condition attached to the grant that requires the Council to use the grant as specified by the grantor or return of the cash (or other resources transferred under the grant) if the entity does not perform as specified.

There has been no change to the measurement of revenue, trade and other receivables, or trade and other payables as a result of this change in accounting policy.

Standards issued and not yet effective and not early adopted

In October 2014, the PBE suite of accounting standards was updated to incorporate requirements and guidance for the not-for-profit sector. These updated standards apply to PBEs with reporting periods beginning on or after 1 April 2015. The Council will apply these updated standards in preparing its 30 June 2016 financial statements. The Council expects there will be minimal or no change in applying these updated accounting standards.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

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. Rooding 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

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.

(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 revenue 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 revenue 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 revenue 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

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.

(a) Financial Assets

Financial Assets are classified into the following specified categories: financial assets 'at fair value through surplus or deficit', '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 revenue 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 Surplus or Deficit

Financial assets are classified as financial assets at fair value through surplus or deficit 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 surplus or deficit 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 ANZ Investments, as financial assets at fair value through surplus or deficit. This fund includes 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 revenue or expense 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES 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 surplus or deficit, 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.

- 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

- 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.

(b) 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 27 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 2015 or 30 June 2014.

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.

Assets Held For Sale

Assets held for sale are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. Assets held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

Any impairment losses for write-downs of assets held for sale are recognised in the surplus or deficit. Any increases in fair value (less costs to sell) are recognised up to the level of any impairment losses that have been previously recognised.

Assets (including those that are part of a disposal group) are not depreciated or amortised while they are classified as held for sale.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

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 2014 by Council staff and reviewed by GeoSolve Limited.
- The roading infrastructural assets (excluding land under roads) were revalued on a depreciated replacement value at 30 June 2014 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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

Property, Plant and Equipment cont

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 Roading 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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

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 surplus or deficit when incurred.

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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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 its remaining future economic benefits or service potential.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

Impairment of Non-Financial Assets cont

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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

Cash Flow Statement

Operating activities include cash received from all revenue 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 27.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

SUMMARY OF ACCOUNTING POLICIES cont

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 of 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.

- Forestry

Forestry is revalued annually using a method widely accepted as the industry standard. The approach taken is from a prospective purchaser's perspective. A discount rate is used to calculate the present values of costs and revenues net of tax.

Critical Judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2015:

- 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	Notes	2015 \$	2014 \$
2 SURPLUS FROM OPERATIONS			
(a) Revenue			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		4,360,354	4,370,259
Targeted rates (i)		19,118,933	18,515,801
Rates Penalties		198,409	187,291
Internal Rates		(336,050)	(309,789)
		\$23,341,646	\$22,763,562
 (i) Targeted Rates attributable to activities:			
Governance and Planning		181,420	186,054
Central Administration		86,725	98,744
Roading		7,433,818	7,383,840
Water		6,360,970	6,025,425
Stormwater and Wastewater		2,206,561	2,089,690
Sanitary Services		907,837	920,728
Community Services		1,599,637	1,560,701
Regulatory Services		341,965	250,619
		\$19,118,933	\$18,515,801
 <u>Subsidies and Grants:</u>			
Government grants - LTNZ subsidy		9,034,573	8,031,702
Other grants and subsidies		305,539	273,307
		\$9,340,112	\$8,305,009
 <u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		513,306	538,470
Permits and licences		435,716	419,417
Other fees		718,831	620,161
		1,667,853	1,578,048
Rental Revenue:			
Operating lease rental revenue		932,163	868,632
		932,163	868,632
Interest Revenue:			
Bank deposits		-	-
Other loans and receivables	2(g)	270,152	136,696
		270,152	136,696
Dividend Revenue:			
Available-for-Sale-Investments		-	-
		-	-
Other revenue		528,946	510,904
		\$3,399,114	\$3,094,280

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	Notes	2015 \$	2014 \$
(b) Other Gains / (Losses)			
Vested assets		416,104	42,245
Gain / (loss) on disposal of property, plant and equipment		(275,941)	(36,821)
Gain on changes in fair value of financial assets at fair value through surplus or deficit	2 (g)	1,256,392	354,414
Gain on changes in fair value of forestry asset	10	379,765	136,537
		<u>\$1,776,320</u>	<u>\$496,375</u>
(c) Employee Benefits Expense			
Salaries and wages		4,324,514	4,329,594
Kiwisaver		99,143	99,712
		<u>\$4,423,657</u>	<u>\$4,429,306</u>
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	8	12,304,647	13,157,195
Amortisation of intangible assets	9	66,222	71,036
		<u>\$12,370,869</u>	<u>\$13,228,231</u>
(e) Finance Costs			
Interest on loans carried at amortised cost	2 (g)	184	210
		<u>\$184</u>	<u>\$210</u>
(f) Other Expenses			
Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		2,742	36,244
Grants		1,605,838	484,294
Roading repairs and maintenance		7,267,985	6,809,495
Other expenses		9,650,634	8,822,658
		<u>\$18,527,199</u>	<u>\$16,152,691</u>

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

Audit fees are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	Notes	2015 \$	2014 \$
2. SURPLUS FROM OPERATIONS			
(g) Financial Instruments			
Surplus/(deficit) for the year includes the following revenue and expenses arising from financial instruments classified as:			
<u>Loans and receivables:</u>			
Interest revenue	2(a)	270,152	136,696
<u>Financial assets at fair value through surplus or deficit:</u>			
Change in fair value of financial assets classified as held for trading	2 (b)	1,256,392	354,414
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2 (e)	184	210
 Revenue from Non-Exchange Transactions			
Rates		23,341,646	22,763,562
Grants & Subsidies		9,340,112	8,305,009
Vested Assets		416,104	42,245
Swimming Pool Revenue		76,652	86,587
Building Consents		330,954	352,017
Other Revenue		618,799	884,254
		<u>\$34,124,267</u>	<u>32,433,674</u>
 Revenue from Exchange Transactions			
Rental & Lease Revenue		932,163	868,632
Interest Revenue & Gain on Changes in Fair Value		1,526,544	491,110
Otago Corrections Facility Water		172,932	173,885
Forestry Revaluation		379,765	136,537
Other Revenue		721,521	555,388
		<u>\$3,732,925</u>	<u>2,225,552</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	2015 \$	2014 \$
2. SURPLUS FROM OPERATIONS cont		
(h) Summary Cost of Services By Activity		
Revenue		
Community Leadership - Governance	-	27,000
Roading	9,141,348	8,119,782
Water Services - Water	181,912	163,612
Water Services - Sewerage	179,479	217,673
Sanitary Services - Waste Management	533,900	555,795
Community Services - Library/Service Centre/Information Centre	75,615	72,043
Community Services - Swimming Pools	106,719	86,587
Community Services - Parks/Reserves/Sportsgrounds	5,074	5,470
Community Services - Halls & Community Centres	89,824	106,779
Community Services - Other Council Property	947,745	807,461
Community Services - Cemeteries	79,080	86,954
Community Services - Public Conveniences	-	-
Regulatory Services - Resource Management	40,373	41,607
Regulatory Services - Animal Control	186,445	188,740
Regulatory Services - Environmental Health	20,448	19,798
Regulatory Services - Building Control	392,008	413,283
Regulatory Services - Liquor Licensing	85,596	45,539
Emergency Services - Civil Defence	5,231	-
Emergency Services - Rural Fire	-	36,135
Total activity revenue	\$12,070,797	\$10,994,258
Add		
Rates (refer Note 2(a))	23,341,646	22,763,562
Other Gains/(Losses)(refer note 2(b))	1,776,320	496,375
Petrol Tax	184,785	182,801
Other Revenue	483,644	222,230
	<u>25,786,395</u>	<u>23,664,968</u>
Total Revenue	<u>\$37,857,192</u>	<u>\$34,659,226</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	2015	2014
	\$	\$
Expenditure		
Community Leadership - Governance	1,542,994	882,506
Community Leadership - District Development	822,420	526,915
Community Leadership - Community Support	547,734	511,814
Roading	15,863,358	16,043,542
Water Services - Water	6,233,910	6,156,411
Water Services - Stormwater	459,736	528,731
Water Services - Sewerage	1,869,128	1,736,302
Sanitary Services - Waste Management	1,212,468	1,214,947
Community Services - Library/Service Centre/Information Centre	1,243,825	1,173,210
Community Services - Swimming Pools	1,397,406	962,104
Community Services - Parks/Reserves/Sportsgrounds	606,039	523,209
Community Services - Halls & Community Centres	371,532	392,348
Community Services - Other Council Property	628,069	609,220
Community Services - Public Conveniences	294,024	290,228
Community Services - Cemeteries	172,634	127,581
Regulatory Services - Resource Management	142,757	461,530
Regulatory Services - Animal Control	190,616	198,475
Regulatory Services - Environmental Health	149,436	134,317
Regulatory Services - Building Control	659,674	625,408
Regulatory Services - Liquor Licensing	42,563	38,673
Emergency Services - Civil Defence	167,235	161,128
Emergency Services - Rural Fire	340,030	278,330
Total activity expenditure	34,957,588	33,576,929
<u>Add</u>		
Additional Depreciation	291,493	304,274
Forestry Expenses	27,554	17,254
Finance Costs (refer note 2(e))	184	210
Other Expenditure	381,140	221,560
Internal Rates	(336,050)	(309,789)
	<hr/> 364,321	<hr/> 233,509
Total Operating Expenditure	\$35,321,909	\$33,810,438

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

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:

	2015	2014
	\$	\$
<u>Councillors</u>		
Remuneration	353,728	334,596
Full-time Equivalent members	15	15
<u>Community Board Members</u>		
Remuneration	37,098	34,170
Full-time Equivalent members	12	12
<u>Senior Management Team, including Chief Executive</u>		
Remuneration	635,723	617,499
Full-time Equivalent members	4	4

Due to the difficulty in determining the full-time equivalent for Councillors, the full time equivalent figure is taken as the number of councillors.

4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	100,500	97,720
Audit fees for assurance and related services - Long Term Plan	95,500	-

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	2015 \$	2014 \$
5. TRADE AND OTHER RECEIVABLES		
Trade and other receivables (i)	1,466,590	394,511
Rates receivables	912,148	894,508
	<u>2,378,738</u>	<u>1,289,019</u>
Allowance for doubtful debts (ii)	(75,000)	(75,000)
	2,303,738	1,214,019
Prepayments	-	485,149
LTNZ Subsidy	2,892,763	2,154,058
	<u>\$5,196,501</u>	<u>\$3,853,226</u>
Disclosed in the financial statements as:		
Current	5,196,501	3,852,292
Non-current	-	934
	<u>\$5,196,501</u>	<u>\$3,853,226</u>
Receivables from non-exchange transactions - This includes outstanding amounts for rates, grants, infringements and fees & charges that are partly subsidised by rates.	3,804,911	3,033,718
Receivables from exchange transactions - This includes outstanding amounts for commercial sales and fees & charges that have not been subsidised by rates.	1,391,590	819,508
	<u>\$5,196,501</u>	<u>\$3,853,226</u>

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

The Council does not provide for any impairment on rates receivables 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

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

	2015	2014
	\$	\$
Past due 1 to 3 months	263,875	277,902
Past due 3 to 6 months	209,827	211,070
Past due 6 to 9 months	192,192	203,902
Past due 9 to 12 months	192,191	203,901
Past due > 12 months	118,261	60,000
	<hr/>	<hr/>
	976,346	956,775
Current	1,402,392	332,244
	<hr/>	<hr/>
	\$2,378,738	\$1,289,019

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

(ii) Movement in the allowance for doubtful debts:

	2015	2014
	\$	\$
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/>	<hr/>
Balance at end of Year	\$75,000	\$75,000

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 NZTA, 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.

	2015	2014
	\$	\$
6. Assets Held For Sale		
Land	759,178	12,802
Chattels	100,000	-
	<hr/>	<hr/>
	\$859,178	\$12,802

During the last financial year Council purchased a sawmill in order to facilitate the creation of an industrial site for business growth. Council has previously confirmed it does not intend to hold land for investment purposes and the site is expected to developed and selling by 2016.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2015

	2015	2014
	\$	\$
7. OTHER FINANCIAL ASSETS		
<i>At fair value through surplus or deficit:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
ANZ Investments - NZ Government Stock	9,408,852	7,570,950
ANZ Investments - NZ Local Authority Bonds	991,684	560,115
ANZ Investments - NZ Corporate Bonds	2,848,982	3,011,596
ANZ Investments - NZ State Owned Enterprises	195,563	186,247
ANZ Investments - NZ Floating Rate Notes	251,948	251,079
ANZ Investments - NZ Dollars	13,856	21,507
ANZ Investments - NZ Discounted Securities	2,525,096	3,378,095
	<hr/>	<hr/>
	16,235,981	14,979,589
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	40,453	37,756
<u>Current</u>		
Money Market Deposit	5,600,000	6,950,000
	<hr/>	<hr/>
	\$21,876,434	\$21,967,345
Disclosed in the financial statements as:		
Current	21,835,981	21,929,589
Non-current	40,453	37,756
	<hr/>	<hr/>
	\$21,876,434	\$21,967,345
	<hr/>	<hr/>

There are no impairment provisions for other financial assets.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

8. PROPERTY, PLANT AND EQUIPMENT

	2015											Carrying amount 30 June 2015	
	Cost /Valuation 1 July 2014	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2015	Accumulated depreciation and impairment charges 1 July 2014	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 2015
Operational Assets													
At Cost													
Land	3,093,523	-	(5,000)	-	-	3,088,523	-	-	-	-	-	-	3,088,523
Buildings	13,936,101	30,801	-	37,249	-	14,004,151	(3,159,237)	-	(275,986)	-	-	(3,435,223)	10,568,928
Land - restricted (i)	1,261,015	22,048	-	-	-	1,283,063	-	-	-	-	-	-	1,283,063
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	2,975,770	314,281	-	25,865	-	3,315,916	(1,083,958)	-	(60,169)	-	-	(1,144,127)	2,171,789
Furniture and equipment	2,443,050	65,538	(4,250)	-	-	2,504,338	(1,887,930)	-	(125,495)	4,250	-	(2,009,175)	495,163
Plant and Motor vehicles	3,244,849	171,900	(538,563)	-	-	2,878,186	(1,503,546)	-	(281,262)	509,682	-	(1,275,126)	1,603,060
Library Books	2,477,385	105,131	-	-	-	2,582,516	(2,176,950)	-	(105,603)	-	-	(2,282,553)	299,963
Work in progress	63,114	23,440	-	(63,114)	-	23,440	-	-	-	-	-	-	23,440
Total Operational Assets	29,610,932	733,139	(547,813)	-	-	29,796,258	(9,811,621)	-	(848,515)	513,932	-	(10,146,204)	19,650,053
Infrastructural Assets													
Roads - Formation	533,240,727	625,929	-	-	-	533,866,656	-	-	-	-	-	-	533,866,656
Roads - Pavement (sealed)	151,388,597	4,248,071	-	-	-	155,636,668	-	-	(3,800,415)	-	-	(3,800,415)	151,836,253
Roads - Pavement (unsealed)	79,634,612	1,718,128	-	-	-	81,352,740	-	-	(2,633,904)	-	-	(2,633,904)	78,718,836
Roads - Other roading assets	42,409,287	735,042	-	-	-	43,144,329	-	-	(1,102,519)	-	-	(1,102,519)	42,041,810
Roads - Other	6,218,902	353,053	-	-	-	6,571,955	-	-	(458,472)	-	-	(458,472)	6,113,483
Roads - Bridges	46,547,149	1,791,140	-	-	-	48,338,289	-	-	(869,084)	-	-	(869,084)	47,469,205
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	10,313,105	180,280	(41,214)	-	-	10,452,171	-	-	(240,995)	89	-	(240,906)	10,211,265
Wastewater	37,538,663	75,286	(21,084)	367,635	-	37,960,500	-	-	(771,613)	790	-	(770,823)	37,189,677
Water	57,361,683	578,727	(320,131)	205,107	-	57,825,386	-	-	(1,584,016)	4,008	-	(1,580,008)	56,245,378
Work in Progress	1,379,234	2,593,490	-	(572,742)	-	3,399,982	-	-	-	-	-	-	3,399,982
Total Infrastructural Assets	973,865,180	12,899,146	(382,429)	-	-	986,381,897	-	-	(11,461,018)	4,887	-	(11,456,131)	974,925,767
Total Property, Plant and Equipment	1,003,476,112	13,632,285	(930,242)	-	-	1,016,178,155	(9,811,621)	-	(12,309,533)	518,819	-	(21,602,335)	994,575,820

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

PROPERTY, PLANT AND EQUIPMENT cont

	2014										Carrying amount 30 June 2014						
	Cost /Valuation 1 July 2013					Cost /Valuation 30 June 2014						Accumulated depreciation and impairment charges 1 July 2013	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 2014
	Additions	Disposals	Transfers	Revaluation													
Operational Assets																	
At Cost																	
Land	2,869,632	223,891	-	-	-	3,093,523	-	-	-	-	-	-	-	-	-	3,093,523	
Buildings	13,601,568	324,908	-	9,625	-	13,936,101	(2,888,488)	-	(270,749)	-	-	-	-	(3,159,237)	-	10,776,864	
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	-	-	-	-	1,261,015	
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	-	-	-	116,125	
Buildings - restricted (i)	2,970,929	4,841	-	-	-	2,975,770	(1,024,437)	-	(59,521)	-	-	-	-	(1,083,958)	-	1,891,812	
Furniture and equipment	2,288,140	154,910	-	-	-	2,443,050	(1,758,388)	-	(129,542)	-	-	-	-	(1,887,930)	-	555,120	
Plant and Motor vehicles	3,160,118	156,273	(82,442)	10,900	-	3,244,849	(1,278,504)	-	(299,838)	74,796	-	-	-	(1,503,546)	-	1,741,303	
Library Books	2,365,320	112,065	-	-	-	2,477,385	(2,069,046)	-	(107,904)	-	-	-	-	(2,176,950)	-	300,435	
Work in progress	20,525	63,114	-	(20,525)	-	63,114	-	-	-	-	-	-	-	-	-	63,114	
Total Operational Assets	28,653,372	1,040,002	(82,442)	-	-	29,610,932	(9,018,863)	-	(867,554)	74,796	-	-	(9,811,621)	-	-	19,799,310	
Infrastructural Assets																	
Roads - Formation	520,170,476	547,810	-	-	12,522,441	533,240,727	-	-	-	-	-	-	-	-	-	533,240,727	
Roads - Pavement (sealed)	148,279,141	3,899,658	-	-	(790,202)	151,388,597	(3,945,288)	-	(4,143,317)	-	8,088,605	-	-	-	-	151,388,597	
Roads - Pavement (unsealed)	79,774,041	1,645,936	-	-	(1,785,365)	79,634,612	(2,522,587)	-	(3,016,891)	-	5,539,478	-	-	-	-	79,634,612	
Roads - Other roading assets	41,134,779	382,063	-	-	892,445	42,409,287	(1,028,407)	-	(1,037,211)	-	2,065,618	-	-	-	-	42,409,287	
Roads - Other	6,268,616	304,098	-	-	(353,812)	6,218,902	(440,869)	-	(459,760)	-	900,629	-	-	-	-	6,218,902	
Roads - Bridges	47,174,640	1,218,565	-	-	(1,846,056)	46,547,149	(845,620)	-	(854,947)	-	1,700,567	-	-	-	-	46,547,149	
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	-	-	-	7,833,222	
Stormwater	10,527,280	22,351	(9,350)	14,338	(241,514)	10,313,105	(545,017)	-	(296,153)	6,166	835,004	-	-	-	-	10,313,105	
Wastewater	38,357,172	114,246	(58,755)	1,372,272	(2,246,272)	37,538,663	(1,539,974)	-	(819,330)	52,015	2,307,289	-	-	-	-	37,538,663	
Water	63,334,237	228,349	(84,157)	631,895	(6,748,641)	57,361,683	(3,128,026)	-	(1,662,032)	44,905	4,745,153	-	-	-	-	57,361,683	
Work in Progress	2,884,400	513,339	-	(2,018,505)	-	1,379,234	-	-	-	-	-	-	-	-	-	1,379,234	
Total Infrastructural Assets	965,738,004	8,876,415	(152,262)	(0)	(596,976)	973,865,180	(13,995,788)	-	(12,289,641)	103,086	26,182,343	-	-	-	-	973,865,181	
Total Property, Plant and Equipment	994,391,376	9,916,417	(234,704)	(0)	(596,976)	1,003,476,113	(23,014,651)	-	(13,157,195)	177,882	26,182,343	(9,811,621)	-	-	-	993,664,492	

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

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.

ADDITIONAL INFORMATION CONCERNING CORE ASSETS

		Closing Book Value 30 June 2015 \$,000	Additions constructed by Council \$,000	Additions transferred to Council \$,000	Estimated replacement cost \$,000
Water supply	Treatment plants and facilities	18,468	228	4	31,509
Water supply	Other assets (such as reticulation systems)	37,777	328	191	67,757
Sewerage	Treatment plants and facilities	12,804	90	-	16,723
Sewerage	Other assets (such as reticulation systems)	24,385	305	46	43,280
Stormwater drainage		10,211	5	175	21,682
Roads & Footpaths		860,117	9,471	-	1,024,089

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

9. FINITE LIFE INTANGIBLE ASSETS

	Computer Software
	\$
Gross carrying amount	
Balance at 1 July 2013	1,129,194
Additions	-
Transfer from Work In Progress	-
Disposals	-
Intangibles expensed during the year	<u>(326,674)</u>
Balance at 1 July 2014	802,520
Additions	-
Transfers from Work In Progress	-
Disposals	-
	<hr/>
Balance at 30 June 2015	<u>\$802,520</u>
Accumulated amortisation and impairment	
Balance at 1 July 2013	747,837
Amortisation expense (i)	71,036
Disposals	-
Amortisation reversed on intangibles expensed during the year	<u>(82,575)</u>
Balance at 1 July 2014	736,298
Amortisation expense (i)	66,222
Disposals	-
	<hr/>
Balance at 30 June 2015	<u>\$802,520</u>
Net Book Value	
As at 30 June 2014	<u>\$66,222</u>
As at 30 June 2015	<u>\$0</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

10. FORESTRY ASSET

	2015 \$	2014 \$
Balance at beginning of year	2,863,212	2,726,675
Increases due to purchases	-	-
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	245,229	267,984
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	134,536	(131,447)
Decreases due to harvest	-	-
Balance at end of year	<u>\$3,242,977</u>	<u>\$2,863,212</u>

The Council owns 366.2 hectares (2014: 366.2 hectares) of Pinus radiata, Macrocarpa and Douglas fir forest, which are at varying stages of maturity ranging from 0 to 39 years.

Independent registered valuers PF Olsen and Company Limited have valued forestry assets as at 30 June, 2015 (30 June 2014). A post-tax discount rate of 7% (2014:7%) 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.

	2015 \$	2014 \$
11. TRADE AND OTHER PAYABLES		
Payables under exchange transactions		
Trade & sundry payables (i)	4,430,436	3,795,356
Deposits and retentions	359,447	386,602
Payables under non-exchange transactions		
Rates in advance	247,069	225,166
Goods And Services Tax (GST) Payable	301,560	121,902
	<u>\$5,338,512</u>	<u>\$4,529,026</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

12. EMPLOYEE ENTITLEMENTS

	2015	2014
	\$	\$
Salary & Wage Accrual	27,606	127,578
Annual leave	271,905	238,048
Long service leave	8,776	8,341
Retirement gratuities	49,680	48,716
	\$357,967	\$422,683

13. BORROWINGS

(a) External Borrowing

Secured - at amortised cost

Bank borrowings (i)	-	-
Other borrowings (i), (ii)	1,438	5,027
	\$1,438	\$5,027

Disclosed in the financial statements as:

Current	1,438	3,694
Non-current	-	1,333
	\$1,438	\$5,027

(i) The Council loans are secured over either future general rates of the district or Council assets. Interest is charged on a daily basis. At balance date the current weighted average effective interest rate on the Bank borrowings is 3.50% (2014: 3.91%). Refer Note 27 for maturity profile.

(ii) Rural housing loans are included in Council debt. The value of these loans at 30 June 2015 is \$0 (2014: \$934). Interest is charged on a fixed rate basis. The current weighted average effective interest rate on the other borrowings is 0% (2014: 5.69%).

(b) Internal Borrowing

	Amount Payable to Council 30 June 2015 \$	Total Funds Borrowed During the Year \$	Total Funds Repaid in the Year \$	Interest Paid in Year \$
Administration	989,889	-	34,047	50,565
Community Services	7,709,929	1,461,875	165,512	317,607
Community Leadership	1,780,876	925,500	24,849	43,550
Water	5,412,217	1,062,000	177,026	223,077
Sewerage	2,842,258	-	119,867	145,882
Stormwater	497,003	-	43,509	26,218
Regulatory	209,377	-	12,713	10,869
Roading	5,262,914	-	186,841	269,021
	\$24,704,463	\$3,449,375	\$764,364	\$1,086,789

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

	2015	2014
	\$	\$
14. PROVISIONS		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	782,378	969,162
Unwinding of discount and effect of changes in the discount rate	<u>26,379</u>	<u>(186,784)</u>
Balance at end of year	<u>\$808,757</u>	<u>\$782,378</u>

(i) Provision for landfill aftercare costs.

The Council gained 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 2012 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)	(36,745)	(39,442)
Asset revaluation reserve (b)	747,599,489	747,599,489
Trust Funds (c)	359,610	365,669
Reserves (d)	<u>34,704,357</u>	<u>31,545,793</u>
	<u>\$782,626,711</u>	<u>\$779,471,509</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

	2015 \$	2014 \$
15. RESERVES cont		
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	(39,442)	(37,554)
Valuation gain/(loss) recognised		
– Equity securities	2,697	(1,888)
Balance at end of year	<u>\$(36,745)</u>	<u>\$(39,442)</u>

The available-for-sale revaluation reserve arises on the revaluation of equity securities. Where a revalued financial asset is sold, the 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	747,599,489	722,014,124
Revaluation increase / (decrease)		
– Rooding revaluation	-	26,934,344
– Stormwater revaluation	-	593,490
– Wastewater revaluation	-	61,017
– Water revaluation	-	(2,003,486)
	-	25,585,365
Balance at end of year	<u>\$747,599,489</u>	<u>\$747,599,489</u>

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>Rooding</u> \$	<u>Stormwater</u> \$	<u>Wastewater</u> \$	<u>Water</u> \$	<u>Total</u> \$
Balance at 30 June 2013	\$658,465,456	\$5,604,009	\$24,947,318	\$32,997,341	\$722,014,124
Revaluation increase /(decrease)	26,934,344	593,490	61,017	(2,003,486)	25,585,365
Balance at 30 June 2014	\$685,399,800	\$6,197,499	\$25,008,335	\$30,993,855	\$747,599,489
Revaluation increase /(decrease)	-	-	-	-	-
Balance at 30 June 2015	<u>\$685,399,800</u>	<u>\$6,197,499</u>	<u>\$25,008,335</u>	<u>\$30,993,855</u>	<u>\$747,599,489</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

(c) Trust Funds (restricted)

	2015	2014
	\$	\$
Balance at beginning of year	365,669	372,677
Transfer from/(to) retained earnings		
– Transfer from retained earnings	7,764	5,103
– Transfer to retained earnings	(13,823)	(12,111)
	<hr/>	<hr/>
Balance at end of year	<u>\$359,610</u>	<u>\$365,669</u>

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	31,545,793	29,166,376
Transfer from/(to) retained earnings		
– Transfer from retained earnings	6,544,966	5,628,422
– Transfer to retained earnings	(3,386,402)	(3,249,005)
	<hr/>	<hr/>
Balance at end of year	<u>\$34,704,357</u>	<u>\$31,545,793</u>

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

(e) Reserve Funds

Fund	Type/ Purpose	Opening Balance as at 1 July 2014 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2015 \$
Community Leadership					
Election Fund	Spec	3,196	21,978	-	25,175
Lawrence/Tuapeka Community Board	Spec	21,468	5,555	-	27,023
West Otago Community Board	Spec	72,219	13,236	-	85,456
Tuapeka Bursary	Spec	37,388	1,799	2,620	36,567
Economic Development	Spec	21,354	1,065	-	22,419
Clutha Gold Trail	Spec	33,728	24,743	-	58,471
Education Fund	Spec	13,137	-	-	13,137
Opportunities Fund	Spec	37,658	34,164	-	71,822
Signage	Spec	-	6,457	-	6,457
Welcome to Signage	Spec	3,432	171	-	3,603
Central Administration					
Information Technology	Depn	447,798	174,282	58,213	563,867
Office Computer Equipment	Spec	72,037	3,593	-	75,630
Rosebank Terrace Main Office	Depn	577,345	40,449	-	617,794
Rosebank Terrace Main Office	Spec	249,114	9,945	99,410	159,649
Underground Insurance	Spec	52,323	56,470	-	108,793
Human Resources	Spec	-	16,158	-	16,158
Cars	Spec	266,288	142,306	59,732	348,862
Gratuities	Spec	60,586	3,022	-	63,607
Forestry	Spec	1	-	-	1
G.I.S.	Spec	68,978	3,440	-	72,418
District Assets Infrastructure	Spec	33,129	1,652	-	34,781
Policy & Communication	Spec	62,000	43,528	13,591	91,937
Roading					
Roading	Depn	3,981,016	507,993	584,186	3,904,823
Roading - Bridge Lights	Spec	34,510	1,721	-	36,231
Balclutha Main Street	Spec	46,671	2,328	-	48,998
Deferred Roothing	Depn	753,047	37,556	-	790,603
Water					
Balclutha Water	Depn	354,421	172,521	-	526,943
Balclutha Township	Spec	209,138	8,175	90,455	126,857
Balmoral No. 1	Depn	259,721	37,681	-	297,403
Balmoral No. 1	Spec	193,352	5,354	172,000	26,706
Balmoral No. 2	Depn	245,323	71,585	-	316,907
Balmoral No. 2	Spec	282,111	9,631	178,000	113,742
Benhar	Depn	52,124	12,992	-	65,116
Clinton	Depn	179,112	26,402	2,234	203,281
Clydevale/Pomahaka	Depn	375,098	132,354	360,000	147,452
Glenkenich	Depn	365,255	126,475	-	491,729
Glenkenich Rural Water Scheme	Spec	41,203	1,027	41,203	1,027
Kaitangata	Depn	294,225	45,771	53,500	286,495

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

Fund	Type/ Purpose	Opening Balance as at 1 July 2014	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2015
		\$	\$	\$	\$
Kaitangata	Spec	70,000	3,491	-	73,491
Kaka Point	Depn	96,491	18,986	-	115,477
Kaka Point	Spec	15,791	788	-	16,578
Lawrence	Depn	75,757	69,446	26,000	119,203
Lawrence	Spec	-	-	-	-
Milton	Depn	6,335	216,674	200,000	23,009
Moa Flat	Depn	492,499	163,411	91,000	564,911
Moa Flat Rural Water Scheme	Spec	47,932	34,163	-	82,095
North Bruce	Depn	184,113	142,161	45,794	280,480
Owaka	Depn	149,277	28,204	34,000	143,481
Richardson	Depn	325,463	156,428	-	481,891
Richardson Rural Water Scheme	Spec	411,479	20,521	-	432,000
South Bruce	Depn	228,024	48,489	15,000	261,513
Stirling Township Water	Depn	135,435	21,505	-	156,940
Stirling Township Water	Spec	50,696	2,528	-	53,225
Tapanui	Depn	42,838	65,528	34,091	74,276
Tuapeka RWS	Depn	334,288	99,151	93,000	340,438
Tuapeka RWS	Spec	459,639	11,462	459,639	11,462
Waiholā	Depn	157,778	21,679	-	179,457
Waiholā	Spec	66,836	3,333	-	70,169
Waipahi	Depn	219,028	49,973	-	269,001
Waitahuna	Depn	314,470	60,554	66,000	309,025
Wangaloa	Depn	102,851	19,491	29,000	93,342
Stirling Treatment Plant	Depn	43,605	62,357	-	105,962
Stirling Water Treatment	Spec	238,224	11,681	8,000	241,906
Kaitangata Treatment Plant	Depn	42,231	48,215	-	90,446
Wangaloa Plant Renewal	Spec	12,691	633	-	13,324
Telemetry	Depn	326,137	69,357	-	395,494
Telemetry	Spec	137,932	6,879	-	144,811
Sewerage					
Balclutha	Depn	2,101,707	326,280	31,021	2,396,965
Balclutha	Spec	529,536	26,409	-	555,946
Benhar	Depn	7,117	355	-	7,472
Clinton	Depn	313,151	60,702	-	373,853
Heriot	Depn	6,564	922	6,564	922
Heriot (Pump)	Spec	1,692	42	1,692	42
Kaitangata	Depn	674,803	89,600	-	764,403
Kaitangata	Spec	61,258	2,477	23,172	40,563
Kaka Point	Depn	108,952	38,402	-	147,354
Kaka Point	Spec	69,090	3,333	4,500	67,923
Lawrence	Depn	14,653	55,153	42,000	27,806
Milton	Depn	1,461,998	277,504	-	1,739,502
Owaka	Depn	94,636	64,752	12,222	147,166
Stirling	Depn	31,785	32,404	4,112	60,077
Stirling (Plant)	Spec	2,426	121	-	2,547
Tapanui	Depn	66,631	80,482	-	147,113
Tapanui	Spec	178	9	-	187
Waiholā	Depn	394,689	72,854	-	467,543

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

Fund	Type/ Purpose	Opening Balance as at 1 July 2014	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2015
		\$	\$	\$	\$
Waiholo	Spec	83,655	4,172	-	87,827
Stormwater					
Balclutha	Depn	562,849	133,052	2,000	693,901
Clinton	Depn	112,665	13,150	-	125,816
Kaitangata	Depn	111,659	15,275	-	126,933
Kaka Point	Depn	67,222	8,897	4,000	72,119
Lawrence	Depn	29,097	10,888	-	39,985
Milton	Depn	236,091	105,156	-	341,247
Milton	Spec	18,671	931	-	19,603
Owaka	Depn	160,805	15,496	-	176,301
Tapanui	Depn	229,277	35,785	12,000	253,062
Palmer Place	Depn	3,471	173	-	3,644
Rural	Depn	25,752	11,370	-	37,122
Waste Management					
Solid Waste	Depn	1,471,410	127,333	-	1,598,742
Community Services					
Libraries	Depn	29,748	115,416	105,131	40,033
Lawrence Service Centre	Depn	12,474	622	-	13,096
Milton Service Centre	Depn	45,040	2,246	-	47,287
Tapanui Service Centre	Depn	8,640	431	-	9,071
Owaka Service Centre	Depn	46,391	8,841	7,462	47,770
Service Centres	Spec	186,781	9,315	-	196,096
Balclutha Pool	Depn	59,343	50,043	74,959	34,427
Kaitangata Pool	Depn	148,487	26,848	-	175,334
Kaitangata Pool	Spec	66,495	3,316	-	69,811
Lawrence Pool	Depn	109,066	5,439	-	114,506
Lawrence Pool	Spec	37,614	1,876	-	39,490
Milton Pool	Depn	26,170	23,895	28,892	21,173
Reserve Contributions	Spec	47,869	4,119	-	51,989
Parks & Reserves	Depn	88,752	17,266	46,000	60,018
Sports Grounds	Depn	202,574	15,931	-	218,505
Grandstand 2000	Depn	122,244	6,097	-	128,341
Cemetery	Depn	85,446	23,289	15,500	93,235
Cemeteries	Spec	412,533	20,574	-	433,107
Kaitangata Cemetery	Spec	11,503	574	-	12,077
Lawrence Cemetery	Spec	23,618	1,178	-	24,796
Public Conveniences	Depn	162,859	54,161	-	217,020
Balclutha Town Hall	Depn	221,394	46,008	-	267,402
Balclutha Town Hall	Spec	141,705	7,067	-	148,772
Milton Civic Centre	Depn	11,814	589	-	12,403
Kaitangata Hall	Depn	22,286	1,111	-	23,398
Clinton Hall	Depn	22	1	-	23
Clutha Valley Hall	Depn	51,138	5,641	-	56,780

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

Fund	Type/ Purpose	Opening Balance as at 1 July 2014	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2015
		\$	\$	\$	\$
Community Services Continued					
Hillend Hall	Depn	16,419	1,984	-	18,404
Kaka Point	Depn	11,159	923	-	12,084
Lovells Flat	Depn	9,747	743	-	10,490
Moneymore	Depn	7,066	655	-	7,722
Owaka Hall	Depn	43,808	5,215	-	49,023
Waihola Hall	Depn	2,914	424	-	3,337
Waipahi Hall	Depn	10,656	1,114	-	11,770
Waitahuna Hall	Depn	70,923	583	-	71,506
Waiwera Hall	Depn	4,676	7,267	-	78,190
Various Halls	Depn	130,720	6,134	15,458	121,396
Naish Park Camping Ground	Depn	6,811	806	-	7,617
Kaka Point Camping Ground	Depn	26,690	2,477	2,410	26,758
Taylor Park Camping Ground	Depn	43,983	3,359	-	47,342
Pounaweia Camping Ground	Depn	5,908	1,227	-	7,135
Waihola Camping Ground	Depn	4,798	498	-	5,296
Community Housing	Depn	278,929	115,071	53,450	340,550
Endowment Land	Spec	482,187	24,048	-	506,235
Depots	Depn	286,429	14,285	-	300,714
Other Property	Depn	97,380	9,519	-	106,899
Dunrobin Recreation Reserve*	Spec	57,122	2,849	-	59,971
Parkhill Recreations Reserve Board*	Spec	3,856	192	-	4,048
Waikoikoi Domain Board*	Spec	13,467	675	-	14,139
Regulatory & Emergency Services					
Animal Control	Depn	2,302	2,269	-	4,572
Civil Defence & Emergency	Depn	22,094	6,456	18,979	9,572
Rural Fire	Depn	58,210	1,452	58,210	1,452
Funds Not Specifically Allocated to an Activity Group					
General Funds	Spec	3,824,692	1,008,697	-	4,833,389
Tapanui Domain Trust	Trust	12,648	274	-	12,921
Butler Trust	Trust	360	8	-	368
Milton Brass Band	Trust	556	12	-	568
O'Hara Sports Trust	Trust	1,401	30	-	1,431
JD Swan Estate	Trust	7,690	166	-	7,857
George Melville Estate	Trust	142,031	2,955	11,000	133,985
Kate Leslie Trust	Trust	100,695	2,149	2,823	100,021
Elderly Citizens Trust (Lawrence)	Trust	25,420	550	0	25,970
Clinton Endowment Land	Trust	74,868	1,620	-	76,488
		\$31,911,462	\$6,552,730	\$3,400,225	\$35,063,967

*Council holds funds on behalf of 3 Recreation Reserve/Domain Boards, these are included in special funds and total \$78,158 at year end.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

	2015	2014
	\$	\$
16. RETAINED EARNINGS		
Balance at beginning of year	237,628,717	239,152,338
Net Surplus/(Deficit) for the year	2,535,283	848,788
Transfer from/(to)		
– Transfer from Reserves	3,386,402	3,249,005
– Transfer from Trust Funds	13,823	12,111
– Transfer to Reserves	(6,544,966)	(5,628,422)
– Transfer to Trust Funds	(7,764)	(5,103)
Balance at end of year	<u>\$237,011,495</u>	<u>\$237,628,717</u>

17. COMMITMENTS

(a) Expenditure Commitments (Non cancellable contracts)

Not later than 1 year	2,683,000	3,417,000
Later than 1 year, less than 5 years	1,215,000	2,430,000
Later than 5 years	-	-
	<u>\$3,898,000</u>	<u>\$5,847,000</u>

(b) Lease Commitments

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Council entered into a contract with Lund South Ltd to refurbish the Balclutha Centennial Swimming Pool. Although the pool was opened in September 2012, the contract remains uncompleted. All payments required under the contract have been paid by Council. Lunds have asked for additional payments, but they have not been approved by the engineer to the contract. The engineer to the contract has applied liquidated damages under the contract and issued a final payment certificate.

19. LEASES

Disclosures for lessees

(a) Leasing Arrangements

Operating leases relate to photocopier equipment leases.

	2015	2014
	\$	\$
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	4,294	-
Longer than 1 year and not longer than 5 years	14,433	-
Longer than 5 years	-	-
	<hr/>	<hr/>
	<u>\$18,727</u>	<u>\$-</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

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.

Councillor Hilary McNab is involved with Telford Farm Training institute, Catlins Promotions and the Owaka Swimming Pool Committee, during the year transactions were entered into valued at \$0, \$1,350 and \$8,471 respectively. (2014: \$1,215, \$1,035 and \$8,253)

(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:

	2015	2014
	\$	\$
Cash and cash equivalents	452,654	468,401
Bank overdraft	-	-
	<hr/>	<hr/>
	\$452,654	\$468,401
	<hr/>	<hr/>

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 \$58,684 (2014: \$56,360).

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

2015
\$

2014
\$

22. NOTES TO THE CASH FLOW STATEMENT cont

(b) Borrowing Facilities

Secured bank overdraft facility with Westpac Banking Corporation, payable at call.

• Amount used	-	-
• Amount unused	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
	<u>\$250,000</u>	<u>\$250,000</u>

Multi Option Credit Facility with Westpac Banking Corporation
(secured by a negative pledge over rates)

• Amount used	-	-
• Amount unused	3,000,000	3,000,000
	<u>3,000,000</u>	<u>3,000,000</u>
	<u>\$3,000,000</u>	<u>\$3,000,000</u>

(c) Reconciliation of Surplus/(Deficit) for the Period to Net Cash Flows From Operating Activities

Surplus/(Deficit) for the period	2,535,283	848,788
Add/(less) non-cash items:		
Depreciation and amortisation	12,370,869	13,228,231
(Gain) on fair value of forestry asset	(379,765)	(136,537)
(Gain)/Loss on sale of property, plant and equipment	275,941	36,821
Unrealised (gain) on revaluation of other financial assets to fair value	(1,256,392)	(354,414)
Vested Assets	(416,104)	(42,245)
	<u>10,594,549</u>	<u>12,731,856</u>
Movement in working capital:		
Trade and other receivables	(1,343,275)	(926,829)
Inventories - development properties	(846,376)	-
Trade and other payables	809,485	624,070
Employee entitlements	(64,714)	(71,195)
Provisions	26,379	(186,784)
	<u>(1,418,501)</u>	<u>(560,737)</u>
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	168,741	32,110
Net cash inflow from operating activities	<u>\$11,880,072</u>	<u>\$13,052,016</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2014/15 budget are as follows:

Statement of Financial Performance

There was an operating surplus at year-end of \$2.5 million. Council had forecasted a loss of \$1.6 million. The variances from budget are explained below.

Total revenue was approximately \$1.8 million more than budget. The following major variances contributed to this:

- Rates are less than budgeted by \$0.299 million as rates levied on councils own properties have been removed from both revenue and expenditure.
- Fees, rents & miscellaneous revenue was ahead of budget by \$0.146 million. The major variance being that increases in revenue from leases and the sale of various surplus land was not budgeted.
- New Zealand Transport Agency revenue was over budget by \$1.1 million. This is mostly due to the timing of carry forwards and the end of the three year cycle.
- Forestry was revalued upwards by \$0.380 million and investment revenue was over budget by \$0.616 million due to better returns from ANZ.

Operating costs were \$2.27 million less than budgeted. The following major variances contributed to this:

- Community Leadership costs were under budget \$0.143 million due to the Clutha Gold trail and Opportunities fund costs being unspent and carried forward, and various grants not being paid.
- Community Services was under budget by \$0.441 million. This is mainly due to projects totally \$0.157 million in Parks & Reserves not being done and various loans not being raised.
- Roading was under budget by \$0.72 million. The main variance in this activity was depreciation was less than budgeted by \$0.68 million.
- Sanitary services were under budget by \$0.227 million. The main variance was landfill operation costs which were less than budgeted.
- Water services were under budget by \$0.387 million. This is mostly due to less staff in the water departments, projects being deferred and loans not being required to be raised.
- As discussed above rates levied on Councils own properties have been removed from both revenue and expenditure.

Statement of Financial Position

- Short term investments are higher than budgeted by \$11 million. Some of the variance related to internal loans not yet raised for Balclutha Main Street - \$1.8 million; Footpaths - \$0.550 million and Various Water and Sewerage Schemes.
- Fixed assets are less than budgeted. This is principally due to \$6.5 million of water capital not being completed, \$1.6 million less being spent on roading and the revaluation completed in 2014 being \$3.5 million less than budgeted.

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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

24. SEVERANCE PAYMENTS

For the year ended 30 June 2015 Council made one severance payment to employees totalling \$6,000. (2014: \$Nil)

25. REMUNERATION

(a) Remuneration of Elected Members

During the year to 30 June, 2015, 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>	2015	2014
	\$	\$
His Worship the Mayor B A Cadogan	85,900	82,969
Councillors		
Hamish Anderson	18,480	19,608
Geoff Blackmore	18,655	17,406
John Cochrane	21,000	20,494
Stewart Cowie	21,840	19,404
Ron Davis	16,800	15,445
Gaynor Finch	18,527	19,637
Bruce Graham	16,800	15,882
Mary Johnstone	-	4,496
Michelle Kennedy	17,640	17,607
Joanna Lowrey	-	4,758
Jeff McKenzie	19,880	17,698
Hilary McNab	21,035	18,642
Ken Payne	16,800	15,970
Jo-anne Thomson	16,800	11,740
Bruce Vollweiler	26,772	21,099
Selwyn Wilkinson	16,800	11,740
Lawrence/Tuapeka Community Board		
Roger Cotton	-	758
Geoff Davidson	5,600	4,637
Liz Forbes	2,800	1,779
Mel Kenny	-	758
Rochelle Langley	-	758
Malcolm MacLeod	2,800	1,779
Garry McCorkindale	2,800	2,442
Rowena Paterson	2,800	2,442
Brent Taylor	2,800	1,779
West Otago Community Board		
Lindsay Alderton	-	758
Barbara Hanna	5,000	4,637
John Herbert	2,500	2,442
Michael McElrea	-	758
Anthony Robertson	2,500	1,779
Bruce Robertson	2,500	1,779
Linda Roulston	2,500	2,442
Suzanne Wink	2,500	2,442

These amounts are set by the Remuneration Authority and vary according to the role.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

25. REMUNERATION cont

(b) Remuneration of Employees

At Balance Date Council employed 49 fulltime employees compared to 52 in 2014, with the balance of staff representing 16 full time equivalent employees. A full time employee is determined based on a 37.5 hour working week.

Total Annual Remuneration by band for employees as at 30th June:

Salary Band	2015	2014
	Number of Employees	Number of Employees
<60,000	61	60
60,000-80,000	20	18
80,000-100,000	5	5
100,000-160,000	5	6
220,000-240,000	1	1

Chief Executive

During the period covered by this report Steven Hill was Chief Executive of the Council, he received a salary of \$218,805.

During 2014 Charles Hakkaart was the Chief Executive until 10 January 2014, during this time he received a salary of \$148,831. From the 11 January 2014 until 8 June 2014 Alan Dickson was Acting Chief Executive, he earned \$20,440 for these additional duties. From the 9 June 2014 Steven Hill was appointed the Chief Executive of the Council under Section 42 of the Local Government Act 2002, he has received a salary of \$12,623.

For the year ended 30 June 2015, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$225,000 plus FBT \$4,438 (2014: \$192,063 plus FBT \$2,613, Charles Hakkaart \$160,984, Alan Dickson \$20,440 and Steven Hill \$13,252.)

26. EMISSIONS TRADING SCHEME

The Council is part of the Emissions Trading Scheme (ETS) for its pre 1990 forests (mandatory participation), and has elected to join the scheme for three of its larger post 1989 forests.

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 Council 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

27. 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 Plan (LTP) 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.

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 2013.

(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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

FINANCIAL INSTRUMENTS cont

c) Categories of Financial Instruments

	2015	2014
	\$	\$
Financial Assets		
Cash and cash equivalents (AC)	452,654	468,401
Trade and other receivables - Loans and receivables (AC)	5,196,501	3,852,292
Other financial assets		
• Fair value through surplus or deficit		
- held for trading (FVTPL)	16,235,981	14,979,589
• Money market cash deposit (FVTPL)	5,600,000	6,950,000
• Available-for-sale financial assets (AFS)	40,453	37,756
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	5,338,511	4,529,026
Borrowings (AC)	1,438	5,027
Other Liabilities (AC)	58,684	56,360

AC - Amortised cost; FVTPL - Fair sale through surplus and deficit; AFS - Available for sale

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.

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 ANZ Investments. 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

FINANCIAL INSTRUMENTS cont

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 NZTA, 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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

FINANCIAL INSTRUMENTS cont

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.

2015	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing \$'000	Total \$'000
		Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000		
Financial liabilities:									
Trade and other payables		-	-	-	-	-	-	5,338	5,338
Borrowings		1	1	-	-	-	-	-	2
Other Liabilities		-	-	-	-	-	-	58	58
Total		1	1	-	-	-	-	5,386	5,398

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

2014	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing \$'000	Total \$'000
		Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000		
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	4,493	4,493
Borrowings	3.91	3	1	1	-	-	-	-	5
Other liabilities		-	-	-	-	-	-	56	56
Total		3	1	1	-	-	-	4,549	4,554

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

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
Financial assets at FVTPL			
ANZ Investments - NZ Government Stock	9,409		
ANZ Investments - NZ Local Authority Bonds	992		
ANZ Investments - NZ Corporate Bonds	2,849		
ANZ Investments - NZ State Owned Enterprises	196		
ANZ Investments - NZ Floating Rate Notes	252		
ANZ Investments - NZ Dollars	14		
ANZ Investments - NZ Discounted Securities			2,525
Available for sale financial assets			
Equity Securities - Civic Assurance			40

(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.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

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 ANZ Investments.

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 \$16,222 (2014: \$14,958). This is mainly attributable to the Council's exposure to interest rates on its investments within its managed funds held with ANZ Investments.
- 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 \$38 (2014:\$40) 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.

28. RATING BASE INFORMATION

	2014/2015 Actual	Council 2013/2014 Actual	2012/2013 Actual
The number of rating units within the Clutha District at the end of the preceding financial year	12,076	12,052	12,017
The total capital value of rating units within the Clutha District at the end of the preceding financial year	\$6,211,915,700	\$6,189,798,600	\$6,146,769,100
The total land value of rating units within the Clutha District at the end of the preceding financial year	\$4,056,901,700	\$4,055,444,100	\$4,050,135,600

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2015

29. INSURANCE OF ASSETS

	2014/2015 Actual \$	Council 2013/2014 Actual \$	2012/2013 Actual \$
Total value of all assets of the local authority that are covered by insurance contracts	48,167,899	43,106,154	43,652,706
Maximum amount to which they are insured	82,881,720	90,495,534	76,782,447
Total value of all assets of the local authority that are covered by financial risk sharing arrangements	0	0	81,446,854
Maximum amount available to the local authority under those arrangements	0	0	109,000,000
Total value of all assets that are self-insured (<u>Underground Assets</u>)	73,860,301	80,236,043	0
Total value of funds maintained for self-insured assets (<u>Underground Assets</u>)	108,793	52,323	0

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

Annual report disclosure statement for the year ending 30th June 2015

What is the purpose of this statement?

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

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

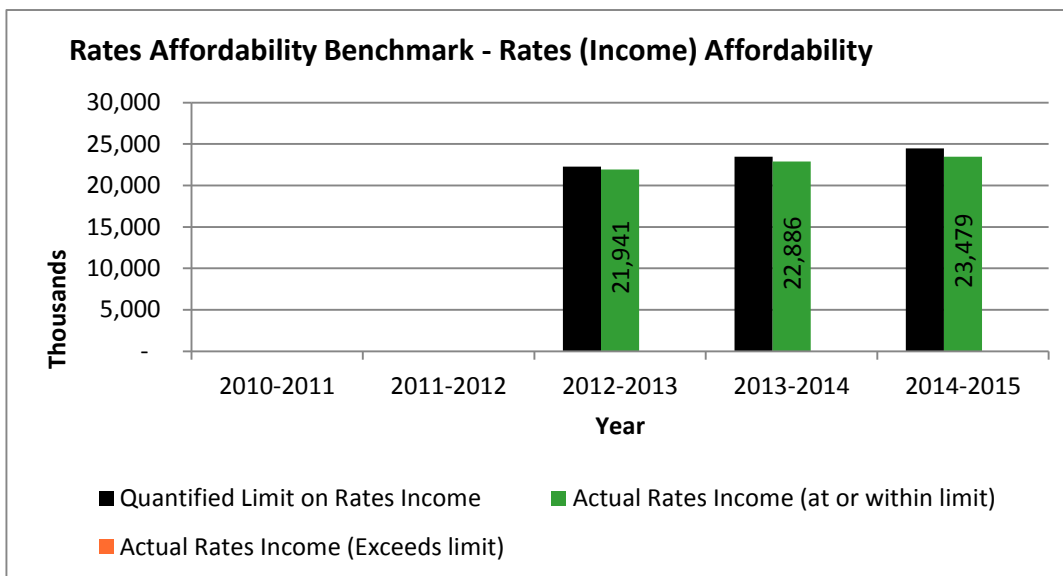
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if -

- Its actual rates revenue equals or is less than each quantified limit on rates; and
- Its actual rates revenue increases equal or are less than each quantified limit on rates increases.

Rates (revenue) affordability.

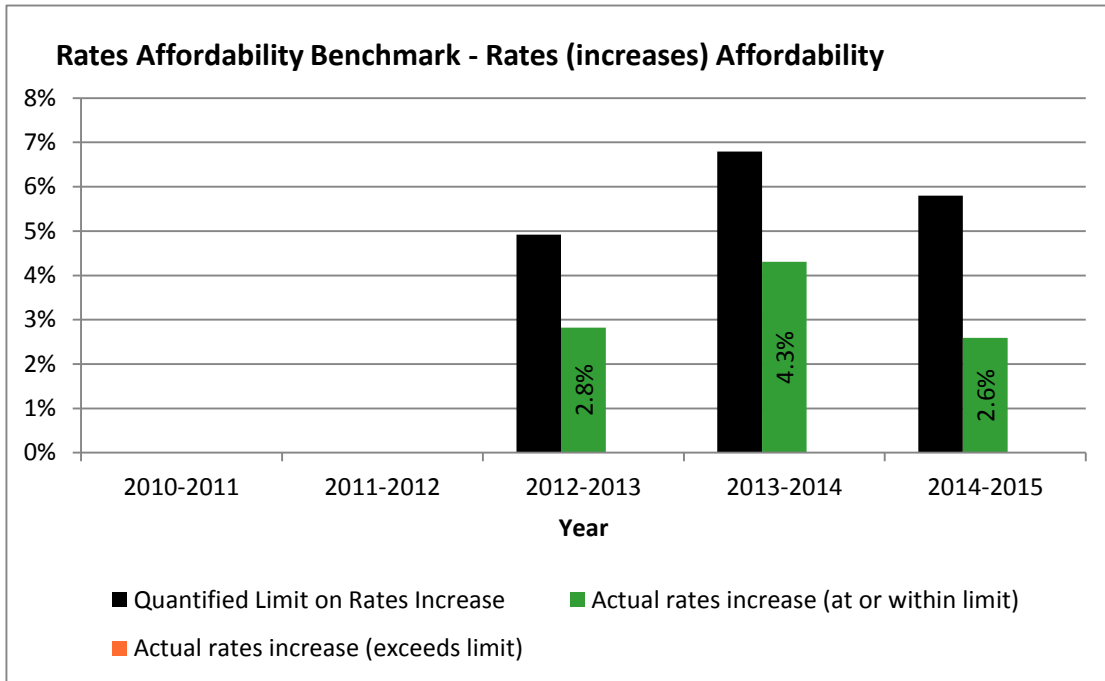
The following graph compares Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates will not exceed 1.5% of budgeted rates.



There were no rates limits set for the 2010-2012 periods. Since Council set a benchmark in the financial strategy in Council's long term plan in 2012, benchmarks have been met as Council rates have not exceeded the rates revenue limits set.

Rates (increases) affordability.

The following graph compares Council’s actual rates increases with a quantified limit on rates increases included in the financial strategy included in the council’s long term plan. The quantified limit is that rates increases will not exceed 1.5% of budgeted rates increases.

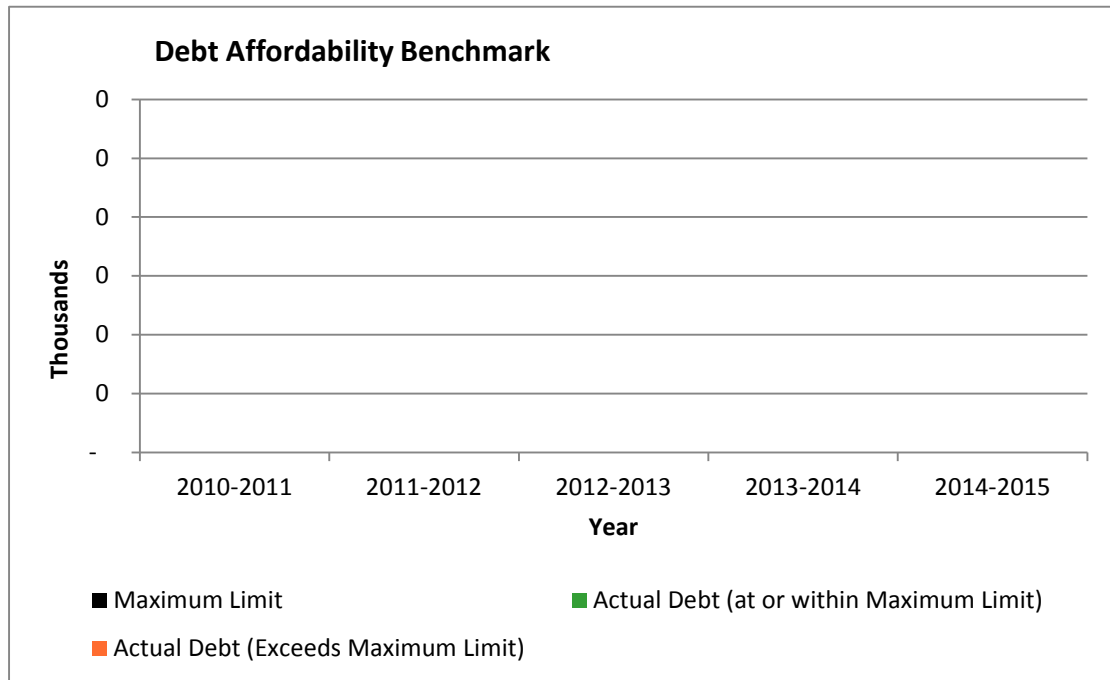


There were no rates limits set for the 2010-2012 periods. Since Council set a benchmark in the financial strategy in Council’s long term plan in 2012, benchmarks have been met as Council rates have not exceeded the percentage increase limits set.

DEBT AFFORDABILITY BENCHMARK

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

The following graph would compare the council's actual borrowing with a quantified limit on borrowing stated in the financial strategy included in the council's long term plan. The Council has no external debt and so no limits on external borrowing have been set in the financial strategy.

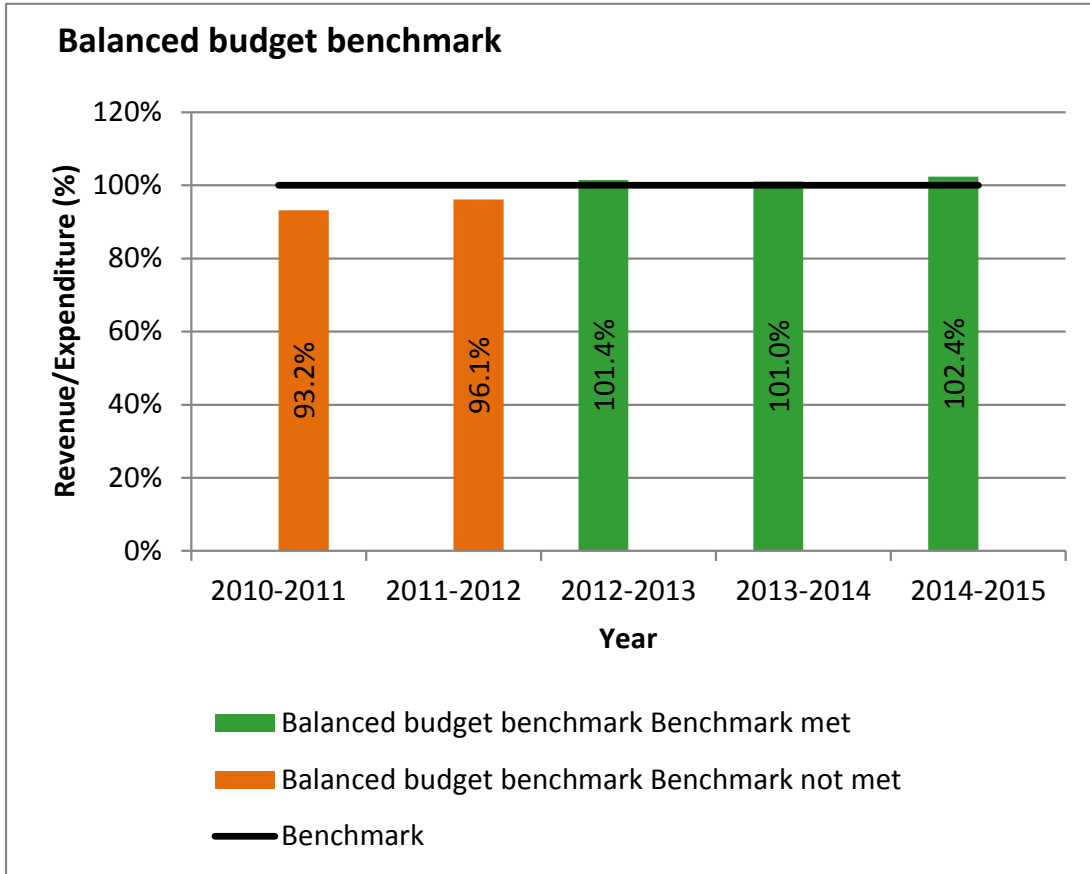


During the period 2010/11 to 2014/15, the Council has no external public debt, consequently the graph shows the net external debt as 0.

BALANCED BUDGET BENCHMARK

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

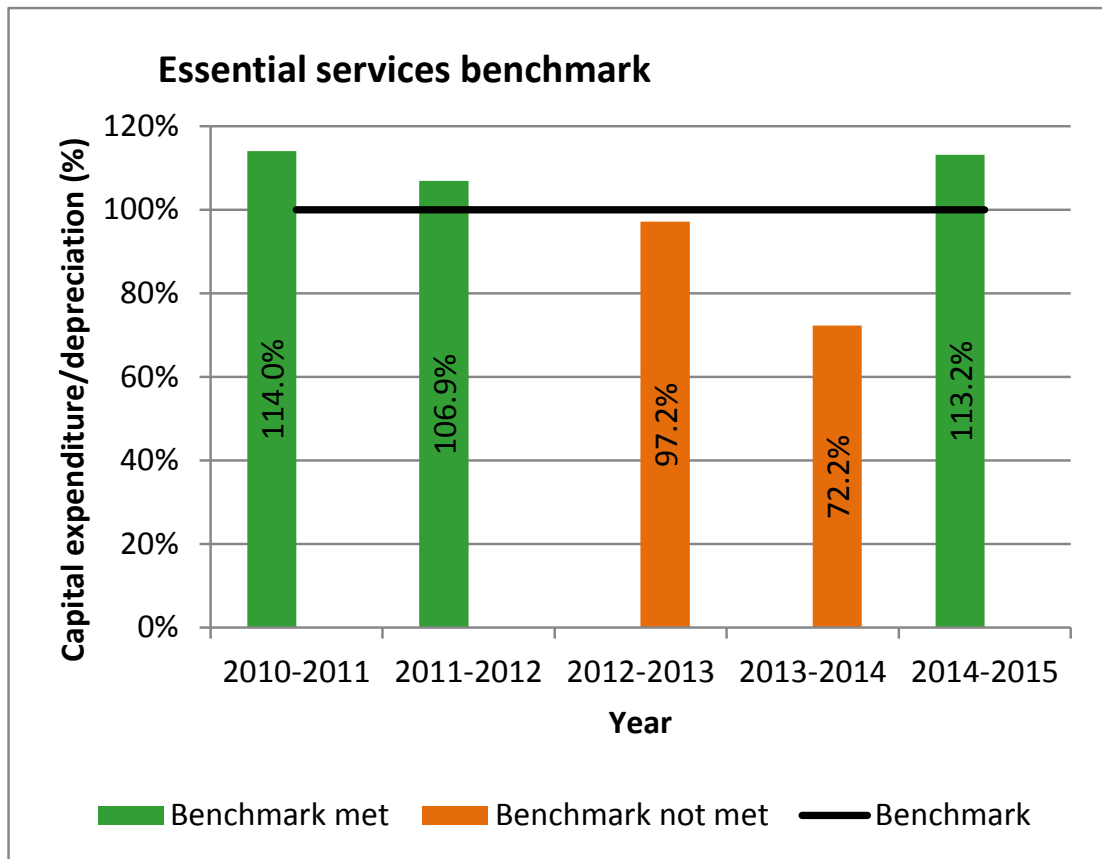
The Council meets this benchmark if its revenue equals or is greater than its operating expenses.



Council met this benchmark in three of the reported years as its revenue was greater than its expenses. In the years the benchmark was not met, roading depreciation cost was significantly higher than expected.

ESSENTIAL SERVICES BENCHMARK

The following graph displays the Council's capital expenditure on network services as a proportion of depreciation on network services. The Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure related to water services and roading.

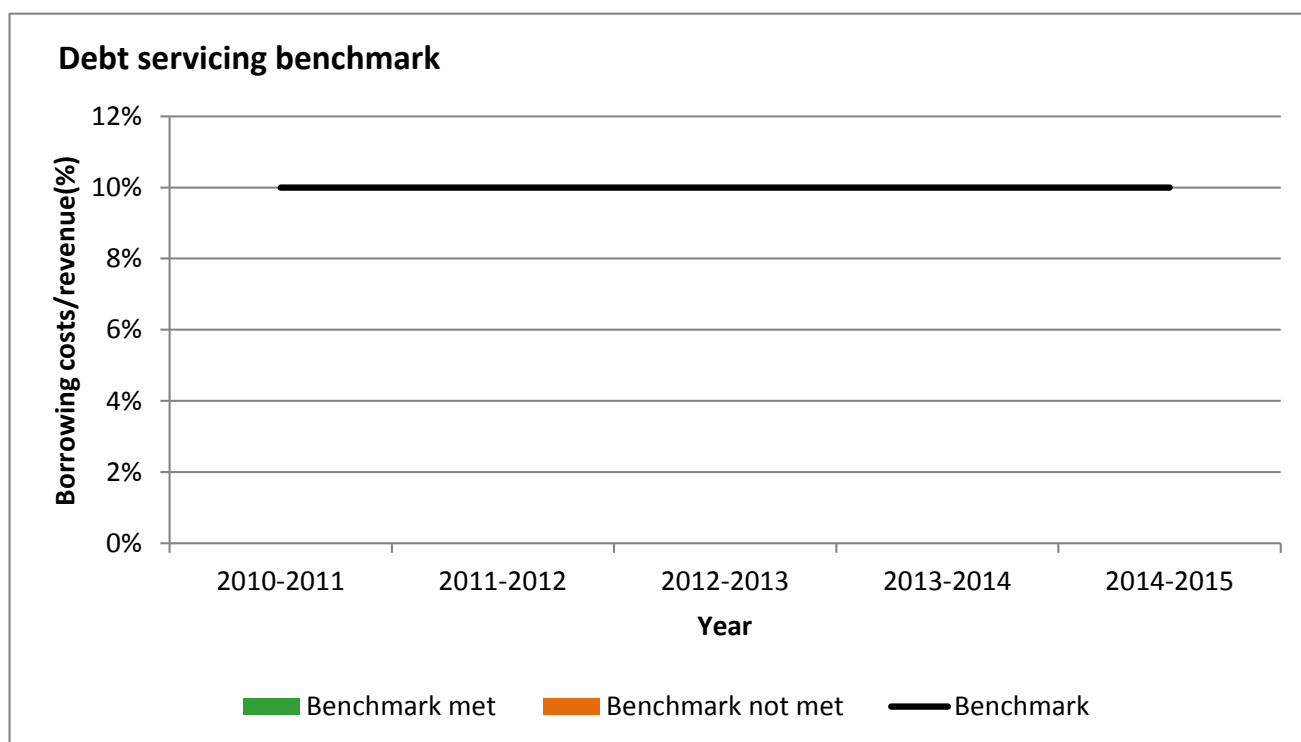


Council has not met this benchmark in two years as capital expenditure in those years was not as great as our depreciation expense, due to the timing of capital projects

DEBT SERVICING BENCHMARK

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

Because statistics New Zealand projects the Council's population will grow more slowly than the national population growth rate, it meets the debt servicing benchmark if its borrowing costs equal or are less than 10% of its revenue.



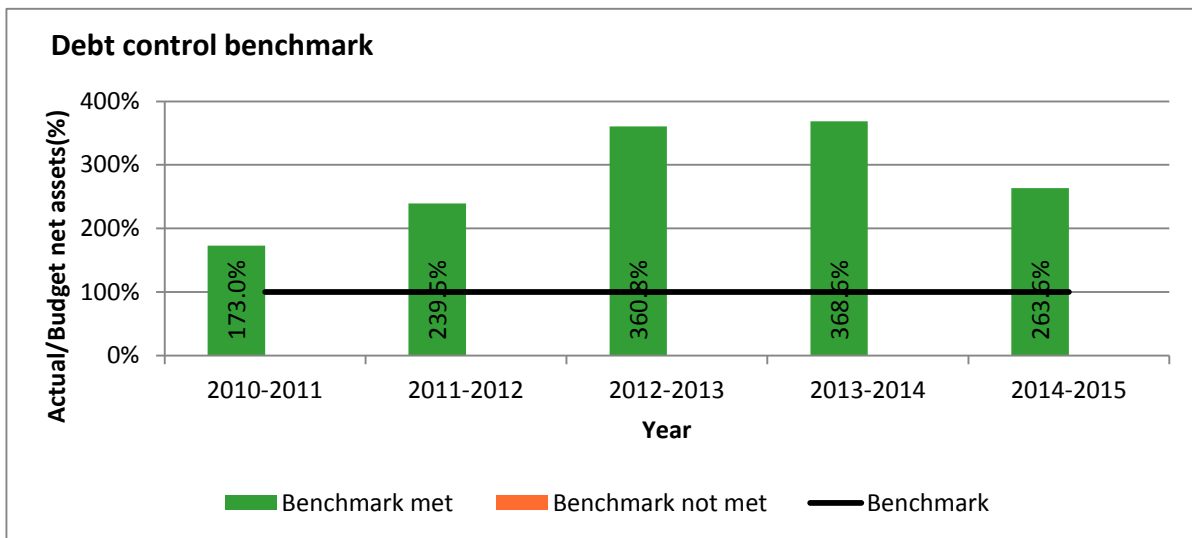
During the period 2010/11 to 2014/15, the Council has no external public debt, and consequently no borrowing costs.

DEBT CONTROL BENCHMARK

This benchmark is intended to report Council's performance in relation to net debt, which is defined in the Regulations as Financial Liabilities less Financial Assets (excluding Trade and Other Receivables).

Clutha District Council is in a Net Asset position, because its Financial Assets exceed its Financial Liabilities. For that reason, the benchmark has been inverted to report Council's performance on a Net Assets basis.

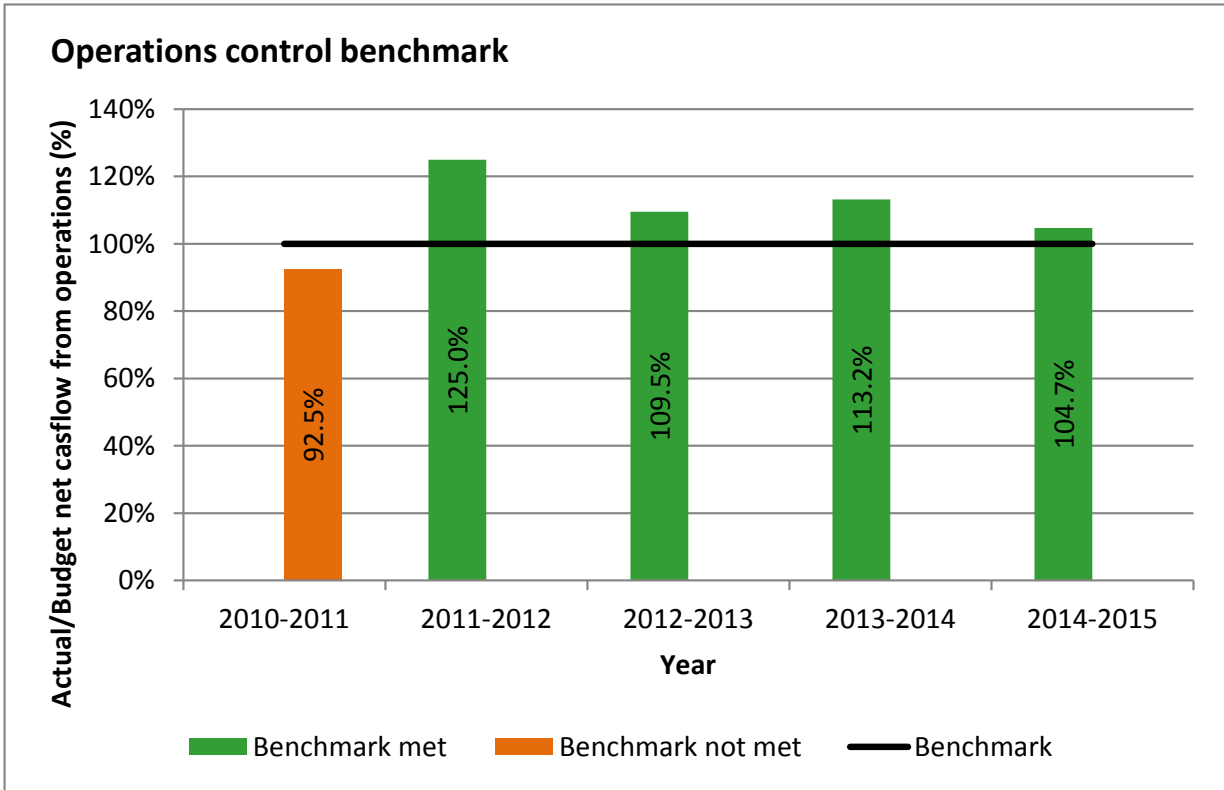
In this scenario, Council believes that it meets the debt control benchmark when actual Net Assets equal or exceed planned Net Assets.



OPERATIONS CONTROL BENCHMARK

This graph displays the Council’s actual net cash flow from operations as a proportion of its planned net cash flow from operations.

The council meets the operations control benchmark if its actual net cash flow from operations equals or is greater than its planned net cashflow from operations.



Council has met this benchmark in the last 4 years as its actual cashflow has been greater than that budgeted. In the first year of this graph, Council did not meet the benchmark, this was mainly due to the interest received on investments being significantly less than that expected.

Funding Impact Statement

For the Financial Year ended 30 June 2015

	2015 Actual \$	2015 Annual Plan \$	2014 Actual \$	2014 Annual Plan \$
Sources of Operating Funding				
General rates, UAGC's, rates penalties	4,558,763	4,675,000	4,557,550	4,519,000
Targeted rates	18,782,883	18,966,000	18,206,012	12,468,000
Subsidies and grants for operating purposes	3,588,930	2,713,000	3,003,463	2,597,000
Fees and charges	3,128,961	3,475,000	3,230,885	9,528,000
Interest and Dividends from Investments	270,152	641,000	136,696	465,000
Fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding	30,329,689	30,470,000	29,134,606	29,577,000
Applications of Operating Funding				
Payments to staff and suppliers	22,951,040	24,530,000	20,582,207	23,637,000
Finance costs	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	22,951,040	24,530,000	20,582,207	23,637,000
Surplus (deficit) of operating funding	7,378,649	5,940,000	8,552,399	5,940,000
Sources of capital funding				
Subsidies and grants for capital expenditure	5,751,183	5,475,000	5,028,245	5,591,000
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(3,589)	-	(3,445)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	5,747,594	5,475,000	5,024,800	5,591,000
Applications of capital funding				
Capital expenditure to meet additional demand	508,147	632,000	50,057	-
Capital expenditure to improve the level of service	1,699,959	6,382,000	1,444,004	-
Capital expenditure to replace existing assets	11,424,179	13,318,000	8,422,356	16,244,000
(Increase) decrease in reserves	843,958	(264,000)	560,782	(304,000)
(Increase) decrease of investments	(1,350,000)	(8,653,000)	3,100,000	(4,409,000)
Total applications of capital funding	13,126,243	11,415,000	13,577,199	11,531,000
Surplus (deficit) of capital funding	(7,378,649)	(5,940,000)	(8,552,399)	(5,940,000)
Funding Balance	-	-	-	-