

YOUR COMMUNITY - YOUR COUNCIL

ANNUAL REPORT

2020/21



Clutha District Council

COUNCIL'S REPORTING DOCUMENTS

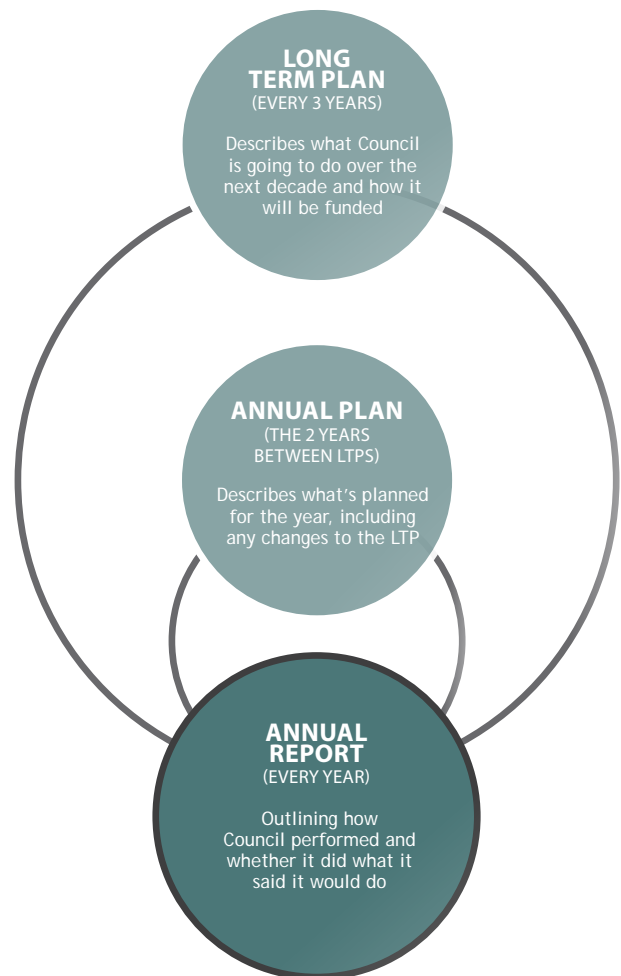
COUNCIL USES A NUMBER OF PLANNING PROCESSES TO REALISE ITS VISION FOR THE DISTRICT AND TO HELP PROVIDE ACCOUNTABILITY TO THE COMMUNITY.

All local authorities are required to prepare an Annual Report under Section 98 of the Local Government Act 2002.

Annual Reports are part of a cycle which includes Long Term Plans (every three years) and Annual Plans in the two years between Long Term Plans.

The purpose of an annual report is:

- to compare Council's actual activities and performance during the year with the planned activities and performance for the year as set out in Council's 2018/28 Long Term Plan and 2020/21 Annual Plan; and
- to promote Council's accountability to the community for the decisions made throughout the year.



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INTRODUCTION



This section includes the Annual Report Foreword, updates on 'Living And Working in Clutha' and major infrastructure projects, and includes the Auditor's Report.

FOREWORD

Once again it is our privilege to bring to you our Council's Annual Report and we thank you for your consideration on what has been an exceptionally diverse and challenging year. It has been a year dominated by Three Waters, unprecedented core infrastructure spend, and an economy that bounced out of the first COVID lockdown with amazing strength and resilience.

As an organisation we have seen extraordinary budgetary demands in recent years as we address the needs of both Wellington and our local ratepayers. Symptomatic of these times, it seems that no matter what increase in financial resources we allocate to meet environmental and consenting issues, the exponential curve of expectations charges on ahead of us unrelentingly.

Without a doubt as the year progressed the Three Waters reform process demanded increased resourcing and deliberation. These are significant reforms, and I am proud of the organisation-wide preparedness for whatever may lie ahead. The reforms are an opportunity for a much needed discussion around how we can contain rate increases relating to environmental expectations, especially in urban towns.

In tandem to this was the continuation of addressing compliance issues, and consequently the past 12 months have been defined by sewerage and water actions. The actual mass of work that we now undertake is worthy of note. Immediate action was imperative in responding to consenting requirements which has inadvertently produced unbudgeted expenditure. This is our reality as we uphold our stated commitment to bring our plants up to exemplary performance.

We are a relatively small council with twelve distinct communities that must pay for the same water standards as Auckland or Christchurch. Efforts to date have highlighted limitations to many of our plants, that may demand considerable upgrades and expenditure. In addition to this imminent changes to Three Waters regulations means additional communities may require infrastructure and resourcing.

COVID has also played a major part in our organisation's operations, not only through disruption but also the cumulative burden of stress and challenges it places on us all to prevail. Consequently, it has been a testament to the entire Council's performance that we have addressed the concerns around last year's delivery of capital works programs with the year-end results showing an over doubling of expenditure of capital works compared with 2019/20. Admittedly we were coming off a low base, however a figure of 83% completion of financial spend on projects now aligns with benchmark expectations and augers well for the future.

We spent every penny we could on our roading network while staying within the confines of NZTA's budgetary restraints with an unprecedented \$25.5 million spend. Combined with \$19.8 million on Three Waters collectively and our total spend of \$74.2 million has seen our district meet our core function requirements like never before. Council has also allocated \$282 million over the next 10 years on capital works - the demand is unrelenting.

Our Council's historically strong balance sheet not only enables options to address these issues, but also gives council a degree

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of latitude many other councils do not have. This year saw our external debt increase from \$9m to \$18m, while our investment portfolio returns enabled us to continue to support the varied needs of our communities and still allocate a portion of returns to subsidising rates for the next three years.

The deliberate tactic of borrowing while still maintaining an investment portfolio is a prudent, and to-date, extremely successful ploy. As an organisation we are acutely aware that we cannot always depend on this revenue stream, but the returns this year on investment fundamentally enabled us to deliver in all facets of our organisation.

We appreciate that the demands being placed on the ratepayer are not without sacrifice. And while our critical governance tool of a 4% rates cap overall has been maintained, the variations especially in urban communities is a challenge that must be contained. The determination to break our district's generation of limited growth is at a pivotal point, and Council remains steadfastly committed to the district wide 'Our Place'

community plan process. By identifying each community's needs and creating a plan, we can collectively create a more vibrant district for us all to live and attract others to our district and the wealth of employment prospects we have.

In conclusion this year has seen a maturing of Councils involvement - we have had to deal with ongoing challenges, while addressing new issues, and all the time there has been the constant, unnerving uncertainty that both COVID and Three Waters reform has produced. We are in uncertain times, but as an organisation we are not only laying the foundation stones to prevail, we also continue to advance our plan to flourish. Thank you once again for giving this report your consideration, and as always, onwards and upwards.



Bryan Cadogan
Mayor



Steve Hill
Chief Executive

IMPACT OF COVID-19

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak of and spread of COVID-19.

Following this, the New Zealand Government's response resulted in periods of lockdown and/or restrictions which caused disruption to businesses, public services, and economic activity. During the current financial period the Council's operations were not affected by lockdowns.

Council considered the impact of COVID-19 as part of its impairment testing of assets in

its statement of financial position at 30 June 2021 in the following areas:

- Managed investments with Nikko AM.
- Roading and 3 waters infrastructure assets fair value assessment.
- Rates receivables allowance for doubtful debts not considered necessary due to powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.
- Other receivables collectability.

While the pandemic continues, Council will keep an eye out for the impact of financial hardship on our ratepayers as well as the effect of labour and material shortages on our construction projects.

LIVING & WORKING IN CLUTHA



During the year we refreshed the Living and Working in Clutha Strategy to promote the well-being of the Clutha District's communities. The strategy focuses on:

- Facilitating More Quality Housing by playing an active leadership role enabling housing solutions.
- Filling Our Jobs by helping businesses to be sustainable.
- Improving Health, Safety & Well-Being by helping to increase connectivity and access to health services.
- Supporting Culture & Heritage to better share and celebrate who we are.
- Reducing Our Environmental Footprint to build a sustainable future.
- Addressing Climate Change by using information to make the best longer term decisions.
- Investing in Infrastructure to meet compulsory requirements for sewage discharges and drinking water.

The following is a report on a few of our larger programmes of work to support the Living and Working in Clutha Strategy.

PLANTATION HEIGHTS

To address the housing accommodation shortfall in Balclutha the Plantation Heights subdivision helps supply sections for further developing. To increase the yield of the remaining unsold larger sections, the 7 lots were subdivided into 14 lots. All 14 lots were sold via auction before the subdivision was completed.

KAITANGATA HOUSE AND LAND PACKAGE INITIATIVE

In partnership with Kaitangata Promotions, the housing shortage is being supported by "House and Land Packages" either involving the use of Council land or purchased sections. This year Council completed a development in Wyre Street and constructed and sold two Houses under the package. Council has contracted to purchase 10 sections which are being developed in conjunction with the Kaitangata Housing Trust.

INDUSTRIAL DEVELOPMENT

To address the shortage of industrial land in Balclutha and encourage economic development, Council purchased the old Rosebank sawmill site at the start of 2016/17 and developed it into 12 serviced lots. There have been delays in issuing title due to agreeing on resource consent conditions for the discharge of stormwater and leachate from an old landfill. This year 3 Lots have settled and there are sales and purchase agreements in place for another 5.

Council approved a Plan Change in Milton that became effective just before the start of this period which created a large tract of Industrial Zoned Land between Milton and Milburn.

DISTRICT PLAN UPDATE

Council had intended to complete a review of the District Plan, but the review was stopped when the Resource Management reforms were announced.



ECONOMIC DEVELOPMENT AND DESTINATION MARKETING

Clutha District's economic development agency, Clutha Development Inc, has a focus on economic development and destination marketing. During the year Council approved the Destination Marketing Strategy and funded an implementation plan. The agency is working collaboratively with Council to develop relevant levels of service and performance expectations.

OUR PLACE COMMUNITY PLANS

The "Our Place" community plan process is designed to help determine the projects and priorities for communities, and to help put the Living and Working and Economic Development Strategies into action. There is a focus on key facilities and how Council can work with communities to make things happen. The Our Place Lawrence-Tuapeka Community Plan was adopted in March 2021. Work continued with the Our Place Kaitangata plan but progress on both plans was impacted by Covid-19 restrictions.

Positive above budget returns from our investment portfolio provided a significant amount of discretionary funds. A proportion of this gain was used to subsidise rates over the next three years leaving approximately \$1.2M to support Community Planning projects. Most communities received grants toward Parks and Reserves equipment which will improve amenities. Major projects included the Balclutha War Memorial Hall, Naish Park/Centennial Park destination playground, and a combined Milton community library and swimming pool.

BALCLUTHA COMMUNITY HUB

The design and costing around a new build for the Balclutha Community Hub has progressed well including the appointment of a main contractor and a project manager. The Council and the Clutha Community Hub Charitable Trust worked together to secure the Trust \$7.4M government funding to supplement Council's \$7.5M contribution. A fixed build contract has been agreed to hedge against pricing volatility in the construction sector. The civil and fit-out costings are yet to be finalised.

NAISH PARK/CENTENNIAL PARK

Naish / Centennial Park is being developed into a Garden of Significance including a destination playground, bike park and playing area for children of all ages. The plan included shelter and covered picnic and BBQ areas, public toilets, seating, and car parking. A Trust was formed (Clutha Parks Trust) and funds were authorised from the investment surplus to progress the project which so far includes the completion of the bike and dog parks.

COMBINED MILTON COMMUNITY LIBRARY AND SWIMMING POOL

Falling out of the Our Place Milton consultation is the combined library and pool facility. Presently early artists impressions have been drawn up by Calder Stewart and being led the Milton Community Facilities Trust Group. Early estimated costs were around \$5.8M partly funded by Council. During the year discussions around the size of the pool facility may require more consultation with the Milton community.



MAJOR INFRASTRUCTURE PROJECTS

UPDATING YOU ON OUR MAIN INFRASTRUCTURE PROJECTS FOR 2020/21

SEWERAGE UPGRADES

- Major renewals to the sewer pump station in Balclutha, and work commenced on upgrading projects on the oxidation ponds and biofitro units.
- There was a sewer realignment in Campbelton Street Lawrence and extensions to the network in Gabriels Gully Lawrence and in unserviced parts of Waihola.

ROADING

- Reseals were completed at a cost of \$3.25M covering 54.1 km of roads.
- The Hinahina Bridge was completed at a cost of \$3.4M.
- Bridge renewals on Tuapeka Mouth Road, Doherty Road, Mitchells Flat Road and Campbelton Street Lawrence were completed.
- Urban seal extensions were completed on Spurn and Dunstan Streets in Tokoiti, and George and Kilgour Street Waihola
- Traction seals were completed on Rewcastle and Purakanui Falls Road. Part of Glasgow Street was reconstructed.
- Emergency repairs were undertaken on 2 of 3 slips on the Nuggets Road.
- Footpaths were completed in Lawrence, Waihola, Stirling and Kaitangata and Kerb and Channel in Tapanui.

URBAN WATER IMPROVEMENTS

- Renewal of the water main between the Clinton Reservoir and the township.
- Pipeline renewals in George, Kilgour, Chatham, and Sandown Streets in Waihola and Hill Street in Lawrence.

RURAL WATER IMPROVEMENTS

- Replaced main water main supplying the northern part of the North Richardson Scheme between the Whitelea Road Treatment Plant and Clifton Road.
- Significant pipe renewals on the Moa Flat and Richardson South schemes.
- Renewed pump stations in the Balmoral 2 and Moa Flat Schemes.
- New reservoirs installed on Balmoral 2 and Moa Flat Schemes.

STORMWATER IMPROVEMENTS

- Projects completed in Coronation Court, Helensbrook, Milton and Hill Street in Lawrence.

TECHNOLOGY IMPROVEMENTS

- Property file digitisation expenditure of \$787k.

SOILID WASTE

- Work commenced on the realignment of the stormwater drains that lie under the Mt Cooe landfill to reduce the volume of stormwater that is contaminated.

COMMUNITY FACILITIES

- Work commenced on the upgrade to the Balclutha Council Building.
- Significant upgrades occurred at the Waiwera Hall and work commenced on the Kaka Point, Owaka, Waitahuna and Hillend Halls.

FINANCIAL OVERVIEW 2020/21

MAJOR VARIANCES TO BUDGET EXPLAINED

Council operates a diverse and complex business which is reflected in the items recorded against operating revenue and expenditure. After forecasting a \$2.5M surplus in 2020/21, Council recorded a \$4.7M surplus.

REVENUE

Revenue was better than budget by \$11.6M. The major matters supporting this result are:

- Grants and subsidies were better than budget by \$7.8M mainly due to increased roading investment being \$4.1M and new external grant funding for:
- Mayor's Task Force \$500k.
- Stimulus funding \$2.0M.
- NZ Libraries funding of \$233k

Our investments have performed better than planned. While cash from interest revenue is \$448k below budget there is a net gain of \$3.6M at fair valuation giving an overall \$3.1M better performance on the Nikko portfolio.

Refer to the Statement of Comprehensive Revenue and Expenditure and notes to the financial statements for further information.

	ACTUAL 30 JUNE 2021	BUDGET 30 JUNE 2021	ACTUAL 30 JUNE 2020
	(\$,000)	(\$,000)	(\$,000)

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

INCOME

Rates Revenue	27,071	27,374	26,696
Other Operating Revenue	28,311	16,381	20,718
Total Operating Revenue	55,382	43,755	47,414

EXPENDITURE

Employee Benefits Expense	6,718	7,648	6,559
Depreciation and Amortisation	13,534	13,213	13,062
Other Expenditure	30,875	20,438	25,633
Total Operating Expenditure	51,127	41,299	45,254

Operating Surplus

Available for Sales Financial Assets Valuation Gain/(Loss)	429	-	(55)
Gain on Property, Plant and Equipment Revaluation	-	-	93,661
Total Comprehensive Revenue and Expenditure for the year	4,684	2,456	95,766

SUMMARY STATEMENT OF CHANGES IN EQUITY

Equity at the beginning of the year	1,119,091	1,104,749	1,023,325
Total Comprehensive Revenue and Expenditure for the year	4,684	2,456	95,766
Equity at the end of the year	1,123,775	1,107,205	1,119,091

EQUITY REPRESENTED BY:

Accumulated Funds	225,973	231,675	222,997
Reserves	897,802	875,530	896,094

SUMMARY STATEMENT OF FINANCIAL POSITION

Current Assets	45,256	31,378	39,911
Non Current Assets	1,109,546	1,111,042	1,095,329
Total Assets	1,154,802	1,142,420	1,135,240
Current Liabilities	16,530	7,518	10,292
Non Current Liabilities	14,497	27,697	5,857
Total Liabilities	31,027	35,215	16,149
Net Assets/Equity	1,123,775	1,107,205	1,119,091

SUMMARY STATEMENT OF CASHFLOWS

Net Cashflows from Operating activities	19,786	16,095	7,390
Net Cashflows from Investing activities	(26,971)	(34,172)	(13,714)
Net Cashflows from Financing activities	9,030	18,448	3,995
Net Cashflows for the Year	1,845	371	(2,329)



EXPENDITURE

Expenditure was more than budget by \$9.8M. The major matters supporting this result are:

- Other operating expenditure is above budget by \$7.5M mainly because of more waters investment than planned:
 - Water operational expenditure \$1.6M.
 - Operation and maintenance jobs \$1.0M.
 - Sundry expenditure \$1.2M, all related to the three waters minor purchases.
 - Non routine expenditure \$1.6M.
 - Consultancy \$0.9M.
- Roading repairs are \$2.0M above budget due to emergency reinstatement costs of \$860k after flooding events and \$789k unsealed pavement renewals.
- Personnel costs are \$930k below budget mainly due to vacancies and the capitalisation of wages as part of project costs.
- Depreciation is above budget by \$1.2M mainly due to \$834k amortisation of software as a service due to a change in accounting treatment.

Refer to the Statement of Comprehensive Revenue and Expenditure and notes to the financial statements for further information.

MAJOR VARIANCES TO COUNCIL'S FINANCIAL POSITION COMPARED TO 2020 ACTUALS

- The Nikko Investments have grown by \$2.7million due to higher than budgeted returns (see revenue above).
- Receivables and prepayments are \$1.0M more than last year due to a \$1.1M higher NZTA claim at year end and \$319k less trade and other receivables, payables and accruals are \$5.6M more than last year due to increased project activity of \$4.2M and revenue in advance of \$1.2M for unspent PGF funding and cash and cash equivalents have increased by \$1.8M due to timing of creditor payments. These reflect a high level of capital investment happening in the period prior to balance date.
- Sales of development properties have decreased the value of properties held for sale by \$649k mainly due to sales made in Plantation Heights of \$941k and an increase due to \$273k spent on Kaitangata house and land packages.
- Property, plant, and equipment increases due to greater capital investment by \$14.7M more due to additions of \$28.2M, less depreciation of \$13.4M.
- Borrowings have increased by \$9M to partially fund water infrastructure projects.

Refer to the Statement of Financial Position and notes to the financial statements for further information.



FINANCIAL STRATEGY

In the 2018-28 Long Term Plan the Financial Strategy was determined to guide financial decisions. The following tables show our performance against these measures for the 2020/21 financial year.

RETURN ON INVESTMENTS

At the close of the 2020/21-year Council's investments rose to \$31.7 M, well above the \$26.2 M forecast in the 2018-28 Long Term Plan. The growth from 2020 was due to above budget returns on the portfolio of \$0.9 M.

CHANGES IN INVESTMENTS 2020/21

(\$M)	LONG TERM PLAN 2020/21	ACTUAL 2020/21
OPENING	25.7	29.0
CLOSING	26.2	31.7
CHANGE	0.5	2.7
RETURN (%)	5.0	13.3

Note: the change in the closing balance is net of the rates subsidy.

LIMITS ON EXTERNAL DEBT

Council's limits on debt are set in the financial strategy at 150% of annual revenue. Council is well below the limit and planned debt levels mainly due to less infrastructure projects completed against projections.

	LONG TERM PLAN 2020/21	ACTUAL 2020/21
EXTERNAL DEBT (\$M)	21.8	18.0
DEBT LIMIT(\$M)	65.2	83.1

LIMITS ON RATES AND RATE INCREASES

Rates are an important source of funding for Council services. The \$27.0 M collected in 2020/21 meant an increase on 2019/20 of 1.10%. This was below the 3.31% projected in the Annual Plan and below the \$27.8 M rates cap forecast in the 2018-28 Long Term Plan.

Refer to the Statement of Comprehensive Revenue and Expenditure and notes to the financial statements for more information.

	LONG TERM PLAN 2020/21	ACTUAL 2020/21
FORECAST RATES (\$M)	27.5	27.0
FORECAST RATES CHANGES (%)	3.31	1.10
RATES LIMIT AT 4% (\$M)	27.7	27.8

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2021

The Auditor-General is the auditor of Clutha District Council (the District Council). The Auditor-General has appointed me, Heidi Rautjoki, using the staff and resources of Deloitte Limited, to report on the information in the District Council's annual report that we are required to audit under the Local Government Act 2002 (the Act). We refer to this information as "the audited information" in our report.

We are also required to report on:

- whether the District Council has complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- the completeness and accuracy of the District Council's disclosures about its performance against benchmarks that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014.

We refer to this information as "the disclosure requirements" in our report.

We completed our work on 28 October 2021. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 49 to 113:
 - fairly presents, in all material respects:
 - the District Council's financial position as at 30 June 2021;
 - 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 in accordance with Public Benefit Entity Reporting Standards;
- the funding impact statement on page 114, 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 statement of service performance on pages 16 to 43:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2021, including:
 - the levels of service achieved compared with the intended levels of service and whether any intended changes to levels of service were achieved;
 - the reasons for any significant variation between the levels of service achieved and the intended levels of service; and

- complies with generally accepted accounting practice in New Zealand; and
- the statement about capital expenditure for each group of activities on pages 16 to 43, presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council’s Long-term plan; and
- the funding impact statement for each group of activities on pages 16 to 43, 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 Long-Term Plan.

Report on the disclosure requirements

We report that the District Council has:

- complied with the requirements of Schedule 10 of the Act that apply to the annual report; and
- made the disclosures about performance against benchmarks as required by the Local Government (Financial Reporting and Prudence Regulations 2014) on pages 115 to 123, which represent a complete list of required disclosures and accurately reflects the information drawn from the District Council’s audited information and, where applicable, the District Council’s long-term plan and annual plans.

Emphasis of Matter – Three waters reform

Without modifying our opinion, we draw attention to note F1 on page 113, which outlines that subsequent to year-end, the Government announced it will introduce legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities from 1 July 2024. The impact of these reforms, once legislated, will mean that the District Council will no longer deliver three waters services.

Basis for our opinion on the audited information

We carried out our audit in accordance with the Auditor-General’s Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. We describe our responsibilities under those standards further in the “*Responsibilities of the auditor for the audited information*” section of this report.

We have fulfilled our responsibilities in accordance with the Auditor-General’s Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the audited information.

Responsibilities of the Council for the audited information

The Council is responsible for meeting all legal requirements that apply to its annual report.

The Council’s responsibilities arise under the Local Government Act 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014.

The Council is responsible for such internal control as it determines is necessary to enable it to prepare the information we audit that is free from material misstatement, whether due to fraud or error.

In preparing the information we audit the Council is responsible for assessing its ability to continue as a going concern. The Council is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to amalgamate or cease all of the functions of the District Council or there is no realistic alternative but to do so.

Responsibilities of the auditor for the audited information

Our objectives are to obtain reasonable assurance about whether the audited information, as a whole, is free from material misstatement, whether due to fraud or error, and to issue an audit report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of this audited information.

For the budget information reported in the audited information, our procedures were limited to checking that the budget information agreed to the District Council's annual plan.

We did not evaluate the security and controls over the electronic publication of the audited information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the audited information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit 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.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council.
- We determine the appropriateness of the reported intended levels of service in the statement of service performance, as a reasonable basis for assessing the levels of service achieved and reported by the District Council.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Council and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast a significant doubt on the District Council's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our audit report to the related disclosures in the audited information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our audit report. However, future events or conditions may cause the District Council to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the audited information, including the disclosures, and whether the audited information represents, where applicable, the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Other Information

The Council is responsible for the other information included in the annual report. The other information comprises the information included on pages 1 to 11 and 44 to 48, but does not include the audited information and the disclosure requirements, and our auditor's report thereon.

Our opinion on the audited information and our report on the disclosure requirements do not cover the other information.

Our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the audited information and the disclosure requirements, or our knowledge obtained during our work, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the District Council in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1 (Revised): *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit and our report on the disclosure requirements, we have carried out assurance engagements in the areas of the Long Term Plan 2021-2031, Debenture Trust Deed Reporting and Registry Audit, which are compatible with those independence requirements. Other than these engagements, we have no relationship with or interests in the District Council.



Heidi Rautjoki, Partner

for Deloitte Limited

On behalf of the Auditor-General

Dunedin, New Zealand

STATEMENT OF SERVICE PERFORMANCE



2020/21 IN DETAIL

This section of the Annual Report includes detail about Council's achievements and performance in 2020/21 (known as Statement of Service Performance). It also includes information about the main achievements in each of Council's ten areas of work:

- COMMUNITY LEADERSHIP
- ECONOMIC AND COMMUNITY DEVELOPMENT
- ROADING
- WATER
- SEWERAGE
- STORMWATER
- SOLID WASTE
- COMMUNITY SERVICES
- REGULATORY AND EMERGENCY SERVICES
- INTERNAL SERVICES

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

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

- What we do for each area, and why we do it.
- How we performed and whether we met our performance targets.
- What it cost, whether we met budgets, and an explanation for variances.

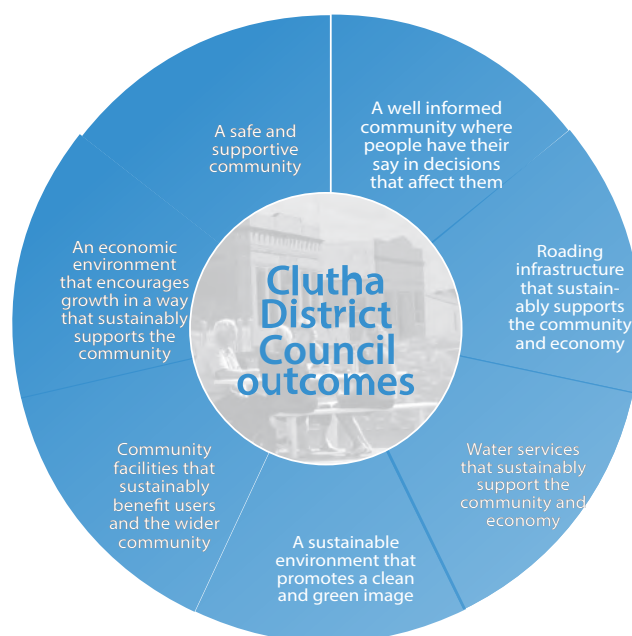
All performance measures were set in 2018 as part of the 2018/28 Long Term Plan. Performance is measured

in a variety of ways, including independent annual surveys of Clutha District residents.

Reporting incorporates a traffic light system that provides a dashboard or signal for the results for the year is as follows:

40	target was met
22	target was not met

Overall 65% of targets were met, 35% were not met.



SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES FOR YEAR ENDING 30 JUNE 2021

SUMMARY OF KPI TARGETS BY ACTIVITY	MET	NOT MET	TOTAL
Community leadership	1	1	2
Rooding	4	2	6
Water: urban	10	4	14
Water: rural	5	7	12
Sewerage	7	4	11
Stormwater	8	0	8
Community services	2	0	2
Solid waste	1	1	2
Economic development	0	1	1
Regulatory and emergency services	1	1	2
Internal services	1	1	2
TOTAL	40	22	62
Total percentage	65%	35%	100%

COMMUNITY LEADERSHIP

Our elected members represent the Clutha District and its communities, undertaking an important oath to make decisions in the best interests of the Clutha District.

WHAT WE DO

Clutha District Council comprises 14 Councillors and a Mayor.

The 14 Councillors represent eight wards - Balclutha, Bruce, Catlins, Clinton, Clutha Valley, Kaitangata-Matau, Lawrence-Tuapeka and West Otago. Together the Councillors and Mayor provide leadership for the district by setting an overall direction, determining priorities, and making decisions about the scope and the levels of service Council will provide. Decision making is an important part of their role, including what Council will do, and how to pay for activities.

The Mayor and Councillors set the performance standards and oversee the performance of Council activities and assets to ensure the best operation, maintenance and use of community resources. Much of this work takes place in Council and Committee meetings.

The Mayor proposes and the Council approves the Council and Committee structure. This structure enables Council's decision-making processes to be implemented in an effective and efficient manner, and also allows for the delegation of certain powers.

An important part of elected members role also includes representing their community, including communicating with residents, informing them of the reasons for Council decisions and advocating on their behalf.

This activity also includes the conduct of elections, by-elections and review of representation arrangements.

COMMUNITY LEADERSHIP

	TARGET PER LTP/AP	ACTUAL 2021
LEVEL OF SERVICE 1: PROVIDE EFFECTIVE LEADERSHIP, REPRESENTATION AND SERVICE TO RESIDENTS AND RATEPAYERS.		
Satisfaction with decision-making, leadership and planning of elected members (Council)	≥80%	61% ¹
LEVEL OF SERVICE 2: MONITOR RATES AFFORDABILITY AND PROVIDE PRUDENT, EFFECTIVE AND EFFICIENT FINANCIAL MANAGEMENT		
To stay within rates limits	\$27.4M	\$27.1M

¹ Owing mainly to ORC prosecution for sewerage consent breaches and the impact of the three waters reforms.

WHAT IT COST FOR COMMUNITY LEADERSHIP IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,056	1,086	1,052
Targeted rates (other than targeted rates for water supply)	248	252	247
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	54
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,304	1,338	1,353
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(724)	(701)	(802)
Finance costs	(75)	(72)	(37)
Internal charges and overheads applied	(485)	(510)	(506)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,284)	(1,283)	(1,345)
SURPLUS (DEFICIT) OF OPERATING FUNDING	20	55	8
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	(67)	(70)	(84)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(67)	(70)	(84)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	40	7	76
(Increase) decrease of investments	7	8	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	47	15	76
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(20)	(55)	(8)
FUNDING BALANCE	-	-	-

ECONOMIC & COMMUNITY DEVELOPMENT

Outcomes:

An economic environment that encourages growth in a way that sustainably supports the community.

A safe and supportive community.

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

WHAT WE DO

Part of Council's leadership involves supporting the economy and communities through economic and community development functions.

The following functions and services are included in this activity group:

- Economic Development: leading and delivering activities that will support, sustain and grow the economy, including via the economic development agency - Clutha Development Incorporated and in implementing Council's Economic Development Strategy.
- Destination marketing for the district, including being a Regional Tourism Organisation (RTO), provided via Clutha Development Inc.
- Community Development which involves providing support and facilitation for community-driven initiatives throughout the district, including implementing Council's Living and Working in Clutha Strategy via Community Plans.
- Youth development which involves part-funding the Clutha District Youth Development Programme, and providing coordination and support for the Clutha District Youth Council.
- Providing financial assistance through a range of community grants and funding schemes.

ECONOMIC & COMMUNITY DEVELOPMENT

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: SUPPORT THE DISTRICT'S COMMUNITIES AND ECONOMY THROUGH COMMUNITY PLANNING, FACILITATION AND SUPPORT.		
Percentage of programmed Our Place community plans completed.	100%	75% ¹

¹ Council approved an updated COVID-adjusted community plan programme at their annual plan decisions meeting on 14 May 2020. The communities of Lawrence/Tuapeka and Kaitangata became the agreed focus for FY21, with adoption of *Our Place Lawrence Community Plan* in March 2021 and *Our Place Kaitangata Community Plan* in August 2021, resulting in a 75% overall completion.

MAORI PARTICIPATION IN DECISION-MAKING/IWI LIAISON

The four Southland councils have continued to fund and support Te Ao Mārama Inc, the agency approved by Te Runanga o Ngāi Tahu to act on iwi liaison matters in Murihiku/ Southland under the Resource Management Act 1991 and the Local Government Act 2002. Since its inception, Queenstown Lakes District Council, Otago Regional Council and Clutha District Council have also joined supporting Te Ao Mārama Inc. Work has begun to strengthen the relationship with Aukaha of Otago, the agency supporting papatipu rūnanga of Otago, with a view to contributing to funding and support. The papatipu rūnanga and the participant councils continue to meet quarterly at the Te Roopū Taiao hui, and on regular occasions papatipu rūnanga across Otago and Southland meet with Otago and Southland Councils. This provides for excellent partnership and exchange of information. The key focus is to give these meetings more of a strategic focus and less focus on day to day operational/retrospective reporting back. Recently this has meant a focus has been on 3 Waters Reform.

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

WHAT IT COST FOR ECONOMIC AND COMMUNITY DEVELOPMENT IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,275	1,362	1,315
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	500
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,275	1,362	1,815
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(2,200)	(1,218)	(1,451)
Finance costs	(21)	(60)	(14)
Internal charges and overheads applied	(99)	(104)	(103)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(2,320)	(1,382)	(1,568)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(1,045)	(20)	247
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	986	(39)	(13)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	986	(39)	(13)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	59	59	(234)
(Increase) decrease of investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	59	59	(234)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	1,045	20	(247)
FUNDING BALANCE	-	-	-

ROADING

Community Outcome: Roading infrastructure that sustainably supports the community and economy

WHAT WE DO

With a total roading network of 2,943 km, the Clutha District Council has the third largest local roading network in New Zealand. Of the 2,943km, 29% (846km) is sealed and 71% (2,097km) is unsealed. It supports a resident population of around 17,575 people. Rural roads make up 95% of our network and form an important part of the export supply chain with the main land uses in the district being dairy, pastoral farming, forestry and horticulture. There are also key tourist routes through the district.

The roading assets administered by Council include more than just roads. There are also footpaths, bridges, streetlights and other assets associated with transportation. The total replacement cost for Council's roading assets is \$904.8 million.

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
ROADS		
LEVEL OF SERVICE 1: PROVIDE AN EFFECTIVE AND SUSTAINABLE LOCAL ROADING NETWORK		
Average quality of ride on the sealed road network (as per smooth travel exposure)	≥97%	97%
Percentage of the sealed local network that is resurfaced	≥6.9%	7.4%
% of customer service for roads and footpaths responded to within timeframes	≥95%	88% ¹
LEVEL OF SERVICE 2: MONITOR SAFETY AND INVEST IN IMPROVING THE ROADING NETWORK		
Number of fatalities and serious injury crashes	≤10	7
FOOTPATHS		
LEVEL OF SERVICE 3: PROVIDE AN EFFECTIVE AND SUSTAINABLE NETWORK OF FOOTPATHS THROUGHOUT THE DISTRICT		
% of footpaths that are in good, very good or new / near new condition	≥97.5%	94.6% ²
BRIDGES		
LEVEL OF SERVICE 4: PROVIDE A SAFE AND ECONOMIC NETWORK OF BRIDGES THROUGHOUT THE DISTRICT		
Percentage of bridges on key routes that meet heavy vehicle (50 Max) safety requirements.	≥91.7%	91.7%

¹ Service response was impacted by staff shortages and delays in updating response times.

² Very little footpath renewal work was carried out in 2020/21 year which shows up in the condition survey results. The footpath renewal contract has been affected by COVID-19 delays.

WHAT IT COST FOR ROADS AND FOOTPATHS IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	63
Targeted rates (other than a targeted rate for water supply)	8,154	8,219	8,095
Subsidies and grants for operating purposes	3,585	3,668	5,071
Fees, charges and targeted rates for water supply	810	826	383
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	35
TOTAL SOURCES OF OPERATING FUNDING	12,549	12,713	13,647
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(6,380)	(6,541)	(7,997)
Finance costs	(301)	(324)	(135)
Internal charges and overheads applied	(2,190)	(2,276)	(1,203)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(8,871)	(9,141)	(9,335)
SURPLUS (DEFICIT) OF OPERATING FUNDING	3,678	3,572	4,312
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	6,639	5,452	9,464
Development and financial contributions	-	-	-
Increase (decrease) in debt	345	1,494	190
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,984	6,946	9,654
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,421)	(1,852)	(191)
Capital expenditure to replace existing assets	(10,491)	(9,116)	(15,961)
(Increase) decrease in reserves	1,417	346	2,186
(Increase) decrease of investments	(167)	103	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(10,662)	(10,518)	(13,966)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(3,678)	(3,572)	(4,312)
FUNDING BALANCE	-	-	-

¹ Includes \$5.9m on bridges (delays last year due to COVID), \$860k of emergency reinstatement, \$788k of urban sealing, and \$243k of rural sealing.

WATER SUPPLY

Community Outcome: Water services that sustainably supports the community and economy

WHAT WE DO

Council supplies water via a number of urban and rural water supply schemes, with approximately a third of the water produced being for domestic consumption and the balance being 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 on demand supply of potable water for domestic, commercial and industrial use within each scheme area.
- Eleven 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.
- Five smaller communities and townships are provided water in bulk from rural water schemes. These townships are Clinton (Clydevale-Pomahaka), Kaka Point (Richardson), Waihola (North Bruce), Benhar (South Bruce/Stirling Treatment Plant), and Stirling (South Bruce/Stirling Treatment Plant). Most of these communities have restricted supplies to consumers, except for Benhar and Stirling which are both on-demand scheme and Stirling is also universally metered.

HOW WE PERFORMED IN 2020/21

		TARGET PER LTP	ACTUAL 2021
URBAN WATER			
LEVEL OF SERVICE 1: WATER FROM COUNCIL URBAN SUPPLIES IS SAFE TO DRINK.			
Compliance with the NZDW Standards for bacteriological compliance		100%	100%
Compliance with the NZDW Standards protozoal compliance		≥60%	47% ¹
LEVEL OF SERVICE 2: URBAN SUPPLIES PROVIDE A CONTINUOUS AND RELIABLE SOURCE OF WATER TO CONSUMER			
Number of drinking water complaints (Requests for Service) per 1000 connections about:	Clarity	≤17	10
	Taste	≤3	1
	Odour	≤2	1
	Pressure	≤5	11 ²
	Continuity	≤30	16
	Council's response to any of these issues	≤14	3
Average consumption of drinking water per resident per day (litres per day)		≤650	532
LEVEL OF SERVICE 3: URBAN WATER SCHEMES ARE MANAGED EFFECTIVELY AND EFFICIENTLY			
Median response time (in hours) from notification of fault or unplanned interruption to when personnel reach the site:	Urgent	≤1	2 ²
	Non-urgent	≤5	2
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent	≤2	5 ²
	Non-urgent	≤24	6
Percentage of real water loss from Council's reticulation system		≤28%	25%

¹ Ongoing upgrades are under way to improve protozoal compliance for all of our water treatment plants.

² Contractor performance has improved significantly during 2020 but further improvements in performance and reporting are still needed.

		TARGET PER LTP	ACTUAL 2021	
RURAL WATER				
LEVEL OF SERVICE 1: WATER FROM COUNCIL RURAL SCHEMES IS SAFE TO DRINK				
Compliance with the NZDW Standards for bacteriological compliance		100%	64%	¹
Compliance with the NZDW Standards for protozoal compliance		≥60%	0%	¹
LEVEL OF SERVICE 2: RURAL SCHEMES PROVIDE A CONTINUOUS AND RELIABLE SOURCE OF WATER TO CONSUMERS				
Number of drinking water complaints (requests for service) per 1000 connections about:	Clarity	≤12	11	
	Taste	≤5	2	
	Odour	≤3	2	
	Pressure	≤200	221	²
	Continuity	≤200	583	²
	Council's response to any of these issues	≤5	2	
LEVEL OF SERVICE 3: RURAL WATER SCHEMES ARE MANAGED EFFECTIVELY AND EFFICIENTLY				
Median response time (in hours) from notification of fault or unplanned interruption to when personnel reach the site:	Urgent	≤2	4	²
	Non-urgent	≤6	5	
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent	≤12	26	²
	Non-urgent	≤24	30	²

¹ Three older water treatment plants still require upgrades and this work is underway.

² Contractor performance has improved significantly during 2020 but further improvements in performance and reporting are still needed.

WHAT IT COST FOR WATER IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rated for water supply)	7,389	7,751	7,701
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	491	562	871
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	7,880	8,313	8,572
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(4,278)	(4,419)	(5,983)
Finance costs	(400)	(561)	(171)
Internal charges and overheads applied	(978)	(1,014)	(1,212)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,656)	(5,994)	(7,366)
SURPLUS (DEFICIT) OF OPERATING FUNDING	2,224	2,319	1,206
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	1,749 ¹
Development and financial contributions	-	-	-
Increase (decrease) in debt	3,634	(1)	3,937 ²
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	3,634	(1)	5,686
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	(75)	-
Capital expenditure to improve the level of service	(3,078)	(368)	(5,147)
Capital expenditure to replace existing assets	(3,399)	(2,804)	(2,465)
(Increase) decrease in reserves	688	822	720
(Increase) decrease of investments	(69)	107	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(5,858)	(2,318)	(6,892)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(2,224)	(2,319)	(1,206)
FUNDING BALANCE	-	-	-

¹ Council received \$1.7m of Stimulus Funding from the Government.

² Council completed more projects, including carry forwards delayed owing to COVID. These required loan funding.

SEWERAGE

WHAT WE DO

Council collects, treats and disposes of domestic sewage and non-domestic liquid (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 and Milton schemes have been completed to serve the townships of Benhar and Tokoiti respectively. There is also a piped collection system for Pounaweia, connected to the Owaka treatment plant that will service properties, if they wish to connect. For new properties in Pounaweia, or significant changes to existing properties compulsory connection to this system is required under the Building Act.

HOW WE PERFORMED IN 2020/21

		TARGET PER LTP	ACTUAL 2021	
LEVEL OF SERVICE 1: PROVIDE SEWERAGE SERVICES THAT EFFECTIVELY COLLECT AND DISPOSE OF SEWAGE				
Number of dry weather sewerage overflows expressed per 1,000 sewerage connections to that sewerage system		≤6	4	
LEVEL OF SERVICE 2: SEWERAGE SCHEMES ARE MANAGED EFFICIENTLY AND EFFECTIVELY				
Median response time (in hours) from notification of fault to when personnel:	Reach the site (response)	≤1 hour	2	¹
	Confirm resolution of the blockage or other fault	≤4 hours	5	²
Number of complaints per 1,000 connections about any of the following:	Sewage odour	≤3	3	
	Sewerage system faults	≤10	2	
	Sewerage system blockages	≤5	7	³
	Council's response to any of these issues	≤5	1	
Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement notices	0	0	⁴
	Infringement notices	0	0	⁴
	Enforcement orders	0	0	⁴
	Convictions	0	1	⁴

¹ Difficult to achieve owing to the size of the network and the distance to travel.

² Key Performance Indicators (KPIs) have improved but there are insufficient resources available to respond to the overwhelming number of unplanned service requests. There is often a delay from when the resolution is achieved and the contractor provides the final update to close the Service Request.

³ The majority of blockages result from inappropriate materials entering the network. Council is planning an education campaign on this issue.

⁴ Council was prosecuted by Otago Regional Council for consent breaches during the financial year.

WHAT IT COST FOR SEWERAGE IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	2,498	2,609	2,535
Subsidies and grants for operating purposes	-	-	7
Fees & charges and targeted rates for water supply	139	141	321
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	2,637	2,750	2,863
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,019)	(1,039)	(2,067)
Finance costs	(80)	(79)	(51)
Internal charges and overheads applied	(490)	(506)	(556)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,589)	(1,624)	(2,674)
SURPLUS (DEFICIT) OF OPERATING FUNDING	1,048	1,126	189
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(45)	38	(145)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(45)	38	(145)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(802)	(2,537)	(716)
Capital expenditure to replace existing assets	(1,306)	(1,026)	(592)
(Increase) decrease in reserves	629	(1,636)	1,264
(Increase) decrease of investments	475	763	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,003)	(1,164)	(44)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,048)	(1,126)	(189)
FUNDING BALANCE	-	-	-

¹ Costs relating to monitoring, minor purchases and non-routine were over budget by \$1.1m.

STORMWATER

WHAT WE DO

Clutha District has many diverse and widespread townships and settlements. All of them bring their own specific demands, including how we collect and dispose of stormwater run-off.

Council currently provides for the drainage of stormwater via eight community stormwater drainage schemes in Balclutha, Clinton, Kaitangata, Kaka Point, Lawrence, Milton, Owaka and Tapanui. These systems manage the disposal of surface water and ground water flows to protect property and public health. Generally, piped systems are designed to cope with stormwater flows resulting from a heavy rainfall such as a 1 in 5 year or 1 in 10 year event (20% or 10% probability of happening annually). However, when assessing and designing new systems consideration is given to how flows from much larger events can be handled within the catchment i.e. overland flow paths, flood channels, diversions.

A number of other smaller communities also have stormwater infrastructure such as minimal pipe systems, open ditches and drains. These include Heriot, Pounaweia, Taieri Mouth, Stirling and Waihola. These are communities that have previously been included in a general rural stormwater area, however they have only paid a very small amount towards this in their rates. In all of these areas, stormwater improvements are needed and systems are in place that have ongoing operational costs. Their inclusion as part of a district wide urban stormwater funding mechanism allows for stormwater issues in urban areas to be dealt with in a co-ordinated and consistent way.

All other rural stormwater issues are generally associated with roading and as such are funded as a roading activity.

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: TO PROVIDE STORMWATER DRAINAGE THAT PROTECTS AGAINST THE EFFECTS OF FLOODING		
Flooding events to habitable floors due to overflows from a council stormwater system (per 1000 connected properties).	0	0
Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	≤23	4
Number of complaints about performance of stormwater systems (per 1,000 connected properties)	≤10	0
Median response time (in hours) from notification of fault to when personnel reach the site	≤4	4
Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement notices	0
	Infringement notices	0
	Enforcement orders	0
	Successful prosecutions received	0

WHAT IT COST FOR STORMWATER IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	758	776	802
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	-	-
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	758	776	802
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(100)	(102)	(268)
Finance costs	(14)	(12)	(6)
Internal charges and overheads applied	(312)	(323)	(354)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(426)	(437)	(628)
SURPLUS (DEFICIT) OF OPERATING FUNDING	332	339	174
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(34)	(35)	(38)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(34)	(35)	(38)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,023)	(468)	(146)
Capital expenditure to replace existing assets	-	-	(94)
(Increase) decrease in reserves	712	156	104
(Increase) decrease of investments	13	8	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(298)	(304)	(136)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(332)	(339)	(174)
FUNDING BALANCE	-	-	-

SOLID WASTE

Community Outcome: A sustainable environment that promotes a clean green image

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 Cooee 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 weekly basis in Clinton, Lawrence, MacLennan, Milton, Owaka and Tapanui.
- Providing a skip service at Beaumont and Taieri Mouth that are collected on an as-needed basis.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing waste information and education services, including facilitating the EnviroSchools programme at schools throughout the district.

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: PROVIDE A FACILITY IN THE DISTRICT FOR THE DISPOSAL OF SOLID WASTE		
Kilogrammes of waste per resident to Mt Cooee landfill (kg)	≤470	593 ¹
LEVEL OF SERVICE 2: PROVIDE WASTE MINIMISATION SERVICES AND EDUCATION		
Kilogrammes of waste per resident diverted from Mt Cooee landfill (kg)	≥35	58

¹ Accepted out-of-district waste was increasing tonnages, but has now been stopped. Future waste-minimisation will be required.

WHAT IT COST FOR SOLID WASTE IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	69	71	71
Targeted rates (other than targeted rate for water supply)	711	725	730
Subsidies and grants for operating purposes	81	235	63
Fees, charges and targeted rates for water supply	670	683	1,221
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,531	1,714	2,085
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,217)	(1,241)	(2,144)
Finance costs	-	-	-
Internal charges and overheads applied	(165)	(171)	(176)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,382)	(1,412)	(2,320)
SURPLUS (DEFICIT) OF OPERATING FUNDING	149	302	(235)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	-	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	-	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(82)	(338)	(330)
Capital expenditure to replace existing assets	(71)	(31)	(38)
(Increase) decrease in reserves	61	111	603
(Increase) decrease of investments	(57)	(44)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(149)	(302)	235
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(149)	(302)	235
FUNDING BALANCE	-	-	-

¹ In line with last year, due to an increase in fees and volumes

² Mt Cooe operation costs have increased, as has closed landfill aftercare and ETS liability carbon credit prices.

COMMUNITY SERVICES

Community Outcome: Community facilities that sustainably benefit users and the wider community

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, INFORMATION AND SERVICE CENTRES

This involves:

- A district library network consisting of a central library in Balclutha, four branch libraries in Lawrence, Milton, Owaka and Tapanui.
- Service centres, which provide a local link to Council services, are located in Balclutha, Lawrence, Milton, Owaka, and Tapanui (Lawrence, Milton, Owaka, and Tapanui also incorporate a branch of the Clutha District library network).
- An “i-Site” service at the Balclutha Service Centre, which handles nationwide bookings for tourists and locals.
- An information centre at Owaka which provides tourist information and also incorporates a branch of the Clutha District library network.

SWIMMING POOLS

This involves:

- Owning and operating year round, a pool in Balclutha and seasonal (summer) pool in Milton.
- Making grants available to various school and community-based pools located throughout the district.

PARKS, RESERVES, PLAYGROUNDS & SPORTSGROUNDS

This involves:

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

HALLS & COMMUNITY CENTRES

This involves:

- Maintaining and operating halls in Balclutha and Kaitangata.
- Providing management oversight and financial assistance for 11 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, Kaitangata, Lawrence, Milton, Romahapa, Tahakopa, Taieri Mouth, Toko Mouth, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui.

PUBLIC CONVENIENCES

This involves:

- Providing and maintaining 24 public toilets throughout the district (located in the Balclutha, Clinton, Jack's Bay, Kaitangata, Kaka Point, Lawrence, Milton, Owaka, Pounaweia, Tapanui, Taieri Mouth and Waihola areas).
- Providing and maintaining 5 public motor caravan dump stations in Clinton, Lawrence, Milton, Owaka and Tapanui.

CEMETERIES

This 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, Waihola, Waikoikoi, Waipahi, Waipori, and Waitahuna.
- Providing financial assistance to a further four cemeteries that are managed by trustees (Clinton, Crookston, Owaka, Tuapeka).
- Providing financial assistance towards the maintenance of war memorials throughout the district.

COMMUNITY HOUSING & OTHER PROPERTY

This 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 used to offset rates.
- Provision of five camping grounds at Kaka Point, Naish Park in Balclutha, Pounaweia, Taylor Park in Milton and Waihola.

CROSS RECREATION CENTRE

This involves:

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

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: OPERATE A NETWORK OF COMMUNITY FACILITIES THROUGHOUT THE DISTRICT INCLUDING LIBRARY / SERVICE / INFORMATION CENTRES, POOLS, HALLS, PLAYGROUNDS, SPORTSGROUNDS, PARKS AND RESERVES.		
Resident satisfaction with community facilities	>77%	82%
LEVEL OF SERVICE: PROVIDE AND MAINTAIN COMMUNITY HOUSING UNITS THROUGHOUT THE DISTRICT.		
Occupancy of community housing units	>95%	99%

WHAT IT COST FOR COMMUNITY SERVICES IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	3,189	3,290	3,275
Targeted rates (other than a targeted rate for water supply)	1,636	1,695	1,726
Subsidies and grants for operating purposes	123	123	618
Fees, charges and targeted rates for water supply	292	298	1,386
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	930	948	-
TOTAL SOURCES OF OPERATING FUNDING	6,170	6,354	7,005
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(3,787)	(3,859)	(5,113)
Finance costs	(343)	(373)	(159)
Internal charges and overheads applied	(1,369)	(1,426)	(1,415)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,499)	(5,658)	(6,687)
SURPLUS (DEFICIT) OF OPERATING FUNDING	671	696	318
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	522	1,378	343
Gross proceeds from sale of assets	500	-	52
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,022	1,378	395
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(825)	(1,116)	(765)
Capital expenditure to replace existing assets	(495)	(1,795)	(690)
(Increase) decrease in reserves	(53)	558	742
(Increase) decrease of investments	(320)	279	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,693)	(2,074)	(713)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(671)	(696)	(318)
FUNDING BALANCE	-	-	-

¹ Increased rentals from rent reviews since the Long Term Plan.

² Council initiated unbudgeted extra cleans at their public conveniences, routine maintenance costs have increased, and there has been additional building repair costs at halls and community centres.

REGULATORY & EMERGENCY SERVICES

Community Outcome: A safe and supportive community and a sustainable environment that promotes a clean and green image.

WHAT WE DO

PROPERTY FILE RECORDS MANAGEMENT

This 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.

RESOURCE MANAGEMENT

This involves:

- Providing advice on planning matters to prospective applicants, affected neighbours and other agencies.
- Promoting the sustainable management of natural and physical resources in the Clutha District via the District Plan.
- Processing resource consent applications (for land use and subdivision). Approximately 90-100 resource consents are processed annually.
- Carrying out monitoring, enforcement and prosecution when necessary.

BUILDING CONTROL

This involves:

- Providing advice and administering the Building Act 2004, including checking that building complies with the New Zealand Building Code.
- Processing applications for Project Information Memoranda (PIMS) and Building Consents, including on-site inspections at the building stage, and issuing code compliance certificates upon completion. Council processes around 500-550 building consents annually.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work.

ENVIRONMENTAL HEALTH

This involves:

- Registering and inspecting/auditing premises that prepare or sell food.
- Registering and inspecting other controlled premises, e.g. camping grounds.
- Promoting safe health practices through seminars and newsletters.
- Responding to noise complaints. Approximately 120 noise complaints are responded to annually.

CIVIL DEFENCE

This involves:

- Preparing our communities to be ready and prepared for an emergency.
- Ensuring council has systems and processes in place and sufficient staff trained to be ready for and respond to an emergency and
- Helping facilitate recovery after an emergency .

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: TO PROVIDE AN APPLICATION PROCESSING SERVICE WHERE CONSENTS ARE PROCESSED WITHIN STATUTORY TIMEFRAMES IN AN EFFICIENT MANNER		
Application lodged and processed within statutory timeframes	100%	80% ¹
LEVEL OF SERVICE 2: COMPLAINTS ARE PRIORITISED AND RESPONDED TO IN AN EFFICIENT MANNER		
Customer service requests are responded to within targeted time frames.	≥95%	95%

¹ Under-performance was caused by carrying forward a backlog of consents from the previous year; transitioning new staff appointments where the department was only fully resourced towards the end of the year, the impact of COVID-19 and working to improve the robustness of our decision-making.

WHAT IT COST FOR REGULATORY & EMERGENCY SERVICES IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN	2021 LONG TERM PLAN	2021 ACTUAL
	\$(000)	\$(000)	\$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	260	268	358
Targeted rates (other than a targeted rate for water supply)	629	673	772
Subsidies and grants for operating purposes	-	-	68
Fees, charges and targeted rates for water supply	529	539	1,490
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	610	621	-
TOTAL SOURCES OF OPERATING FUNDING	2,027	2,101	2,688
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,065)	(1,103)	(1,496)
Finance costs	(9)	(8)	(6)
Internal charges and overheads applied	(880)	(918)	(1,184)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,954)	(2,029)	(2,686)
SURPLUS (DEFICIT) OF OPERATING FUNDING	73	72	2
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(19)	(20)	(23)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(19)	(20)	(23)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	(16)	(16)	21
(Increase) decrease of investments	(38)	(36)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(54)	(52)	25
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(73)	(72)	(2)
FUNDING BALANCE	-	-	-

¹ Council's fees have increased since the Long Term Plan in all Regulatory areas together with increased building activity.

INTERNAL SERVICES

WHAT WE DO

Several internal services support our significant activities in delivering services to our communities. These include corporate management, human resources, policy and communications, district assets operations, regulatory operations, forestry, treasury, information services, geographic information systems (GIS) and the running and maintenance of our main office in Balclutha.

HOW WE PERFORMED IN 2020/21

	TARGET PER LTP	ACTUAL 2021
LEVEL OF SERVICE 1: WE HANDLE CUSTOMER REQUESTS FOR SERVICE EFFICIENTLY AND EFFECTIVELY		
Percentage of service requests resolved within timeframes	>95%	85% ¹
LEVEL OF SERVICE 2: WE DELIVER ON OUR WORK PROGRAMMES		
Percentage of capital projects completed.	>82%	82%

¹ • Percentage completed is 82% compared to 50% in 2020.

- Included in the Annual Plan budgets were \$11M carry forward projects.
- Of the carry forwards \$3M worth of projects were completed.
- Included in Roading projects was \$2.3M brought forward for the Hina Hina Bridge.
- The projects not completed have been carried forward into the 2021-31 Long Term Plan with a focus on 3 water expenditure in the first 3 years as well as delays to timing of the Balclutha Community Hub, the Milton Community Library and both Milton and Balclutha's Destination Toilets.

The calculation is based on the following analysis:

CAPITAL EXPENDITURE FROM THE FIS	AP 2021	ACTUAL 2021	VARIANCE 2021
Capital expenditure to meet additional demand	791	-	(791)
Capital expenditure to improve level of service	14,871	9,133	(5,738)
Capital expenditure to replace existing assets	20,250	20,448	198
	35,912	29,581	(6,331)
Percentage of budget achieved		82%	

WHAT IT COST FOR INTERNAL SERVICES IN 2020/21

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2021

	2020 LONG TERM PLAN \$(000)	2021 LONG TERM PLAN \$(000)	2021 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	-	-	123
Subsidies and grants for operating purposes	-	-	229
Fees, charges and targeted rates for water supply	136	139	68
Internal charges and overheads recovered	7,175	7,447	7,915
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	187
TOTAL SOURCES OF OPERATING FUNDING	7,311	7,586	8,522
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(6,799)	(7,047)	(9,846)
Finance costs	(6)	(6)	(200)
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(6,805)	(7,053)	(10,046)
SURPLUS (DEFICIT) OF OPERATING FUNDING	506	533	(1,524)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(16)	(16)	1,698
Gross proceeds from sale of assets	-	-	125
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(16)	(16)	1,823
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(582)	(36)	(1,838) ¹
Capital expenditure to replace existing assets	(479)	(302)	(608)
(Increase) decrease in reserves	579	(146)	2,147
(Increase) decrease of investments	(7)	(33)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(490)	(517)	(299)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(506)	(533)	(1,524)
FUNDING BALANCE	-	-	-

¹ Includes the Rosebank office refurbishment and IT purchases.

FINANCIAL INFORMATION



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ABOUT THIS FINANCIAL SECTION

This section of the annual report contains the financial statements of Clutha District Council for the year ended 30 June 2021.

The Annual Report 2020/21 received an unmodified audit report and was adopted on 28 October 2021.

The references to documents and information on Clutha District Council and other websites are provided solely for the convenience of the readers who may require more detailed information. None of the documents or other information on those websites' forms part of this Annual Report 2020/21.

For the clarity and usefulness of this report, this section has the following sub-sections:

A - Results of the year

B - Long-term assets

C - Borrowings and financial Instruments

D - Working capital and equity

E - Financial risk management





F - Other disclosures

G - Financial reporting and prudence benchmarks

The notes to the financial statements contain detailed financial information as well as the relevant accounting policies, explanation of significant variances against budget and local government disclosures.

Signposting provides readers with a clearer understanding of key information in the financial report.

Accounting policies are denoted by the box surrounding them and significant judgement and estimates are denoted by purple highlights.

Signposts	Explanation
	Accounting policy
	Judgements and estimates
	Explanation of major variances against budget
	Local government disclosures

STATEMENT OF COMPLIANCE AND RESPONSIBILITY

Compliance

The Council and management of the Clutha District Council confirm that all the statutory requirements in relation to this annual report, as outlined in the Local Government Act 2002, have been complied with.

Responsibility

The Council and management of the Clutha District Council accept responsibility for the preparation and completion of the financial statements and the judgements used in them, and hereby adopt the financial statements as presented.

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 Clutha District Council, the annual report for the year ended 30 June 2021 presents fairly the financial performance, financial position, and service performance of the Clutha District Council.



Bryan Cadogan

Date: 28th October 2021

MAYOR



Steve Hill

Date: 28th October 2021

CHIEF EXECUTIVE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

For the Financial Year ended 30 June 2021

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
REVENUE				
Rates	A1	27,071	27,374	26,696
Grants and subsidies	A1	17,991	10,175	8,731
Fees and user charges		1,110	863	797
Permits and licenses		930	756	631
Other fees		1,654	1,213	1,563
Rental revenue		1,127	948	1,074
Interest revenue		330	778	452
Other revenue		968	429	670
Other gains/(losses)	A6	2,728	1,219	5,634
Sales of Corporate and development property	A8	1,473	-	1,166
Total revenue	A1	55,382	43,755	47,414
EXPENDITURE				
Grants, contributions, and sponsorship	A2	565	1,380	736
Other operating expenditure	A2	20,048	12,538	16,144
Roading repairs and maintenance	A2	7,986	5,952	7,885
Employee benefits	A3	6,718	7,648	6,559
Depreciation and amortisation	A4	13,534	13,213	13,062
Finance costs	A5	338	568	161
Operating lease payments	A2	17	-	10
Cost of sales of corporate and development property	A8	1,921	-	697
Total Expenditure	A2	51,127	41,299	45,254
SURPLUS FOR THE YEAR		4,255	2,456	2,160
Other Comprehensive Revenue and Expenditure				
Items that may be reclassified to surplus or deficit:				
Available-for-sale financial assets valuation gain / (loss)		429	-	(55)
Items that will not be reclassified to surplus or deficit:				
Gain on property, plant, and equipment revaluation	D6	-	-	93,661
Total Other Comprehensive Revenue and Expenditure		429	-	93,606
Total Comprehensive Revenue and Expenditure for the year		4,684	2,456	95,766

Explanations of major variances against budget are included with the notes.

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY

For the Financial Year ended 30 June 2021

	Accumulated Funds \$000	Reserves \$000	Total Equity \$000	Budget \$000
Balance as at 1 July 2019	225,138	798,187	1,023,325	1,036,780
Surplus after income tax	2,160	-	2,160	1,244
Other comprehensive revenue	-	93,606	93,606	81,711
Total Comprehensive Revenue & Expense for the year	2,160	93,606	95,766	82,955
Transfers (from)/to reserves	(1,278)	1,278	-	-
Additional Reserves Created	(3,023)	3,023	-	-
Balance as at 30 JUNE 2020	222,997	896,094	1,119,091	1,119,735
Balance as at 1 July 2020	222,997	896,094	1,119,091	1,104,749
Surplus after income tax	4,255	-	4,255	2,456
Other comprehensive revenue	-	429	429	-
Total Comprehensive Revenue & Expense for the year	4,255	429	4,684	2,456
Net Transfers (from)/to reserves	(1,279)	1,279	-	-
Additional Reserves Created				
Balance as at 30 JUNE 2021	225,973	897,802	1,123,775	1,107,205

Explanations of major variances against budget are included with the notes.
The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2021

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
Assets				
CURRENT ASSETS				
Cash and cash equivalents	D1	3,608	746	1,763
Receivables and prepayments	D2	6,343	3,475	5,309
Other financial assets	C3	31,702	25,857	28,984
Derivative financial instruments		397	-	-
Non-current assets held for sale		-	1,300	-
Development property	D7	3,206	-	3,855
Total current assets		45,256	31,378	39,911
NON-CURRENT ASSETS				
Property, plant, and equipment	B1	1,109,144	1,109,690	1,094,416
Intangible Assets	B2	12	1,200	769
Other financial assets	C3	390	152	144
Total non-current assets		1,109,546	1,111,042	1,095,329
TOTAL ASSETS		1,154,802	1,142,420	1,135,240
Liabilities				
CURRENT LIABILITIES				
Payables and accruals	D3	11,170	6,883	5,535
Employee entitlements	D4	855	635	725
Derivative financial instruments		-	-	32
Borrowings	C1	4,505	-	4,000
Total current liabilities		16,530	7,518	10,292
NON-CURRENT LIABILITIES				
Provisions	D5	897	780	782
Other liabilities – Mercer Trust		58	60	55
Borrowings	C1	13,542	26,857	5,020
Total non-current liabilities		14,497	27,697	5,857
TOTAL LIABILITIES		31,027	35,215	16,149
NET ASSETS		1,123,775	1,107,205	1,119,091
EQUITY				
Reserves	D6	897,802	875,530	896,094
Accumulated funds	D6	225,973	231,675	222,997
TOTAL EQUITY		1,123,775	1,107,205	1,119,091

Explanations of major variances against budget are included with the notes.
The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS

For the Financial Year ended 30 June 2021

	Notes	2021 Actual \$000	2021 Budget \$000	2020 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers, rates, grants, and other services		51,265	42,976	38,253
Interest received		330	778	452
Payments to suppliers and employees		(31,612)	(27,659)	(31,198)
Interest Expense		(197)	-	(117)
Net cash inflow from operating activities		19,786	16,095	7,390
CASH FLOWS FROM INVESTING ACTIVITIES				
Receipts from sale of property, plant and equipment and forestry		-	-	287
Disposal of Development Properties		(1,385)	-	-
Purchase of property, plant and equipment		(27,678)	(35,912)	(14,137)
(Acquisition)/sale of other financial assets		619	840	(273)
Disposal / (acquisition) of development property		1,473	900	409
Net cash (outflow) from investing activities		(26,971)	(34,172)	(13,714)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		9,030	20,000	3,995
Repayment of borrowings		-	(1,552)	-
Total Cash Flows from Financing Activities		9,030	18,448	3,995
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		1,845	371	(2,329)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		1,763	375	4,092
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	D1	3,608	746	1,763

Explanations of major variances against budget are included with the notes.
The accompanying notes form part of these financial statements.

RECONCILIATION OF SURPLUS FOR THE YEAR TO CASH INFLOW FROM OPERATING ACTIVITIES

	2021 \$000	2020 \$000
Surplus for the period	4,255	2,160
Add/(less) non-cash items:		
Depreciation and amortisation	13,534	13,062
(Reversal) / Impairment of development property	113	(469)
(Gain)/Loss on sale of property, plant, and equipment	1,211	348
(Gain)/Loss on write off of software	769	-
Bad Debt Write-off	(131)	-
Discount unwind on landfill provision	141	-
(Gain)/Loss on sale of forestry	-	(4)
Unrealised gain on revaluation of other financial assets to fair value	(3,583)	(1,533)
Vested Assets	(356)	(4,445)
	11,698	9,119
Movement in working capital:		
Trade and other receivables and prepayments	(903)	(1,224)
Trade and other payables and accruals	5,635	(816)
Employee entitlements	130	116
Provisions	(26)	17
	4,836	(1,907)
Items classified as Investing Activities:		
Movement in property, plant and equipment included in trade and other payables	(1,451)	178
Development Properties non-operating activity included in Profit & Loss	448	-
	(1,003)	178
NET CASH INFLOW FROM OPERATING ACTIVITIES	19,786	7,390

STATEMENT OF ACCOUNTING POLICIES

This section contains Council's significant accounting policies that relate to the financial statements as a whole. Significant accounting policies are also included in the related note disclosures.

Reporting entity

The Clutha District Council ("Council" or "CDC") is a local authority domiciled in New Zealand and governed by the Local Government Act 2002 (LGA) and the Local Government (Rating) Act 2002.

Council's principal address is 1 Rosebank Terrace, Balclutha New Zealand.

The primary objective of the Council is to provide services and facilities to the Clutha community for social benefit rather than make a financial return. Accordingly, the Council has designated itself as a public benefit entity (PBE) and applies New Zealand Tier 1 PBE Accounting Standards. These standards are based on International Public Sector Accounting Standards (IPSAS) with amendments for the New Zealand environment.

Basis of preparation

The financial statements have been prepared:

- in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP), the LGA 2002 and the Local Government (Financial Reporting and Prudence) Regulations 2014 and comply with Tier 1 PBE Accounting Standards;
- on a historical cost basis, except for certain financial instruments which have been measured at fair value (note C2) and certain classes of property, plant, and equipment (note B1) which have been subsequently measured at fair value;
- on the going concern basis and the accounting policies have been applied consistently throughout the period; and
- in New Zealand dollars (NZD) rounded to the nearest thousand dollars, unless otherwise stated.



The preparation of the financial statements requires judgements, estimates and assumptions. Application is based on future expectations as well as historical experience and other factors, as appropriate to the particular circumstances. Judgements and estimates which are considered material to understanding the performance of council are found in the following notes:

Note B1: Property, plant, and equipment

Note D5: Provisions.

Implementation of new and amended standards

Council has adopted all new standards and noted there has been no material impact.

Standards issued but not yet effective

PBE IPSAS 41 Financial Instruments

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. PBE IPSAS 41 also supersedes parts of PBE IPSAS 29 Financial Instruments. It is effective for reporting periods beginning on or after 1 January 2022. Council will apply this standard in preparing its 30 June 2022 financial statements.

The main changes under PBE IPSAS 41 are:

- New financial asset classification requirements for determining whether an asset is measured at fair value or amortised cost.
- A new impairment model for financial assets based on expected losses, which may result in the earlier recognition of impairment losses.
- Revised hedge accounting requirements to better reflect the management of risks.

The adoption of this standard is not expected to have a material impact on the financial statements.

Summary of significant accounting policies

All items in the financial statements are stated exclusive of Goods and Sales Tax (GST), except for receivables and payables, which include GST.

The budget figures presented in the financial statements are those included in the Annual Plan 2020/21.

Significant accounting policies are included in the notes to which they relate.

Significant accounting policies that do not relate to a specific note are outlined below:



COVID 19 disclosure

On 11 March 2020, the World Health Organisation declared a global pandemic as a result of the outbreak of and spread of COVID-19. Following this, the New Zealand Government's response resulted in periods of lockdown and/or restrictions which caused disruption to businesses, public services, and economic activity. During the current financial period the Council's operations were not affected by lockdowns.

Council considered the impact of COVID-19 as part of its impairment testing of assets in its statement of financial position at 30 June 2021 in the following areas:

- Managed investments with Nikko AM.
- Rooding and 3 waters infrastructure assets fair value assessment.
- Rates receivables allowance for doubtful debts not considered necessary due to powers under the Local Government (Rating) Act 2002 to recover any outstanding debts.
- Other receivables collectability.

While the pandemic continues to impact council operational activities Council will keep an eye out for the impact of financial hardship on our ratepayers as well as the impacts of labour and material shortages on our construction projects.

SECTION A: RESULTS FOR THE YEAR

This section focuses on the performance of Council during the year. It provides detail about rates and other revenue, and significant expenditure such as employee benefits, goods and services purchased, depreciation, amortisation, and other costs.

The notes in the section are as follows:

- A1 Revenue
- A2 Operating expenditure
- A3 Employee benefits
- A4 Depreciation and amortisation
- A5 Finance costs
- A6 Net other gains and losses
- A7 Income tax
- A8 Corporate and development property



Accounting policy

Council receives its revenue from exchange and non-exchange transactions.

Exchange transactions revenue arises when Council directly provides goods or services to a third party and receive approximately equal value in return.

Non-exchange transaction revenue arises when Council receives value from another party without having to directly provide goods or services of equal value. Non-exchange revenue comprises rates and transfer revenue.

Transfer revenue includes grants and subsidies and fees and user charges derived from activities that are partially funded by rates.

The council’s significant items of revenue are recognised and measured as follows:

Type	Recognition and measurement
Rates	<p>Rates are set annually by resolution of the council and relate to a particular financial year in accordance with the Local Government (Rating) Act 2002.</p> <p>Rates comprise general and targeted rates and are stated net of rates remissions.</p> <p>Rates revenue is recognised at the date of issuance of ratings notice and is measured at the present value of cash received or receivable.</p>
Grants and subsidies	<p>Grants and subsidies are recognised when they become receivable unless there is an obligation in substance to return the funds if conditions of the grants and subsidies are not met. If there is such an obligation, the grants and subsidies are initially recorded in the statement of financial position when received at fair value as grants and subsidies received in advance. As the conditions are satisfied, the carrying amount of the liability is reduced and an equal amount recognised as revenue.</p>
Financial contributions	<p>Financial contributions are charged for new property developments to contribute to council’s costs of building supporting infrastructure such as stormwater, roads, and footpaths. Revenue is recognised at the later of the point when the council is entitled to issue an invoice to developers for the contribution in accordance with milestones set out in council’s financial contributions policy, and the point at which the council can provide the service for which the contribution has been charged. The timing of the recognition is dependent on the type of consent granted and the nature of the development.</p>
Vested assets	<p>Vested asset revenue represents infrastructure received from property developers who construct the infrastructure as a condition of development. Vested asset revenue is recognised when control of the asset is transferred to the council and is measured at the fair value of the asset received.</p>
Infringement fees and fines	<p>When the infringement notice is issued.</p>
Finance revenue	<p>Finance revenue comprises interest revenue and realised gains from the early close-out of derivatives. Revenue is recognised using the effective interest method.</p>
Dividend revenue	<p>Dividend revenue is recognised when the council’s right to receive the dividend has been established.</p>
Water and wastewater user charges	<p>Water and wastewater revenue comprises the amounts received and receivable at balance date for water supplied to customers or sewerage processed for customers in the ordinary course of business. Water and wastewater revenue includes estimated unbilled amounts for unread meters at balance date. As meter reading is cyclical, management applies judgement when estimating the daily water consumption of customers between readings.</p>

	Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.
Sale of goods	When the substantial risks and rewards of ownership have been passed to the buyer.
Sale of services	On a percentage of completion basis over the period of the service supplied.
Consents	Building consents provide approval for specific building works on a specific site, and resource consents provide approval for projects that impact the environment or others. Consent revenue is recognised when consents are provided at fair value of the amount receivable.
Licence and permit fees	On receipt of application as these are non-refundable.
Entrance fees	Entrance fees are fees charged to users of Council's local facilities, such as the pools. Revenue from entrance fees is recognised upon entry to such facilities.
Landfill fees	Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.
Development property	On earliest of settlement of transaction or unconditional sale and purchase agreement.

The split of exchange and non-exchange revenue is disclosed below:

	Notes	2021 \$000	2020 \$000
Revenue from Non-Exchange Transactions			
Revenue from rates			
General		4,592	4,746
Targeted	See below	22,732	22,201
Penalties		210	231
Internal		(463)	(482)
Total revenue from rates		27,071	26,696
Revenue from Exchange Transactions			
Rental and lease revenue		1,127	1,074
Interest revenue and gain on changes in fair value		3,913	1,985
Otago Corrections Facility water		273	272
Development property sales	A8	1,473	1,166
Other revenue		1,110	797
Total revenue from exchange transactions		7,896	5,294
Other Revenue from Non-Exchange Transactions			
Grants and subsidies	See below	17,991	8,731
Vested assets	A6	356	4,445
Swimming pool revenue		127	100
Building consents		695	494
Other revenue		1,246	1,654
Total other revenue from non-exchange transactions		20,415	15,424
TOTAL REVENUE		55,382	47,414
The annual rates revenue of the council for the year ended 30 June 2021 for the purposes of the Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed disclosure is \$27.1 M (2020: \$26,7 M). Refer to note F1 for further information on the LGFA guarantees and indemnities.			
	Notes	2021 \$000	2020 \$000
Targeted Rates Attributable to Activities:			
Community leadership		247	248
Internal services		164	146
Roads and footpaths		8,095	7,904
Water supply		7,701	7,465
Stormwater		802	828
Sewerage		2,495	2,403
Solid waste		730	718
Community services		1,726	1,743
Regulatory and emergency services		772	746
		22,732	22,201
Grants and Subsidies:			
NZTA subsidy		14,535	8,405
Stimulus Funding		1,985	-
Mayor's taskforce for jobs		500	-
Other – PGF, NZLPP		971	326
		17,991	8,731



Explanation of major variances against budget for the Statement of Comprehensive Revenue and Expenditure

Total revenue

Revenue was greater than budget by \$11,627k but within the different categories there was some variance:

- Rates revenue was under budget by \$303k mainly due to \$463k internal rates being removed from the actuals and additional rates for voluntary targeted rates of \$109k which were not budgeted.
- Grants and subsidies were \$7,816k above budget mainly due to roading subsidies investment being \$4,058k
- Above budget. Grants of \$500k for the Mayor's Task Force, \$1,985k Stimulus funding and NZ Libraries funding of \$233k were not budgeted. Provincial Growth Fund (PGF) funding was \$380k below budget.
- Fees and user charges were \$247k above budget mainly due to an additional \$113k water meter income, \$80k extra sewerage connections, \$108k extra contributions and \$77k less dog registration fees.
- Permits and licences were \$174k above budget mainly due to higher building activity adding \$133k building permit revenue and \$45k Building Consent Authority (BCA) accreditation levies.
- Other fees are \$441k above budget mainly due to additional solid waste revenue of \$412k.
- Rental revenue is \$179k above budget reflecting the effects of market reviews.
- Interest revenue is \$448k below budget but there is a net gain of \$3,583k at fair valuation giving an overall \$3,135k better performance on the Nikko portfolio.
- Other Revenue is \$539k above budget, mainly due to a \$200k payment from Waka Kotahi towards a streetlight upgrade in Milton.
- Other gains are \$1,509k above budget due to vested assets of \$356k, a loss on disposal of assets of \$979, the fair value gain of \$3,583k mentioned above and a loss on disposal of development property of \$448k.
- Corporate and development property now reflects the revenue of \$1,473k instead of the net gain or loss position. Please refer to note A8 for details.



Local government disclosures

Council's rating base information relating to the current and prior financial year is as follows:

	2021 \$000	2020 \$000
Number of rating units	11,281	11,292
Total Capital Value of rating units	8,081,053	8,081,514
Total Land Value of rating units	5,415,529	5,415,775

Breakdown of summary revenue for group of activities	2021 \$000	2020 \$000
Revenue		
Roading	14,953	8,554
Water Services – Water	2,620	600
Water Services – Sewerage	328	220
Solid Waste	1,284	1,262
Community Services - Library/Service Centre/Information Centre	342	84
Community Services - Swimming Pools	127	100
Community Services - Parks/Reserves/Sportsgrounds	53	53
Community Services - Halls and Community Centres	417	40
Community Services - Other Council Property	974	930
Community Services – Cemeteries	91	93
Regulatory Services - Resource Management	140	111
Regulatory Services - Animal Control	314	315
Regulatory Services - Environmental Health	32	28
Regulatory Services - Building Control	931	621
Regulatory Services - Liquor Licensing	73	68
Regulatory Services – Compliance	68	-
Total activity revenue	22,747	13,079
Add		
Rates	27,071	26,696
Other Gains/(Losses)	2,728	5,634
Sales of corporate and development property	1,473	1,166
Petrol Tax	187	206
Other Revenue	1,176	633
	32,635	34,335
TOTAL REVENUE	55,382	47,414

A2 OPERATING EXPENDITURE



Grants and subsidies

Discretionary grants and subsidies are recognised as expenses when the council has advised their decision to pay and when the attached conditions, if any, are satisfied. Non-discretionary grants are recognised as expenses on receipt of an application that meets the specified criteria.

Impairment of property, plant and equipment and intangible assets

The initial measurement on property, plant and equipment and intangible assets are disclosed in Notes B1 and B2.

Intangible assets subsequently measured at cost that have indefinite useful life are tested annually for impairment. Property, plant and equipment and intangible assets subsequently measured at cost that have finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If any indication exists, Council estimates the asset's recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

An impairment loss is recognised in surplus or deficit in the statement of comprehensive revenue and expenditure for the amount by which the asset's carrying amount exceeds its recoverable amount.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of expected future cash flows.

For non-cash generating assets, value in use is determined using an approach based on a depreciated replacement cost (DRC).

Property, plant, and equipment that is measured at fair value, is not required to be separately tested for impairment.



Explanation of major variances against budget

Expenditure

Expenditure was more than budget by \$9,828k but within the different categories there was some variance:

- Grants are below budget by \$815k due to a classification change for payments to Clutha Development & our information centres between the Annual Plan and Annual Report. The expenditure is now reflected in other operating expenditure.
- Other operating expenditure is above budget by \$7,510k mainly caused by the following costs above budget:
 - Water operational expenditure \$1,647k,
 - Operation and maintenance jobs \$1,015k,
 - Sundry expenditure \$1,230k, all related to the three waters minor purchases.
 - Non routine expenditure \$1,611k,
 - Consultancy \$914k,
 - Bad debts written off \$131k,
 - Councillor salaries \$55k,
 - Freedom camping cost \$54k,
 - Savings in electricity \$80k and district plan of \$57k
 - Clutha Development Trust \$60k,
 - Savings in Clutha Gold Trail \$325k,
 - Mayor's Task Force expenditure \$293k,
 - Building repairs \$479k,
 - Mount Cooee operational costs \$384k,
 - Addition ETS liability costs \$322k,
 - O&M sampling \$362k,
 - Monitoring expenses \$328k.
- Roading repairs are \$2,034k above budget due to emergency reinstatement costs of \$860k after flooding events and \$789k unsealed pavement renewals.
- Personnel costs are \$930k below budget mainly due to vacancies and the capitalisation of wages.
- Depreciation is above budget by \$321k mainly due to \$2,566k amortisation of software as a service change in accounting treatment.
- Corporate and development property now reflects cost of sales and impairment losses of \$1,921k instead of the net gain or loss position. Please refer to note A8 for details.

Group of activities

The cost of service for each significant activity of Council has been derived using the cost allocation system outlined below. Direct costs are those costs directly attributable to a significant activity. Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific significant activity.

Direct costs are charged directly to significant activities. Indirect costs are charged to significant activities using appropriate cost drivers such as actual usage, staff numbers, and floor area.

There have been no changes to the cost allocation methodology during the year.

Breakdown of summary expenditure for group of activities	Note	2021 \$000	2020 \$000
Expenditure			
Community Leadership – Governance		1,334	1,378
Community Leadership – Community Support		394	687
Community Leadership – Economic Development		959	664
Community Leadership – Culture & Heritage		216	212
Roading		18,170	18,182
Water Services – Water		9,336	8,588
Water Services – Stormwater		998	887
Water Services – Sewerage		3,932	3,184
Solid Waste		2,320	1,818
Community Services – Library/Service Centre/Information Centre		1,768	1,446
Community Services – Swimming Pools		1,196	1,227
Community Services – Parks/Reserves/Sportsgrounds		1,161	1,158
Community Services – Halls and Community Centres		884	390
Community Services – Other Council Property		914	848
Community Services – Public Conveniences		521	464
Community Services – Cemeteries		237	239
Regulatory Services – Resource Management		395	482
Regulatory Services – Animal Control		422	410
Regulatory Services – Compliance		62	50
Regulatory Services – Environmental Health		174	138
Regulatory Services – Building Control		1,389	1,130
Regulatory Services – Liquor Licensing		129	127
Emergency Services – Civil Defence		113	280
Emergency Services – Rural Fire		3	4
Total activity expenditure		47,027	43,993
Add			
Additional Depreciation		1,100	326
Cost of sales corporate and development property		1,921	697
Forestry Expenditures		3	6
Other Expenditure		1,539	714
Internal Rates		(463)	(482)
		4,100	1,261
TOTAL EXPENDITURE		51,127	45,254
Operating Expenditures include:			
Grants, contributions and sponsorship		565	736
Impairment of receivables	D2	(131)	(47)
Minimum lease payments for operating leases		17	10
Other expenses		20,048	16,144
Roading repairs and maintenance		7,986	7,885
Fees paid to elected members	A3	506	457

Fees to auditors

The following fees were charged for the services provided by the auditors of Council:

	2021 \$000	2020 \$000
Audit of financial statements	135	132
Audit of debenture trust and register	5	5
Audit of long-term plan	123	-
TOTAL FEES TO AUDITORS	263	137

A3 EMPLOYEE BENEFITS



Accounting policy

Employee entitlements for salaries and wages, annual leave, long service leave and other similar benefits are recognised as an expenditure and liabilities when they accrue to employees.

	2021 \$000	2020 \$000
Employee Benefits Expenditure		
Salaries and wages	7,414	6,756
Kiwi-saver	138	177
Capitalised salary and wages to roading assets	(834)	(374)
TOTAL EMPLOYEE BENEFITS EXPENDITURE	6,718	6,559

Refer to note D4 for employee entitlement liability as at 30 June 2021 and 30 June 2020.



Explanation of major variances against budget

Employee benefits expenditure

Employee benefits expenditure of \$6,718k has increased by \$159k from 2020, mostly due to there being additional fixed term employees to carry out stimulus funded projects in the Service Delivery activity.



Related parties include key management personnel, the elected representatives of the council and their close family members and entities controlled by them. Close family members include spouses or domestic partners, children and dependants.

Apart from the disclosure of key management personnel remuneration, transactions with related parties that are on an arm's length basis are not disclosed.



Key management remuneration comprises of the total remuneration paid to the mayor, councillors, community board members, chief executive, and senior leadership team.

Employee numbers and remuneration bands	2021	2020
	\$000	\$000
Councillors		
Remuneration	506	457
Full-time equivalent members	15	15
Community Board Members		
Remuneration	45	40
Full-time equivalent members	12	12
Senior Management Team, including Chief Executive		
Remuneration	730	715
Full-time equivalent members	4	4

Severance Payments

For the year ended 30 June 2021 Council made no severance payments (2020: \$Nil).

Remuneration of Elected Members

During the year to 30 June 2021, the total remuneration and value of other non-financial benefits received by or payable to the Mayor and other Elected Members were as follows:

Elected Representatives	2021	2020
	\$000	\$000
His Worship the Mayor B A Cadogan	115	104
Councillors		
Geoff Blackmore	-	8
Dane Catherwood	23	15
John Cochrane	-	8
Stewart Cowie	32	30
Wayne Felts	23	15
Gaynor Finch	29	24
Melinda Foster	29	16
Bruce Graham	31	28
John Herbert	31	24
Rachel Jenkinson	-	7
Michelle Kennedy	13	24
Alison Ludemann	26	24
Lloyd McCall	7	-
Hilary McNab	-	9
Ken Payne	31	27
Carol Sutherland	24	22
Jo-anne Thomson	25	15
Bruce Vollweiler (including Hearing Fees of \$7k)	43	36
Selwyn Wilkinson	24	22
Lawrence/Tuapeka Community Board		
Lindy Chinnery	3	2
Quentin Currall	-	1

Geoff Davidson	6	4
Tim Dickey	3	1
Melinda Foster	-	1
Matthew Little	3	3
Garry McCorkindale	3	4
Suzanne Stephenson	3	1

West Otago Community Board

Cecil Crawford	3	3
Barbara Hanna	7	7
Anthony Robertson	3	3
Bruce Robertson	3	3
Linda Roulston	3	3
Suzanne Wink	3	3

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

Remuneration of Employees

At balance date Council employed 85 full time employees compared to 80 in 2020, with the balance of staff representing 19 full time equivalent employees (15 in 2020). A full time employee is determined based on a 37.5 hour working week.

Total annual remuneration by band for full and part time employees as at 30 June:

	2021	2020
Salary Band	Number of Employees	Number of Employees
<60,000	75	73
60,000-80,000	30	28
80,000-100,000	22	14
100,000-120,000	7	7
120,000-180,000	7	7
240,000-260,000	1	-
260,000-280,000	-	1

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable to the Chief Executive was \$256,457 (2020: \$266,325).

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

Other Transactions Involving Related Parties - 2021

Related Party Entity	Relationship to related party entity	Total Paid by the entity to Council	Total paid to the entity by the Council	Outstanding balance owed by Council	Outstanding balance owed to Council
Bryan Cadogan					
Gore/Clutha Women's Refuge	Board Member				
Clutha Foundation	Board Member		17,417	8,696	
Steve Hill					
Clutha Development Inc.	Council Appointed Member		511,267	58,543	
Stewart Cowie					
Clinton Rugby Club	Life member	270			
Warepa Hall Committee	Chairperson	1,201			
Gaynor Finch					
Clutha Veterinary Association	Employee	235	3,128	667	
Otago Museum	Trustee		126,455		
Waihola Looking Forward	Council Representative	922	3,159	359	
Milton Town Hall	Council Representative	6,216	16,861		
Clutha Districts Museums	Council Representative		51,282		
Taieri Mouth Amenities Society	Council Appointed Member		1,251		
Selwyn Wilkinson					
Phoenix Housing Otago Limited	Director	284			
Southroads Ltd	Subcontractor	591	12,989,068	1,579,945	
Ken Payne					
Agri Engineering Rosebank Industrial Estate	Relation		1,000		
Balclutha Community Hub Trust	Committee Member	1,541	46,300		
Clutha Parks Trust	Council Appointed Member		44,510	1,265	
Bruce Vollweiler					
Tokomairiro Wairoa Inc	Board Member	33			
Project Bruce	Trustee		62,391		
Bruce Graham					
Duffy Engineering	Employee				
Carol Sutherland					
Riding for Disabled	Council Representative	1,596			
Melinda Foster					
Tuapeka-Lawrence Community Company Ltd	Director		58,271	107	
Alison Ludemann					
Balclutha Community Hub Trust	Board Member	1,541	46,300		
Jo-anne Thomson					
Clutha Health Incorporated	Council Appointed Member	292			
Lloyd McCall					
Otago South River Care	Project Manager	55			
West Otago Community Board	Board Member	706			
West Otago Health Trust	Trustee	415			
Antony Robertson					
Ideal Print and Design Ltd	Shareholder & Director		6,532	1,335	
Garry Ian McCorkindale					
Tuapeka-Lawrence Health Company Ltd	Director	708			
Sarah Elizabeth Ritchie					
Habit Health		209			
Suzanne Stephenson					
Tuapeka-Lawrence Health Company Ltd	Director	708			
Tuapeka-Lawrence Community Company Ltd	Director		58,271	107	
Tim Dickey					
Lawrence Community Helipad Committee	Working Group	824			
Bruce Robertson					
Road Transport Logistics		397			

Other Transactions Involving Related Parties – 2020

Related Party Entity	Relationship to related party entity	Total Paid by the entity to Council	Total paid to the entity by the Council	Outstanding balance owed by Council	Outstanding balance owed to Council
Bryan Cadogan					
Gore/Clutha Women's Refuge	Board Member		8,364		
Clutha Foundation	Board Member		10,000		
Steve Hill					
Clutha Development Inc.	Council Appointed Member		520,679	55,016	
Geoff Blackmore					
Simpson Park Sporting Complex	Committee Member		6,832		
Chinese Camp Charitable Trust	Trustee		395		
St Patricks Parish Council	Chairman		1,136		
John Cochrane					
Clinton Community Company Ltd	Shareholder & Director	317			
Clinton Cemetery Trust	Director		2,500		
Stewart Cowie					
Clinton Rugby Club	Life member	630			
Warepa Hall Committee	Chairperson	510			
Gaynor Finch					
Clutha Veterinary Association	Employee		2,858	528	150
Otago Museum	Trustee		124,586		
Waiholā Looking Forward	Council Representative	437	3,159	98	
Milton Town Hall	Council Representative	5,976	25,893		
Clutha Districts Museums	Council Representative		76,923		
Taieri Mouth Amenities Society			1,251		
Selwyn Wilkinson					
Phoenix Housing Otago Limited	Director	284			
Southroads Ltd	Subcontractor		8,369,479		
Hilary McNab					
Catlins Coast	Committee Member		1,917		
Owaka Going Forward	Secretary		300		
Owaka Swimming Pool Committee	Committee Member		9,694		
Hina Hina Recreation Reserve	Committee Member		1,800		
Rachel Jenkinson					
Jenkinson Electrical	Shareholder		32,211	3,337	
Harcourts Realestate		333			77
Ken Payne					
Agri Engineering Rosebank Industrial Estate	Relation		4,144		
Balclutha Community Hub Trust	Committee Member		404,967		
Bruce Vollweiler					
Tokomairiro Wairoa Inc	Board Member	33			
Milton Community Health Trust	Trustee		8,368		
Bruce Graham					
Duffy Engineering	Employee		42,357	388	
Carol Sutherland					
Riding for Disabled	Council Representative	1,565			
Melinda Foster					
Tuapeka-Lawrence Community Company Ltd	Director		57,755	78	
Alison Ludemann					
Balclutha Community Hub Trust			404,967		
Antony Robertson					
Ideal Print and Design Ltd	Shareholder & Director		2,559	113	
Garry Ian McCorkindale					
Tuapeka-Lawrence Health Company Ltd	Director	190			
Sarah Elizabeth Ritchie					
Southern Rehab Central Limited		215			
Suzanne Stephenson					
Tuapeka-Lawrence Health Company Ltd	Director	190			

A4 DEPRECIATION AND AMORTISATION



Accounting policy

Depreciation is provided on all property, plant and equipment except for land, land under forests, road formation and land under roads. Depreciation is calculated to write down the cost or revalued amount of the assets on a straight line basis over their useful economic lives (Note B1).

Amortisation is provided on intangible assets, except rights to acquire, and is calculated to write down the cost of the assets on a straight line basis over their useful economic lives (Note B2).

	Note	2021 \$000	2020 \$000
Depreciation and Amortisation Expenditure			
Depreciation of property, plant, and equipment	B1	13,531	12,708
Amortisation of Intangibles	B2	3	354
TOTAL DEPRECIATION AND AMORTISATION		13,534	13,062



Explanation of major variances against budget

Depreciation and amortisation

Depreciation is above budget by \$321k mainly due to \$2,566k amortisation of software as a service change in accounting treatment.

Amortisation is much lower as software as a service is now expensed.



Local government disclosures

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, the council is required to disclose depreciation and amortisation by group of activities:

Group of activity	2021 \$000	2020 \$000
Roading	8,835	8,504
Water	1,971	1,860
Sewerage	1,258	979
Stormwater	369	297
Community services	681	675
Solid waste management	58	58
Regulatory and emergency services	6	8
Internal Services	356	681
Total depreciation and amortisation (Notes B1 and B2)	13,534	13,062

A5 FINANCE COSTS



Accounting policy

Finance costs include interest expense, amounts paid or payable on interest rate swaps, amortised borrowing costs, net realised losses on the early close-out of derivatives, the unwinding of discounts on provisions and financial assets and costs directly incurred in managing funding. Interest on debt is recognised using the effective interest rate method.

Finance Costs	2021 \$000	2020 \$000
Bank	2	3
Local Government Funding Agency	195	114
Discount unwind on landfill provision	141	44
TOTAL FINANCE COSTS	338	161

Refer to Note E1 about the description of interest rate risk and interest rate risk management.

A6 NET OTHER GAINS AND LOSSES



Accounting policy

Net other gains and 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 Council will receive the consideration due.

Net other gains and losses	2021 \$000	2020 \$000
Vested assets	356	4,445
Net loss on disposal of property, plant, and equipment	(1,211)	(348)
Net gain on disposal of forestry assets held for sale	-	4
Net gain on changes in fair value of financial assets at fair value through surplus or deficit	3,583	1,533
TOTAL NET OTHER GAINS AND LOSSES	2,728	5,634



Explanation of major variances against budget

Net other gains and losses

- Vested assets amounted to \$356k mainly due to found assets. Budget was zero.
- There was an unrealised gain of \$3,583k on the Nikko Investment portfolio Budget was zero.

A7 INCOME TAX



Accounting policy

Income from Council activities is exempt from income tax under the Income Tax Act 2007.

A8 CORPORATE AND DEVELOPMENT PROPERTY

Revenue	2021 \$000	2020 \$000
Proceeds Rosebank Industrial	-	-
Proceeds Plantation Heights	1,153	871
Proceeds Kaitangata Development Property	309	-
Proceeds Other	11	295
TOTAL REVENUE CORPORATE AND DEVELOPMENT PROPERTIES	1,473	1,166
Expenditure		
Cost of sales Rosebank Industrial – (reversal) / impairment	113	(153)
Cost of sales Plantation Heights	1,451	793
Cost of sales Kaitangata Development Property	357	-
Cost of sales Other	-	57
TOTAL EXPENDITURE CORPORATE AND DEVELOPMENT PROPERTIES	1,921	697
Gain / (loss) on disposal of corporate and development properties		
Gain / (Loss) Rosebank Industrial	(113)	153
Gain / (Loss) Plantation Heights	(298)	78
Gain / Loss Kaitangata Development Property	(48)	-
Gain / (Loss) Other	11	238
TOTAL NET GAIN / (LOSS) ON DISPOSAL OF CORPORATE AND DEVELOPMENT PROPERTIES	(448)	469

SECTION B: LONG TERM ASSETS

This section provides information about the investments Council has made in long-term assets to provide services and facilities to the people of the Clutha District. The long-term assets include physical assets such as infrastructure, land and buildings, parks and reserves and non-physical assets such as computer software.

The notes in this section are as follows:

- B1 Property, plant, and equipment
- B2 Intangible assets



Accounting Policy

The property, plant and equipment consist of the Council are classified into three categories:

- **Operational Assets**

Include property, plant and equipment used to provide core council services, either as a community service, for administration, or as a business activity. Other operational assets include landfills, motor vehicles, office equipment, library books and furniture and fittings.

- **Infrastructural Assets**

Infrastructural assets include land under roads and systems and networks integral to the council's infrastructure. These assets are intended to be maintained indefinitely, even if individual assets or components are replaced or upgraded.

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

- **Restricted Assets**

Include property and improvements where the use or transfer of title outside of the council is legally restricted.

Initial recognition and subsequent measurement

Property, plant, and equipment is initially recognised at cost, unless acquired through a non-exchange transaction, in which case the asset is recognised at fair value at the date of acquisition. The cost of third party constructed assets generally comprises the sum of costs invoiced by the third party. The cost of self-constructed assets comprises purchase costs, time allocations and excludes, where material, any abnormal costs, and internal surpluses.

Subsequent costs then extend or expand the asset's future economic benefits and service potential are capitalised. After initial recognition, certain classes of property, plant, and equipment are revalued. Work in progress is recognised at cost less impairment, if any, and is not depreciated.

Useful lives

The useful lives used to calculate the depreciation of property, plant, and equipment are as follows:

Asset class	Estimated useful lives	Depreciation Rate
Operational Assets		
Land	Not applicable	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%
Infrastructural Assets		
Roads - formation	Not applicable	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	Not applicable	Not depreciated
Stormwater	20-100	1-5%
Wastewater	20-100	1-5%
Water	20-100	1-5%
Restricted assets		
Reserves	Not applicable	Not applicable
Endowments	Not applicable	Not applicable
Other	Not applicable	Not applicable

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each balance date.

Disposals

Gains and losses on the disposal of property, plant, and equipment are recognised in surplus or deficit. Any amounts included in the asset revaluation reserve in respect of the disposed assets are transferred to accumulated funds on disposal.

Impairment of property, plant, and equipment

Property, plant, and equipment is reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised in surplus or deficit for the amount by which the carrying of property, plant, and equipment exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Assets are considered cash generating if their primary objective is to provide a commercial return. The value in use for cash-generating assets is the present value of the expected future cashflows.

For non-cash generating assets, value in use is determined using an approach based on depreciated replacement cost.

Revaluation

Infrastructural assets (except land under roads) are revalued with sufficient regularity, and at least every three years to ensure that their carrying amounts do not differ materially from fair value.

The carrying values of revalued assets are assessed annually to ensure that they do not differ materially from the assets' fair values. If there is a material difference, then those asset classes are revalued. Revaluations are accounted for on a class of asset basis.

Net revaluation gains are recognised in other comprehensive revenue and expenditure and are accumulated in the asset revaluation reserve in equity for that class of asset. Revaluation losses that result in a debit balance in an asset class's revaluation reserve are recognised in surplus and deficit. Any subsequent gain on revaluation is recognised first in surplus or deficit up to the amount previously expensed, and then recognised in other comprehensive revenue and expenditure.

PROPERTY, PLANT AND EQUIPMENT continued

2021

	2021					2020					Accumulated depreciation charges 30 June 2021 (\$000)	Carrying amount 30 June 2021 (\$000)	
	Cost /Valuation 1 July 2020 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	Revaluation (\$000)	Cost /Valuation 30 June 2021 (\$000)	Accumulated depreciation charges 1 July 2020 (\$000)	Impairment losses charged in Statement of Financial Performance (\$000)	Depreciation expense (\$000)	Accumulated depreciation reversed on disposal (\$000)			Accumulated depreciation reversed on revaluation (\$000)
Operational Assets													
At Cost													
Land	3,024	-	-	-	-	3,024	-	-	-	-	-	-	3,024
Buildings	14,179	56	(12)	52	-	14,275	(4,835)	-	(285)	4	-	(5,116)	9,159
Land - restricted	1,457	-	-	-	-	1,457	-	-	-	-	-	-	1,457
Buildings - restricted	4,131	198	-	45	-	4,374	(1,439)	-	(85)	-	-	(1,524)	2,850
Furniture and equipment	1,593	206	-	-	-	1,799	(1,186)	-	(138)	-	-	(1,324)	475
Plant and Motor vehicles	3,689	456	(107)	-	-	4,038	(1,940)	-	(490)	74	-	(2,356)	1,682
Library Books	969	142	-	-	-	1,111	(627)	-	(100)	-	-	(727)	384
Work in progress	1,437	3,211	(507)	(97)	-	4,044	-	-	-	-	-	-	4,044
Total Operational Assets	30,479	4,269	(626)	-	-	34,122	(10,027)	-	(1,098)	78	-	(11,047)	23,075
Infrastructural Assets													
Roads - Formation	581,334	454	-	-	-	581,788	-	-	-	-	-	-	581,788
Roads - Pavement (sealed)	153,181	3,977	-	-	-	157,158	-	-	(3,736)	-	-	(3,736)	153,422
Roads - Pavement (unsealed)	79,738	3,060	-	-	-	82,798	-	-	(2,230)	-	-	(2,230)	80,568
Roads - Other roading assets	55,930	1,267	-	-	-	57,197	-	-	(1,429)	-	-	(1,429)	55,768
Roads - Other	7,599	434	-	-	-	8,033	-	-	(519)	-	-	(519)	7,514
Roads - Bridges	45,863	6,728	-	-	-	52,591	-	-	(921)	-	-	(921)	51,670
Land under roads	7,833	-	-	-	-	7,833	-	-	-	-	-	-	7,833
Stormwater	15,084	181	(23)	224	-	15,466	-	-	(369)	1	-	(368)	15,098
Sewerage	51,244	977	(84)	679	-	52,816	-	-	(1,258)	2	-	(1,256)	51,560
Water	72,305	4,518	(922)	1,487	-	77,388	-	-	(1,971)	27	-	(1,944)	75,444
Work in Progress	3,853	4,073	(132)	(2,390)	-	5,404	-	-	-	-	-	-	5,404
Total Infrastructural Assets	1,073,964	25,669	(1,161)	-	-	1,098,472	-	-	(12,433)	30	-	(12,403)	1,086,069
Total Property, Plant and Equipment	1,104,443	29,938	(1,787)	-	-	1,132,594	(10,027)	-	(13,531)	108	-	(23,450)	1,109,144

2020

	Cost /Valuation 1 July 2019 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	Revaluation (\$000)	Cost /Valuation 30 June 2020 (\$000)	Accumulated depreciation charges 1 July 2019 (\$000)	Impairment losses charged in Statement of Financial Performance (\$000)	Depreciation expense (\$000)	Accumulated depreciation reversed on disposal (\$000)	Accumulated depreciation reversed on revaluation (\$000)	Accumulated depreciation charges 30 June 2020 (\$000)	Carrying amount 30 June 2020 (\$000)
Operational Assets													
At Cost													
Land	3,024	-	-	-	-	3,024	-	-	-	-	-	-	3,024
Buildings	14,160	19	-	-	-	14,179	(4,551)	-	(284)	-	-	(4,835)	9,344
Land - restricted	1,422	35	-	-	-	1,457	-	-	-	-	-	-	1,457
Buildings - restricted	4,164	19	(52)	-	-	4,131	(1,380)	-	(83)	24	-	(1,439)	2,692
Furniture and equipment	1,440	120	-	33	-	1,593	(1,027)	-	(159)	-	-	(1,186)	407
Plant and Motor vehicles	3,547	239	(125)	28	-	3,689	(1,611)	-	(440)	111	-	(1,940)	1,749
Library Books	866	103	-	-	-	969	(525)	-	(102)	-	-	(627)	342
Work in progress	409	1,089	-	(61)	-	1,437	-	-	-	-	-	-	1,437
Total Operational Assets	29,032	1,624	(177)	-	-	30,479	(9,094)	-	(1,068)	135	-	(10,027)	20,452
Infrastructural Assets													
Roads - Formation	536,836	46	-	-	44,452	581,334	-	-	-	-	-	-	581,334
Roads - Pavement (sealed)	152,048	2,971	-	-	(1,838)	153,181	(7,723)	-	(3,833)	-	11,556	-	153,181
Roads - Pavement (unsealed)	85,359	1,828	-	-	(7,449)	79,738	(4,851)	-	(2,229)	-	7,080	-	79,738
Roads - Other roading assets	42,027	623	-	-	13,280	55,930	(2,296)	-	(1,169)	-	3,465	-	55,930
Roads - Other	8,668	526	-	-	(1,595)	7,599	(1,013)	-	(488)	-	1,501	-	7,599
Roads - Bridges	42,051	441	-	-	3,371	45,863	(1,570)	-	(785)	-	2,355	-	45,863
Land under roads	7,833	-	-	-	-	7,833	-	-	-	-	-	-	7,833
Stormwater	12,025	1,638	-	140	1,281	15,084	(577)	-	(297)	-	874	-	15,084
Sewerage	41,394	2,583	(65)	278	7,054	51,244	(1,762)	-	(979)	7	2,734	-	51,244
Water	68,229	3,057	(406)	1,031	394	72,305	(3,366)	-	(1,860)	80	5,146	-	72,305
Work in Progress	2,542	2,760	-	(1,449)	-	3,853	-	-	-	-	-	-	3,853
Total Infrastructural Assets	999,012	16,473	(471)	-	58,950	1,073,964	(23,158)	-	(11,640)	87	34,711	-	1,073,964
Total Property, Plant and Equipment	1,028,044	18,097	(648)	-	58,950	1,104,443	(32,252)	-	(12,708)	222	34,711	(10,027)	1,094,416



Significant judgements and estimates

The method used by the council in revaluing its infrastructural assets as part of property, plant, and equipment, outlined below, is depreciated replacement cost (DRC). Operational land and buildings including land are not revalued.

DRC is calculated based on the replacement cost of infrastructure assets depreciated over their useful lives. This method takes into account the age and condition of the assets, estimated optimisation rates, and estimated remaining useful lives of those assets. The revaluation process involves physical inspection of selected assets at various sites to note aspects such as condition, use, replacement timing, and optimisation.

It is assumed that all asset classes have no residual value at the end of their useful lives.

Estimating the fair value of infrastructure

The most recent valuation of infrastructural assets effective 30 June 2020 was performed as follows:

- Stormwater, sewerage, and water infrastructural assets were valued at 30 June 2020 by staff and reviewed by Rationale Limited.
- The roading infrastructural assets (excluding land under roads) were revalued at 30 June 2020 by Stantec.

There are several estimates and assumptions exercised when valuing infrastructural assets which include:

- **Estimating the unit rates.**
The unit rate review sourced data from recent CDC physical works contract payments, and unit rates from surrounding districts (Southland, Central Otago, and Dunedin City). These rates were analysed to:
 - Benchmark CDC's 30 June 2017 unit rates against surrounding areas and recent project work.
 - Compare the unit rate 'curves' for line assets (cost profile by pipe diameter).
 - Update unit rates for the 30 June 2020 valuation.
- **Estimates of the remaining useful life over which the asset will be depreciated.**
Each asset is depreciated over its total useful life. An asset's total useful life defaults to its standard life except where its economic or physical life has been assessed. The economic or physical life of particular reticulation assets has not been assessed; therefore, the standard life has been applied in all instances.
- **Asset Optimisation**
Water supply, wastewater and stormwater line replacement costs have been optimised for material type. Further optimisation of reticulation assets has not occurred. Excess asset capacity, obsolescence and surplus assets are not considered a significant issue.

The movement in fair value infrastructure assets since 30 June 2020 was assessed at balance date using indices deemed suitable by management supported by a material movements letter from Rationale and Stantec. The assessment indicated an immaterial increase in infrastructure asset values and therefore a revaluation of these asset classes was not required at balance date.

Changes ahead for three waters

Water is the lifeblood for our way of life, for our people, environment, and economy. Wastewater and stormwater also play crucial parts. Combined these key services are referred to as Three-Waters.

Just under two-thirds (12,000) of Clutha District's residents drink water from one of the 22 schemes currently is taken care of by CDC. Half of these schemes service our towns in Balclutha, Clinton, Milton, Benhar, Kaitangata, Lawrence, Stirling, Tapanui, Clinton, Owaka and Waiholā. The rest are rural schemes that cover just about every other part of the district. They supply drinking water to people in these areas, and water to their businesses. Importantly, they are the backbone of our agricultural sector.

The combined extent of what we have here is also a point of difference and we have one of the longest networks of pipelines in NZ.

A 2016 campylobacter outbreak in Havelock North made over 5,000 people ill and was linked to three deaths. The inquiry into the outbreak concluded New Zealand's drinking water regulatory system was failing to provide necessary assurances that drinking water across the country is safe and reliable. In 2019 Cabinet agreed to create a new water services regulator called Taumata Arowai. One of its roles is to enforce drinking water standards nationally. Its premise is that councils have the funding and support to get the balance right.

Following the announcement by the Local Government Minister on 27 October 2021 regarding central government proceeding with the three waters service delivery reforms using a legislated “all in” approach, Council continues to recognise its three waters assets at 30 June 2021 in accordance the accounting policies set out on pages 74 to 76. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. It is expected central government will develop details around the mechanism for the transfer of the water assets and this will be completed prior to 1 July 2024. As further details are established this may require adjustments to Council’s three water assets either in respect of disclosure or measurement.

For more information on the Government reforms visit WWW.DIA.GOV.TZ/THREE-WATERS-REFORMS-PROGRAMME.

Critical Judgements in applying accounting policies

Classification of Property

Council owns properties held to provide social housing. The receipt of market-based rental from these properties is incidental to holding them. These properties are held for service delivery objectives as part of Council’s social housing policy. The properties are therefore accounted for as property, plant, and equipment rather than investment property.

Restrictions

Various properties held by the council have restrictions on the use of proceeds generated from them including the sales proceeds. These proceeds may only be applied to specified purposes, generally being to benefit the Clutha region.

The carrying value of the classes of property, plant, and equipment where restrictions apply follow:

	2021	2020
	\$000	\$000
Land and buildings, including parks and reserves	4,307	4,149
TOTAL	4,307	4,149

Security over property, plant, and equipment

Other than property, plant, and equipment subject to finance leases, no other property, plant, and equipment is pledged as security for liabilities (2020: \$nil) of the Council.



Local government disclosures

Core assets

Under the Local Government (Financial Reporting and Prudence) Regulations 2014, Council is required to disclose information about Council's core assets.

Included within the infrastructure assets are the following core assets:

		Closing Book Value 30 June 2021 \$000	Additions constructed by Council \$000	Additions transferred to Council \$000	Estimated replacement cost \$000
Water Supply	Treatment plants and facilities	26,903	4,690	38	48,099
Water Supply	Other assets (such as reticulation systems)	48,541	1,145	132	86,783
Sewerage	Treatment plants and facilities	19,917	1,240	5	35,962
Sewerage	Other assets (such as reticulation systems)	31,643	315	95	57,136
Stormwater/Drainage		15,098	318	86	33,493
Roads and Footpaths		930,730	15,920	-	1,114,546

Insurance of assets

Under the LGA 2002, the Council is required to disclose the following information on insurance of assets as at 30 June 2021:

	2021 Actual \$000	2020 Actual \$000	2019 Actual \$000
Total value of all assets of the local authority that are covered by insurance contracts	58,060	66,909	51,021
Maximum amount to which they are insured	151,418	147,205	158,751
Total value of all assets of the local authority that are covered by financial risk sharing arrangements	-	-	-
Maximum amount available to the local authority under those arrangements	-	-	-
Total value of all assets that are self-insured (<u>Underground assets</u>)	98,592	86,258	80,005
Total value of funds maintained for self-insured assets (<u>Underground assets</u>)	431	365	300

Roads are uninsured. However, subject to meeting defined criteria, the cost associated with the immediate response, reopening and/or restoration of these assets as a result of a short natural event such as earthquake or tsunami, could be subsidised by Waka Kotahi NZTA.

B2 INTANGIBLE ASSETS



Accounting policy

Initial recognition and subsequent measurement

Purchased intangible assets are initially recognised at cost. For internally generated intangible assets, the cost includes direct employee costs, a reasonable portion of overhead, and other direct costs that are incurred within the development phase of the asset. Intangible assets acquired at no cost are initially recognised at fair value where they can be reliably measured. After initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses, if any.

Useful lives

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

Computer software 3 to 5 years 20% to 33.3%

Disposals

Gains and losses from the disposal of intangible assets are recognised in surplus or deficit.

Impairment

Intangible assets are assessed annually for indicators of impairment. An impairment loss is recognised in surplus or deficit for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Computer Software	\$000
Gross carrying amount	
Balance at 1 July 2019	2,463
Additions	103
Transfer from Work in Progress	
Disposals	-
Intangibles Expensed during the year	-
Balance at 1 July 2020	2,566
Additions	15
Transfers from Work in Progress	-
Disposals	-
Intangibles Expensed during the year	(2,566)
Balance at 30 June 2021	15
Accumulated amortisation	
Balance at 1 July 2019	1,443
Amortisation Expenditure	354
Disposals	-
Amortisation reversed on intangibles Expensed during the year	-
Balance at 1 July 2020	1,797
Amortisation Expenditure	3
Disposals	-
Software assets written off during the year	(1,797)
Balance at 30 June 2021	3
Net Book Value	
As at 30 June 2020	769
As at 30 June 2021	12

SECTION C: BORROWINGS AND FINANCIAL INSTRUMENTS

This section provides details of Council's borrowings, a major source of funding used to deliver the services to the people of the Clutha District. It also includes information about the council's financial instruments that are used to manage the risks associate with borrowings.

The notes included in this section are as follows:

- C1 Borrowings
- C2 Financial instruments
- C3 Other financial assets
- C4 Fair value and classification of financial instruments

C1 BORROWINGS



Accounting policy

Borrowings are initially recognised at face value plus transaction costs and are subsequently measured at amortised cost using the effective interest rate method.

External Borrowings		
	2021	2020
Current	\$000	\$000
LGFA	4,505	4,000
Non-Current		
LGFA	13,542	5,020
TOTAL	18,047	9,020

Date Borrowed	Date Maturing	Amount \$000	Interest Rate
April 2019	April 2022	2,500	2.29%
April 2019	April 2023	2,500	2.44%
February 2021	August 2021	2,005	0.77%
April 2021	April 2026	2,000	1.06%
May 2021	April 2027	2,500	1.13%
May 2021	May 2028	2,500	1.395%
October 2020	April 2024	2,000	0.74%
October 2020	April 2025	2,000	0.78%

Borrowings occur through domestic retail and wholesale debt issuance and the LGFA. The council's borrowings are secured by a charge over current and future rates revenue. There were no defaults or breaches by the council on any borrowing arrangement during the year (2020: nil).

Interest rates

The weighted average cost of funds for the council's borrowings as at 30 June 2021 is 1.31% (2020: 1.77%). Refer to Notes A5 and E1 for the net finance costs during the period and the interest rate risk analysis, respectively.



Local government disclosures

Internal borrowings

Internal borrowing occurs when an activity borrows from reserve funds held for another purpose. Internal borrowings are eliminated and not recorded in the financial statements.

In relation to each group of activities, Council has incurred internal borrowings during the financial year to 30 June 2021, as reflected below:

Internal borrowings	Opening Balance 2020	Borrowed during the Year	Funds Repaid in the Year	Interest Paid in the Year (for information)	Closing Balance 2021
	\$000	\$000	\$000	\$000	\$000
Administration	250	1,713	15	5	1,948
Community Services	8,022	633	290	159	8,365
Community Leadership	1,919	11	84	37	1,846
Economic Development	710	12	25	14	697
Emergency Services	76	-	3	2	73
Water	8,494	4,371	434	171	12,431
Sewerage	2,564	-	146	51	2,418
Stormwater	320	-	38	6	282
Regulatory	218	-	21	4	197
Roading	6,745	585	394	135	6,936
Total	29,318	7,325	1,450	584	35,193

C2 FINANCIAL INSTRUMENTS



Accounting policy

Financial Instruments

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

Financial Assets

Financial assets are classified into the following specified categories:

- Financial assets 'at fair value through surplus or deficit',
- '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 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 Comprehensive Revenue and Expenditure. The net gain or loss is recognised in the Statement of Comprehensive Revenue and Expenditure and incorporates any dividend or interest earned on the financial asset. Fair value is determined in the manner described later in this note.

Council has classified its managed funds, held with Nikko Asset Management (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 statement of comprehensive revenue or expenditure 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 held for strategic purposes.

Equity securities 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 Comprehensive Revenue and Expenditure. 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 Comprehensive Revenue and Expenditure for the period.

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

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 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 Comprehensive Revenue and Expenditure.

Loans, including loans to community organisations made by 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 Comprehensive Revenue and Expenditure 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 the end of each reporting period. 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 Comprehensive Revenue and Expenditure.

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 Comprehensive Revenue and Expenditure to the extent the carrying amount of the investment at the date of impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

Financial Liabilities

- Trade and Other Payables

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

- Borrowings

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

Derivative Financial Instruments

The Council uses derivative financial instruments, such as interest rate swaps to mitigate risks associated with interest rate fluctuations. The council does not hold or issue derivative financial instruments for trading purposes. Derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured to fair value. Any gains or losses arising from changes in the fair value of derivatives are taken directly to surplus or deficit, except for the effective portion of derivatives designated in cash flow hedges.

Derivatives are carried as assets when their fair value is positive and as liabilities when their fair value is negative.

Derivative assets and derivative liabilities are classified as current when the maturity is 12 months or less from balance date or non-current when the maturity is more than 12 months from balance date.

Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges are recognised directly in other comprehensive revenue and expenditure. The gain or loss relating to the ineffective portion is recognised immediately in surplus or deficit. On derecognition, amounts accumulated in cash flow hedge reserve are transferred to surplus or deficit.

When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain, or loss existing in the cash flow hedge reserve at that time remains in equity and is recognised when the forecast transaction occurs.

When a forecast transaction is no longer expected to occur, the cumulative gain or loss in cash flow hedge reserve is recognised immediately in the surplus or deficit.

When a hedge of a forecast transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognised in other comprehensive revenue and expenditure are transferred to the initial cost of the carrying amount of the non-financial asset or liability.

	2021	2020
	\$000	\$000
Financial Assets		
Cash and cash equivalents (AC)	3,608	1,763
Trade and other receivables – Loans and receivables (AC)	6,343	5,309
Other Financial Assets		
Fair value through surplus or deficit - held for trading (FVTPL)	31,702	28,984
Derivative financial instruments	397	-
Borrower Notes in LGFA (AFS)	357	112
Available-for-sale financial assets (AFS)	33	32
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	11,170	5,535
LGFA Borrowings (AC)	18,047	9,020
Other Liabilities (AC)	58	55
Derivative Financial Liabilities	-	32

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

C3 OTHER FINANCIAL ASSETS



Accounting policy

The council's other financial assets are initially recognised at fair value plus transaction costs unless they are carried at fair value through surplus or deficit in which case the transaction costs are recognised in surplus or deficit.

Other financial assets of the council include wholesale Nikko funds, borrower notes and unlisted shares.

The accounting policies on classification of these financial assets for the purpose of measurement are outlined in Note C4.

Borrower notes

Borrower notes are subordinated convertible debt instruments that the council subscribes for in an amount equal to 2.5% of the total borrowing from LGFA. LGFA will redeem borrower notes or convert to equity under specific circumstances when the council's related borrowings are repaid or no longer owed to LGFA.

The fair value of borrower notes is calculated using the discounted cashflow method. The significant input used in the fair value measurement of borrower notes is the forward interest rate yield curve.

Unlisted shares

The council has investments of \$33k (2020: \$32k) in Civic Financial Services Limited. The fair values are determined by reference to the council's share of net asset backing in these companies as there is no market information on the value of the organisations' shares.

	2021 \$000	2020 \$000
At fair value through surplus or deficit classified as held for trading		
Current		
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,883	3,746
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,461	1,292
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	3,006	2,946
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	9,785	9,331
Wholesale Multi Strategy Fund – Nikko AM	2,224	1,326
Wholesale Multi Strategy Fund – MAR20	194	728
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	6,228	5,444
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	3,345	2,922
Wholesale Property Fund – Unit Trusts – Nikko AM	1,576	1,249
	31,702	28,984
Available-for-sale at fair value:		
Non-Current		
Equity Securities – Civic Assurance	33	32
Borrower Notes in Local Government Funding Agency	357	112
	390	144
Disclosed in the financial statements as:		
Current	31,702	28,984
Non-current	390	144
	32,092	29,128

There are no impairment provisions for other financial assets.

C4 FAIR VALUE AND CLASSIFICATION OF FINANCIAL INSTRUMENTS



Accounting policy

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.
- Due to the immaterial size and nature of the Council's investment in the LGFA, the Council has estimated the fair value of this investment based on the LGFA's net asset backing at 30 June.

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

Fair value measurements recognised in the Statement of Comprehensive Revenue and Expenditure.

The following table provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, reconciled 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).

Refer to Note C2 and C3 for the valuation techniques used to value derivative financial instruments and other financial assets, respectively.

The fair value 2021 hierarchy for Council is as follows:

	Total	Quoted Market Price 2021 \$000	Observable Inputs 2021 \$000	Significant Non- observable Inputs 2021 \$000
Financial assets at FVTPL				
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,883	-	3,883	-
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,461	-	1,461	-
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	3,006	-	3,006	-
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	9,785	-	9,785	-
Wholesale Multi Strategy Fund – Nikko AM	2,224	-	2,224	-
Wholesale Multi Strategy Fund – MAR20	194	-	194	-
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	6,228	-	6,228	-
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	3,345	-	3,345	-
Wholesale Property Fund – Unit Trusts – Nikko AM	1,576	-	1,576	-
Available for sale financial assets				
Equity Securities – Civic Assurance	33	-	-	33
Borrower Notes - LGFA	357	-	-	357

The fair value 2020 hierarchy for Council is as follows:

	Total	Quoted Market Price 2020 \$000	Observable Inputs 2020 \$000	Significant Non- observable Inputs 2020 \$000
Financial assets at FVTPL				
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,746	-	3,746	-
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,292	-	1,292	-
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	2,946	-	2,946	-
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	9,331	-	9,331	-
Wholesale Multi Strategy Fund – Nikko AM	1,326	-	1,326	-
Wholesale Multi Strategy Fund – MAR20	728	-	728	-
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	5,444	-	5,444	-
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	2,922	-	2,922	-
Wholesale Property Fund – Unit Trusts – Nikko AM	1,249	-	1,249	-
Available for sale financial assets				
Equity Securities – Civic Assurance	32	-	-	32
Borrower Notes - LGFA	112	-	-	112



Accounting policy

For the purpose of measurement, the council's financial assets and liabilities are classified into categories. The classification depends on the purpose for which the financial assets and liabilities are held. Management determines the classification of financial assets and liabilities and recognises these at fair value at initial recognition. Subsequent measurement and the treatment of gains and losses are presented below:

Categories	Subsequent measurement	Treatment of gains and losses
Fair value through surplus or deficit	Fair value	Surplus or deficit
Loans and receivables	Amortised cost less provision for impairment	Surplus or deficit
Available for sale financial assets	Fair value	Other comprehensive revenue and expenditure
Financial liabilities at amortised cost	Amortised cost	Surplus or deficit
Held to maturity financial assets	Amortised cost less provision for impairment	Surplus or deficit

Council does have financial assets for purposes of trading. Council has listed investments in managed funds and unit trusts that are designated on initial recognition at fair value through surplus or deficit. This is because the performances of these groups of assets are managed, and performance evaluated, on a fair value basis, in accordance with Council's investment management policy. Derivatives are, by their nature, categorised as held for trading unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenditures arising as a result of financial instrument earnings or fair value adjustments are recognised as a net result for like items.

Derivatives are, by their nature, categorised as fair value through surplus or deficit unless they are designated into a hedge relationship for which hedge accounting is applied.

Financial assets and liabilities are offset, and the net amount reported in the statement of financial position when offset is legally enforceable and there is an intention to settle on a net basis. Revenue and expenses arising as a result of financial instrument earnings or fair value adjustments are recognised on a net-basis for like items.

Fair Value Reconciliation for level 3 shares	2021 \$000	2020 \$000
Borrower Notes in LGFA and Equity Securities in Civic Assurance		
Balance 1 July	144	135
Gains and losses recognised in the surplus or deficit	-	-
(Losses) / gains recognised in other comprehensive revenue and expense - Civic	1	(23)
Purchases - LGFA	245	32
Balance 30 June	390	144

SECTION D: WORKING CAPITAL AND EQUITY

This section provides information about the operating assets and liabilities available to Council's day-to-day activities. This section also contains analysis of the net assets of Council, accumulated funds, and restricted reserves.

The notes included in the following section are as follows:

- D1 Cash and cash equivalents
- D2 Receivables and prepayments
- D3 Payables and accruals
- D4 Employee entitlements
- D5 Provisions
- D6 Ratepayer equity
- D7 Development property

D1 CASH AND CASH EQUIVALENTS



Accounting policy

Cash and cash equivalents are made up of cash on hand, on-demand deposits and other short-term highly liquid investments, net of bank overdraft classified under current liabilities. The carrying value of cash at bank and short-term deposits with original maturities less than three months approximates their fair value.

	2021 \$000	2020 \$000
Cash and cash equivalents	3,608	1,763
Term deposits with maturities of less than three months at acquisition	-	-
Total cash and cash equivalents	3,608	1,763

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 \$58k (2020: \$55k).

D2 RECEIVABLES AND PREPAYMENTS



Accounting policy

Receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment.

Schedule of Receivables and Prepayments

	2021 \$000	2020 \$000
Trade and other receivables	1,357	1,502
Rates receivable	552	726
Sub-total – see below	1,909	2,228
Allowance for doubtful debts – see below	(73)	(204)
Net trade and other receivables	1,836	2,024
NZTA Subsidy	4,046	2,943
GST refundable	461	342
Total receivables and prepayments	6,343	5,309
Disclosed in the financial statements as:		
Current	6,343	5,309
Non-current	-	-
Total receivables and prepayments	6,343	5,309
Receivables from non-exchange transactions:		
This includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.	5,058	4,185
Receivables from exchange transactions:		
This includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.	1,285	1,124
	6,343	5,309

Most receivables are non-interest bearing and the carrying value approximates fair value. In relation to rates receivable, ratepayers may apply for payment plan options in special circumstances, which defers the balance to non-current where applicable.

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

	2021 \$000	2020 \$000
Past due 1 to 3 months	786	880
Past due 3 to 6 months	168	167
Past due 6 to 9 months	151	206
Past due 9 to 12 months	162	256
Past due > 12 months	642	719
TOTAL TRADE AND OTHER RECEIVABLES PAST DUE	1,909	2,228

Provision for impairment



Accounting Policy

Assessment for uncollectability

Council does not normally provide for any uncollectability on rates receivable, as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. These powers allow Council to commence legal proceedings to recover any rates that remain unpaid four months after due date for payment. If payment has not been made within three months of the Court's judgment, then Council can apply to the Registrar of the High Court to have the judgment enforced by sale or lease of the rating unit.

Ratepayers can apply for payment plan options in special circumstances. Where such repayment plans are in place, debts are discounted to their present value of future payments if the effect of discounting is material. Council provides for impairment on rates receivables only for abandoned land and properties at rating sales with little chance of recovery.

All receivables more than 30 days in age are considered to be past due.

The allowance for doubtful debts has been calculated based on a review of specific overdue receivables and a collective assessment. The collective assessment is based on an analysis of past collection history and debt write offs.

Individually impaired receivables have been determined to be impaired because of the significant financial difficulties being experienced by the debtor.

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

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

Movement in the allowance for doubtful debts:

	2021 \$000	2020 \$000
Balance at Beginning of year	204	251
Amounts written off during the year		-
Amounts recovered during the year		-
Increase/(decrease) in allowance recognised in Statement of Comprehensive Revenue and Expenditure	(131)	(47)
DOUBTFUL DEBT PROVISION BALANCE AT END OF YEAR	73	204

D3 PAYABLES AND ACCRUALS



Accounting policy

Current payables and accruals represent amounts payable within 12 months of balance date and are recognised at cost. Current payables and accruals are non-interest bearing and normally settled on 30-day terms; therefore, the carrying value approximates fair value.

Non-current payables and accruals represent amounts payable more than 12 months from balance date and are measured at the present value of the estimated future cash outflows.

Payables and accruals

	2021 \$000	2020 \$000
Payables and accruals under exchange transactions		
Trade and sundry payables	8,859	4,651
Rates in advance	446	396
Deposits and retentions	649	488
Income in advance (Stimulus Funding)	1,216	-
Payables and accruals under non-exchange transactions		
Trade and sundry payables	-	-
TOTAL PAYABLES AND ACCRUALS	11,170	5,535

The average credit period on purchases is 30 days.

D4 EMPLOYEE ENTITLEMENTS



Accounting policy

Employee entitlements to be settled within 12 months of balance date are reported at the amount expected to be paid within current liabilities. The liability for long-term employee entitlements is measured at the present value of estimated future cash outflows and is reported within non-current liabilities.

Employee entitlements

	2021 \$000	2020 \$000
Salary and wage accrual	222	172
Annual leave	578	491
Long service leave	-	5
Retirement gratuities	55	57
TOTAL EMPLOYEE ENTITLEMENTS	855	725

D5 PROVISIONS



Accounting policy

Provisions are recognised in the statement of financial position where the council has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount can be estimated reliably.

Provisions are measured at the present value of the expected future cash outflows required to settle the obligation. The increase in the provision due to the passage of time is recognised as finance cost in surplus or deficit.



Judgements and estimates

The management of the Mt Cooee 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 closed landfills are not expected to occur until 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% (2020: 6%).

Other assumptions made in the calculation of the provision are:

- No major capital projects will be required at existing closed landfill sites and
- The Mt Cooee Landfill will close when the current consent expires in 2023 but a resource consent extension is in progress.

Landfill aftercare provision

	2021 \$000	2020 \$000
Balance at beginning of year	782	765
Finance costs – Discount unwind	136	44
Amounts used	(21)	(27)
BALANCE AT END OF YEAR	897	782

D6 RATEPAYER EQUITY



Accounting policy

Ratepayer equity is the community's interest in the council.

Ratepayer equity has been classified into various components to identify those portions of equity held for specific purposes:

- Accumulated funds;
- Restricted reserves;
- Property revaluation reserve; and
- Fair value through other comprehensive revenue and expenditure reserve.

Restricted reserves

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

Also included in restricted reserves are reserves restricted by Council decision. Council may alter them without reference to any third party or the Courts. Transfers to and from these reserves are at the discretion of the Council.

Property revaluation reserve

This reserve relates to the revaluation of property, plant, and equipment to fair value.

Fair value through other comprehensive revenue and expense reserve

This reserve comprises the cumulative net change in the fair value of assets classified as fair value through other comprehensive revenue and expenditure.

Capital management

For the purpose of the council's capital management, the council's capital is its ratepayer equity, which comprises contributed equity, reserves, and accumulated funds. Equity is represented by net assets. The Local Government Act 2002 (the LGA 2002) requires the council to manage revenue, expenses, assets, liabilities, and general financial dealings prudently and in a manner that promotes the current and future interests of the community. Ratepayer equity is largely managed as a by-product of managing revenue, expenses, assets, liabilities, and general financial dealings.

In addition, the Local Government (Financial Reporting and Prudence) Regulations 2014 sets out a number of benchmarks for assessing whether the council is managing revenue, expenses, assets, and liabilities prudently. Refer to Section G for the financial reporting and prudence benchmarks of the council for the year ended 30 June 2021.

The objective of managing the council's capital is to achieve intergenerational equity, which is a principle promoted in the Act and applied by the council. Intergenerational equity requires today's ratepayers to meet the cost of using the council's assets and not expecting them to meet the full cost of long-term assets that will benefit ratepayers in future generations.

To achieve this objective, the council have asset management plans in place for major classes of assets detailing renewal and maintenance programmes to minimise the likelihood of ratepayers in future generations being required to meet the costs of deferred renewals and maintenance.

An additional objective of capital management is to ensure that the expenditure identified in the 10-year budget and annual budget are met in the manner set out in these budgets. The LGA 2002 requires the council to make adequate and effective provision in the 10-year budget and annual budget to meet the expenditure needs identified in those budgets. It sets out factors that the council is required to consider when determining the most appropriate sources of funding for each of the council's activities.

The sources and levels of funding are set out in the funding and financial policies of the 10-year budget. The council monitors actual expenditure incurred against the 10-year budget and annual budget.

No changes were made in the objectives, policies, or processes for managing capital of the council during the years ended 30 June 2021 and 30 June 2020.

Reserves

	2021 \$000	2020 \$000
Available-for-sale revaluation reserve (a)	352	(77)
Asset revaluation reserve (b)	837,869	837,869
Trust Funds (c)	434	431
Reserves (d and e)	59,147	57,871
BALANCE AT END OF YEAR	897,802	896,094

	2021 \$000	2020 \$000
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	(77)	(22)
Valuation gain/(loss) recognised	429	(55)
Equity securities	-	-
BALANCE AT END OF YEAR	352	(77)

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 Comprehensive Revenue and Expenditure. Where a revalued financial asset is impaired that portion of the reserve which relates to that financial asset is recognised in the Statement of Comprehensive Revenue and Expenditure.

(b) Asset Revaluation Reserve

	2021 \$000	2020 \$000
Balance at beginning of year	837,869	744,208
Revaluation (decrease) / increase		
- Rooding revaluation	-	76,178
- Stormwater revaluation	-	2,155
- Wastewater revaluation	-	9,788
- Water revaluation	-	5,540
BALANCE AT END OF YEAR	837,869	837,869

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 accumulated funds.

Reconciliation of Revaluation Reserve

	Rooding \$000	Stormwater \$000	Wastewater \$000	Water \$000	Total \$000
Balance at 30 June 2019	677,123	6,683	26,634	33,768	744,208
Revaluation increase /(decrease)	76,178	2,155	9,788	5,540	93,661
Balance at 30 June 2020	753,301	8,838	36,422	39,308	837,869
Revaluation increase / (decrease)	-	-	-	-	-
BALANCE AT 30 JUNE 2021	753,301	8,838	36,422	39,308	837,869

(c) Trust Funds (restricted)

	2021 \$000	2020 \$000
Balance at beginning of year	431	420
Transfer from/(to) accumulated comprehensive revenue and expenditure		
- Transfer from accumulated comprehensive revenue and expenditure	9	12
- Transfer to accumulated comprehensive revenue and expenditure	(6)	(1)
BALANCE AT END OF YEAR	434	431

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



Local government disclosures

The restricted reserve funds held by Council during the year are as follows:

Fund	Type/ Purpose	Opening Balance 2020 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2021 \$000
Trust Funds		431	-	9	6	434
Tapanui Domain Trust	Trust	16	-	-	-	16
Butler Trust	Trust	-	-	-	-	-
Milton Brass Band	Trust	1	-	-	-	1
O'Hara Sports Trust	Trust	2	-	-	-	2
JD Swan Estate	Trust	9	-	-	-	9
George Melville Estate	Trust	161	-	4	-	165
Kate Leslie Trust	Trust	119	-	3	3	119
Elderly Citizens Trust (Lawrence)	Trust	31	-	-	3	28
Clinton Endowment Land	Trust	92	-	2	-	94

(d) Reserves

	2021 \$000	2020 \$000
Balance at beginning of year	57,871	53,580
Transfer from/(to) accumulated comprehensive revenue and expenditure		
- Transfer from accumulated comprehensive revenue and expenditure	6,516	7,591
- Transfer to accumulated comprehensive revenue and expenditure	(9,713)	(6,267)
- Investment Fund Balance	4,473	2,967
BALANCE AT END OF YEAR	59,147	57,871

(d) Reserve Funds **Local government disclosures**

The reserve funds held by Council during the year are as follows:

Fund	Type/ Purpose	Opening Balance 2020 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2021 \$000
Community Leadership		395	27	9	57	374
Election Fund	Spec	51	-	1	-	52
Lawrence/Tuapeka Community Board	Spec	34	-	1	-	35
West Otago Community Board	Spec	76	-	2	-	78
Tuapeka Bursary	Spec	31	-	1	3	29
Economic Development	Spec	27	27	1	-	55
Clutha Gold Trail	Spec	91	-	1	54	38
Opportunities Fund	Spec	73	-	2	-	75
Signage	Spec	8	-	-	-	8
Welcome to Signage	Spec	4	-	-	-	4
Internal Services		703	575	-	1,265	13
Information Technology	Depn	(1,138)	195	(33)	492	(1,468)
Office Computer Equipment	Spec	91	-	2	-	93
Rosebank Terrace Main Office	Depn	541	74	7	297	325
Underground Insurance	Spec	365	56	10	-	431
Human Resources	Spec	19	-	-	-	19
Cars	Spec	461	250	5	476	240
Gratuities	Spec	77	-	2	-	79
G.I.S.	Spec	127	-	3	-	130
District Assets Infrastructure	Spec	2	-	-	-	2
Policy and Communication	Spec	158	-	4	-	162
Roading		7,556	679	119	2,988	5,366
Roading	Depn	5,924	415	76	2,988	3,427
Roading – Bridge Lights	Spec	44	-	1	-	45
Balclutha Main Street	Spec	59	-	1	-	60
Deferred Roading	Depn	1,529	264	41	-	1,834
Water		4,205	1,686	81	2,319	3,653
Urban	Depn	12	713	(2)	800	(77)
Urban	Spec	410	-	9	-	419
Balmoral No. 1	Depn	279	23	5	100	207
Balmoral No. 1	Spec	32	-	1	-	33
Balmoral No. 2	Depn	94	53	2	74	75
Balmoral No. 2	Spec	137	-	3	-	140
Clydevale/Pomahaka	Depn	122	128	6	-	256
Glenkenich	Depn	290	130	2	310	112
Glenkenich Rural Water Scheme	Spec	1	-	-	-	1



Local government disclosures

The reserve funds held by Council during the year are as follows:

Fund	Type/ Purpose	Opening Balance 2020 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2021 \$000
Moa Flat	Depn	336	127	4	300	167
Moa Flat Rural Water Scheme	Spec	3	-	-	-	3
North Bruce	Depn	630	107	13	175	575
Richardson	Depn	(260)	124	(7)	180	(323)
Richardson Rural Water Scheme	Spec	520	-	12	-	532
South Bruce	Depn	29	21	1	-	51
Tuapeka RWS	Depn	195	83	4	100	182
Tuapeka RWS	Spec	-	-	-	-	-
Waipahi	Depn	102	28	2	50	82
Waitahuna	Depn	149	50	5	-	204
Wangaloa	Depn	141	14	3	18	140
Stirling Treatment Plant	Depn	(11)	39	-	-	28
Stirling Water Treatment	Spec	89	-	2	-	91
Kaitangata Treatment Plant	Depn	284	46	3	181	152
Wangaloa Plant Renewal	Spec	16	-	-	-	16
Telemetry	Depn	431	-	9	31	409
Telemetry	Spec	174	-	4	-	178
Sewerage		6,508	855	127	1,800	5,690
Sewerage	Depn	5,590	855	106	1,800	4,751
Sewerage	Spec	918	-	21	-	939
Stormwater		1,835	289	42	296	1,870
Stormwater	Depn	1,811	289	41	296	1,845
Stormwater	Spec	24	-	1	-	25
Waste Management		2,387	58	48	348	2,145
Solid Waste	Depn	2,387	58	48	348	2,145
Community Services		5,491	489	122	558	5,544
Libraries	Depn	108	137	2	155	92
Service Centres	Depn	103	-	2	-	105
Service Centres	Spec	236	-	5	-	241
Balclutha Pool	Depn	-	52	1	28	25
Kaitangata Pool	Depn	211	-	5	-	216
Kaitangata Pool	Spec	84	-	2	-	86
Lawrence Pool	Depn	138	-	3	-	141
Lawrence Pool	Spec	48	-	1	-	49
Milton Pool	Depn	27	25	1	-	53
Reserve Contributions	Spec	77	-	2	-	79



Local government disclosures

The reserve funds held by Council during the year are as follows:

Fund	Type/ Purpose	Opening Balance 2020 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2021 \$000
Parks and Reserves	Depn	101	15	2	29	89
Sports Grounds	Depn	263	-	6	-	269
Grandstand 2000	Depn	155	-	4	-	159
Cemetery	Depn	145	-	3	-	148
Cemeteries	Spec	522	-	12	-	534
Kaitangata Cemetery	Spec	15	-	-	-	15
Lawrence Cemetery	Spec	30	-	1	-	31
Public Conveniences	Depn	68	50	3	-	121
Balclutha Town Hall	Depn	185	48	5	-	238
Balclutha Town Hall	Spec	179	-	4	-	183
Milton Civic Centre	Depn	15	-	-	-	15
Kaitangata Hall	Depn	28	-	(5)	248	(225)
Clutha Valley Hall	Depn	50	3	1	4	50
Hillend Hall	Depn	33	3	1	4	33
Kaka Point Hall	Depn	23	7	1	5	26
Lovells Flat	Depn	14	-	-	6	8
Moneymore	Depn	11	-	-	4	7
Owaka Hall	Depn	72	3	1	20	56
Waiholo Hall	Depn	6	-	-	-	6
Waipahi Hall	Depn	13	1	-	-	14
Waitahuna Hall	Depn	211	4	5	16	204
Waiwera Hall	Depn	19	-	-	6	13
Various Halls	Depn	157	-	4	-	161
Naish Park Camping Ground	Depn	74	16	2	11	81
Kaka Point Camping Ground	Depn	61	3	1	-	65
Taylor Park Camping Ground	Depn	64	1	1	6	60
Pounawea Camping Ground	Depn	18	7	-	16	9
Waiholo Camping Ground	Depn	8	5	-	-	13
Community Housing	Depn	724	109	19	-	852
Endowment Land	Spec	610	-	14	-	624
Depots	Depn	362	-	8	-	370
Other Property	Depn	129	-	3	-	132
Dunrobin Recreation Reserve*	Spec	72	-	2	-	74
Parkhill Recreations Reserve Board*	Spec	5	-	-	-	5
Waikoikoi Domain Board*	Spec	17	-	-	-	17
Regulatory and Emergency Services		105	2	1	-	108
Animal Control	Depn	18	2	-	-	20
Regulatory Reserve	Depn	53	-	1	-	54
Civil Defence	Depn	34	-	-	-	34



Local government disclosures

The reserve funds held by Council during the year are as follows:

Fund	Type/ Purpose	Opening Balance 2020 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2021 \$000
Funds Not Specifically Allocated to an Activity Council		28,686	1,857	3,925	84	34,384
General Funds	Spec	6,115	-	2,650	84	8,681
Serdel – Externally Invested	Spec	4,773	-	-	-	4,773
Forestry Fund – Externally Invested	Spec	6,086	-	93	-	6,179
Investment Fund Balance	Spec	3,033	1,857	-	-	4,880
Rates Disbursement Reserve	Spec	2,651	-	787	-	3,438
Treasury Return to Balance Reserve	Spec	1,282	-	287	-	1,569
Education Fund	Spec	14	-	-	-	14
Land and Buildings	Spec	207	-	5	-	212
Emergency Fund	Spec	4,329	-	99	-	4,428
Capital Works and Purchases	Spec	146	-	3	-	149
Bulb Growing Project	Spec	3	-	-	-	3
Lawrence Heritage	Spec	29	-	1	-	30
Milton Pipe band	Spec	-	-	-	-	-
Momona Airport Refund	Spec	28	-	-	-	28
Unrestricted Reserves		57,871	6,517	4,474	9,715	59,147

*Council holds funds on behalf of 3 Recreation Reserve/Domain Boards.

Accumulated Comprehensive Revenue and Expenditure

	2021 \$000	2020 \$000
Balance at beginning of year	222,997	225,138
Net Surplus for the year	4,255	2,160
Transfer from/(to)		
- Transfer from Reserves	9,713	6,267
- Transfer from Trust Funds	6	-
- Transfer to Reserves to balance investments	(4,473)	(2,967)
- Transfer to Reserves	(6,516)	(7,591)
- Transfer to Trust Funds	(9)	(10)
BALANCE AT END OF YEAR	225,973	222,997

D7 DEVELOPMENT PROPERTY



Accounting policy

Development Properties are measured at the lower of cost and net realisable value. Net realisable value represents the estimated selling price for the development properties less all estimated costs to make the sale.

	2021 \$000	2020 \$000
ROSEBANK INDUSTRIAL SITE		
Opening Balance	1,207	824
Plus: Additions in current year	113	230
Less: Amounts expensed due to sale	-	-
Add impairment reversal, (Less: Impairment loss)	(113)	153
Closing Balance	1,207	1,207
PLANTATION HEIGHTS		
Opening Balance	2,303	2,913
Plus: Additions in current year	509	183
Less: Amounts expensed due to sale	(1,451)	(793)
Closing Balance	1,361	2,303
ROSEBANK TERRACE SUBDIVISION		
Opening Balance	-	-
Plus: Additions in current year	20	-
Less: Amounts expensed due to sale	-	-
Closing Balance	20	-
KAITANGATA HOUSE AND LAND PACKAGE		
Opening amount capitalised	345	58
Plus: Additions in current year	630	342
Less: Amounts expensed due to sale	(357)	(20)
Less: Impairment loss	-	(35)
Closing Balance	618	345
TOTAL	3,206	3,855

SECTION E: FINANCIAL RISK MANAGEMENT

This section provides information on how the Clutha Council are exposed to a variety of financial risks and how these risks are managed.

The council's core policies relating to financial risk are contained in the Treasury Management Policy (TMP). The TMP meets the requirements of the LGA 2002 and sets out the council's policies on how it will manage its key financial risks including risks associated with borrowing, interest rates, foreign exchange, counterparty credit, liquidity, and investment.

Any changes to the TMP require the approval of the Council.

The significant financial risks to the council are set out below. Within each subsection a definition and explanation of the risk is detailed (risk definition) and then an explanation of how council manages each financial risk (risk management).

The following are the financial risks significant to Council:

- E1 Interest rate risk
- E2 Equity price risk
- E3 Credit risk
- E4 Liquidity risk
- E5 Foreign exchange risk

E1 INTEREST RATE RISK

Risk definition

Interest rate risk is the risk that the Clutha Council is exposed to adverse changes in interest rates which may result in net financing costs exceeding annual budget or 10-year budget forecasts. The council is exposed to interest rate risk on all debt obligations and cash investments.

Risk management

The council seeks to limit interest rate risk by:

- actively managing interest rates through the use of a mix of derivatives and fixed rate debt; and
- managing interest rates on both current and forecast debt.

The council manages interest rates on a portfolio basis. The council's risk management approach aims, over the long term, to:

- minimise volatility and provide certainty of interest costs thereby reducing the likelihood that adverse movements in interest rates will materially impact the operating surplus;
- minimise the cost of borrowings within acceptable risk parameters; and
- manage the divergence between the council's effective interest rate and prevailing market interest rates.

Mechanisms used to manage interest rate risk are:

- matching the interest rate risk profile of the council's financial assets and liabilities; and
- fixing rates through fixed rate borrowings or interest rate hedging instruments to fix rates on floating rate borrowings.

The council measures the risk through sensitivity analysis which is based on possible movements of 10% in the interest rate. The impact on potential surplus or deficit and equity (excluding accumulated funds) calculated using the council's financial instrument exposures at balance date are as follows:

- LGFA debt impact - a 10% increase in interest rate would have a \$21k (2020: \$16k) decrease in surplus and a \$2k (2020: \$2k) increase in surplus with a 10% decrease in interest rate.
- The sensitivity analysis below has been determined based on the exposure to equity price risks at the reporting date.
- Surplus would decrease/increase by \$37k (2020: \$13k). This is mainly attributable to Council's exposure to interest rates on its investments within its managed funds held with Nikko Asset Management.
- Other equity reserves would remain unaffected.
- Council's sensitivity to interest rates has changed due to investment in Nikko funds.

E2 EQUITY PRICE RISK

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

- Surplus would increase / decrease by \$2,783k (2020: \$2,528k) as the equity investments are classified as fair value through surplus or deficit as held for trading.

Council's sensitivity to equity prices has increased with the move to the Nikko investment.

Risk exposure

Equity price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate as a result of changes in market prices. Council is exposed to price risks arising from tradable equity investments held within Unit Trusts with Nikko AM. Council also holds equity securities which are designated as available-for-sale.

Risk management

This price risk is managed by diversification of Council's investment portfolio in accordance with the limits set out in the treasury management policy.

Measurement of risk

Council measures the risk through sensitivity analysis which is calculated based on a reasonably possible movement in the relevant unit price or listed share price of the unit trusts and listed share investments held by the entity.

E3 CREDIT RISK

Risk definition

Credit risk is the risk that a third party will default on its obligation to the council, causing the council to incur a loss. Credit risk may arise from cash and cash equivalents, deposits with banks, credit exposures to receivables, related party loans, financial guarantees as well as derivative financial instruments and other financial assets.

The council's maximum credit risk exposure for each class of financial assets is the carrying amount of these financial assets which is presented in Note C4 under the category of financial instruments.

The Council is exposed to credit risk as a guarantor of all the LGFA's borrowings. Information about this exposure is explained in note F1.

Risk management

The council seeks to limit counterparty exposure by:

- only transacting with counterparties with acceptable credit ratings;
- avoiding concentrations of credit exposure to one counterparty by spreading exposures amongst many counterparties;
- executing Credit Support Annex's (CSAs) with selected counterparties to manage derivative risk; and
- having netting provisions in International Swaps and Derivatives Association (ISDA) arrangements.

Acceptable credit standings are determined with reference to long term credit ratings published by S&P Global Ratings (or similar international credit rating agency).

The council are not exposed to material concentrations of credit risk around rates and other receivables from non-exchange transactions as there is a large number of ratepayers and customers, and the council has a statutory right to recover outstanding funds under the Local Government (Rating) Act 2002. Refer to Note D2 for the breakdown and ageing profile of receivables.

Rates and other receivables

Receivables mainly arise from the council's statutory functions, therefore there are no procedures in place to monitor or report the credit quality of receivables with reference to internal and external credit rating.

Maturity Profiles of Financial Liabilities

The following tables detail 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 Council anticipates that the cash flow will occur in a different period.

	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
2021		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	11,170	11,170
Borrowings	1.28%	4,715	2,650	2,099	2,084	2,067	5,069	-	18,684
Other Liabilities	-	-	-	-	-	-	-	58	58
TOTAL		4,715	2,650	2,099	2,084	2,067	5,069	11,228	29,912

2020	Weighted	Fixed Maturity Dates						Non	Total
	Average	Less than	1-2	2-3	3-4	4-5	5+	Interest	
	Effective	1 year	Years	Years	Years	Years	Years	Bearing	
	Interest								
	Rate %	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	5,535	5,535
Borrowings	1.77	4,192	2,618	2,561	-	-	-	-	9,371
Other Liabilities	-	-	-	-	-	-	-	55	55
TOTAL		4,192	2,618	2,561	-	-	-	5,590	14,961

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

The Council is exposed to credit risk as a guarantor of all of the LGFA's borrowings. Information about this exposure is explained in note C1.

E4 LIQUIDITY RISK

Risk definition

Liquidity risk is the risk that the council is unable to meet its funding obligations as they fall due.

The council is exposed to liquidity risk whenever it refinances existing debt or when it is contractually committed to make cash payments.

Risk management

The council seeks to limit liquidity risk by:

- maintaining sufficient unutilised committed funding facilities;
- ensuring investments are short term and liquid in nature; and
- maintaining longer term cash flow forecasts to recognise potential future financing pressures early, allowing time for a financing strategy to be planned and implemented.

In addition, the council seeks to limit financing risk by:

- spreading financing over a range of maturities, to minimise the risk of large concentrations of debt having to be refinanced in periods where credit margins are high for reasons beyond the council's control. This includes the spreading of short-term debt where practical and economic;
- maintaining a mixture of short-term facilities (which generally have lower credit margins and flexibility) and long-term facilities to achieve an effective funding mix, balancing the requirements of cost minimisation and limiting re-financing risk;
- not giving financial covenants in respect of any borrowing except for a most favoured lender clause and those already given to the LGFA;
- complying with borrowing covenants imposed by the LGFA; and
- reviewing funding principles every three years in line with the 10-year budget.

The Council has a multi option credit line facility of \$3m which expires 31 July 2023 and a business MasterCard facility with a limit of \$20k. Interest is charged on a daily basis.

Overdraft facility:	2021 \$000	2020 \$000
Amount used	-	-
Amount unused	250	250
	250	250
Multi Option Credit Facility with Westpac Banking Corporation (secured by a negative pledge over rates):		
Amount used	-	-
Amount unused	3,000	3,000
	3,000	3,000

The Council is exposed to liquidity risk as a guarantor of all the LGFA's borrowings. This guarantee becomes callable in the event of the LGFA failing to pay its borrowings when they fall due. Information about this exposure is explained in note C1.

E5 FOREIGN EXCHANGE RISK

Risk definition

Foreign exchange risk is the risk that costs materially exceed budget due to adverse movements in foreign exchange rates. Council is not exposed to currency risk, as it does not enter into foreign currency transactions.

SECTION F: OTHER DISCLOSURES

This section provides other financial information that will enhance clarity and understanding of this financial report. Required disclosures such as the remuneration of Clutha's mayor, councillors and local board members are presented under Related party transactions.

The notes included in this section are as follows:

- F1 Contingencies, commitments, and subsequent events
- F2 Funding Impact Statement

F1 CONTINGENCIES, COMMITMENTS, AND SUBSEQUENT EVENTS



Accounting Policy

The council does not recognise contingent liabilities and contingent assets in the financial statements due to their uncertainty or the fact that they cannot be reliably measured.

Disclosures are provided for as follows:

- Contingent liabilities are disclosed unless the possibility that these will crystallise is remote; and
- Contingent assets are only disclosed when it is probable that they will crystallise.

Contingent liabilities and assets are assessed continually to ensure that developments are appropriately reflected in the financial statements.

Contingent liabilities and assets

There are no contingent liabilities or contingent assets (2020 Nil).

Guarantees

New Zealand Local Government Funding Agency (LGFA)

Clutha District Council is a guarantor of the New Zealand Local Government Funding Agency Limited (NZLGFA). The NZLGFA was incorporated in December 2011 with the purpose of providing debt funding to local authorities in New Zealand. NZLGFA has a local currency rating from Standard and Poor's of AAA and a foreign currency rating of AA+. NZLGFA has a local currency rating from Fitch of AA+ and a foreign currency rating of AA.

As at 30 June 2021, Clutha District Council is one of 30 local authority shareholders and 33 local authority guarantors of the NZLGFA. NZLGFA shareholders consist of the New Zealand Government (20%) and local authority shareholders (80%). When aggregated with the uncalled capital of other shareholders, \$20m is available in the event that an imminent default is identified. Also, together with the other shareholders and guarantors, Clutha District Council is a guarantor of all of NZLGFA's borrowings. At 30 June 2021, NZLGFA had borrowings totalling \$13,605m (2020: \$11,908m).

Financial reporting standards require Clutha District Council to recognise the guarantee liability at fair value. However, Clutha District Council has been unable to determine a sufficiently reliable fair value for the guarantee, and therefore has not recognised a liability. Clutha District Council considers the risk of NZLGFA defaulting on repayment of interest or capital to be very low on the basis that:

- We are not aware of any local authority debt default events in New Zealand; and
- Local government legislation would enable local authorities to levy a rate to recover sufficient funds to meet any debt obligations if further funds were required.

ANZ

The Council has issued stock security certificates of \$750k (2020: \$750k) in favour of ANZ Bank.

Commitments

Commitments relate to obligations which the council has committed to. This specifically relates to work that is yet to commence and the expenditure that is yet to be incurred. The council's commitments are as follows:

Expenditure commitments - Non- cancellable contracts

	2021 \$000	2020 \$000
Not later than 1 year	5,914	13,580
Later than 1 year, less than 5 years	-	3,904
Later than 5 years	-	-
	5,914	17,484

Subsequent events

On the 17th of August 2021 all of New Zealand moved to Covid Delta Alert Level 4. On the 31st of August 2021 all of New Zealand south of Auckland moved to Alert Level 3. On the 7th of September 2021 New Zealand except Auckland moved to Alert Level 2 on which the Clutha District still complies with. No significant impact of these level changes are anticipated.

On 27 October 2021, the Local Government Minister announced that central government will proceed with the three waters service delivery reforms using a legislated “all in” approach. The three waters reform involves the creation of four statutory water services entities to be responsible for the service delivery and infrastructure from local authorities from 1 July 2024. There is still a number of uncertainties associated with the new three waters delivery model including the mechanism for how assets will be transferred to the newly established entities and the control and governance of these entities. Notwithstanding the current uncertainty the announcement once legislated will mean Council is no longer responsible for the delivery and infrastructure of three water services from 1 July 2024.

There were no other significant events subsequent to balance date (2020: Nil).

F2 FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

For the Year ended 30 June 2021

(\$000)	2021 Annual Plan	2021 Actual	2020 Annual Plan	2020 Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC's, rates penalties	2,710	4,802	2,877	4,976
Targeted rates	24,664	22,732	24,075	22,201
Subsidies and grants for operating purposes	3,787	6,556	4,024	4,482
Fees and charges	863	5,789	3,187	4,735
Interest and Dividends from Investments	778	330	1,275	452
Fuel tax, fines, infringement fees and other receipts	4,566	222	1,637	223
Total operating funding	37,368	40,431	37,075	37,069
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	27,093	36,631	28,343	31,816
Finance costs	568	338	608	161
Other operating funding applications	-	-	-	-
Total applications of operating funding	27,661	36,969	28,951	31,977
SURPLUS (DEFICIT) OF OPERATING FUNDING	9,707	3,462	8,124	5,092
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	6,388	11,213	6,850	4,026
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	20,000	9,027	17,946	4,000
Debt repayments	(1,552)	-	-	-
Gross proceeds from sale of assets / development property	900	177	1,500	283
Lump sum contributions	-	-	-	-
Total sources of capital funding	25,736	20,417	26,296	8,309
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	791	-	592	3,756
Capital expenditure to improve the level of service	14,871	9,133	15,966	3,410
Capital expenditure to replace existing assets	20,250	20,448	19,877	11,034
(Increase) decrease in reserves	371	(5,702)	(2,312)	(4,799)
(Increase) decrease of investments	(840)	-	297	-
Total applications of capital funding	35,443	23,879	34,420	13,401
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(9,707)	(3,462)	(8,124)	(5,092)
FUNDING BALANCE	-	-	-	-

See various activity funding impact statements for narrative on capital expenditure.

SECTION G: FINANCIAL REPORTING AND PRUDENCE

BENCHMARKS

Annual Report disclosure statement for the year ending 30 June 2021

What is the purpose of this statement?

The purpose of this statement is to disclose the Clutha District 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 of the terms used in this statement.

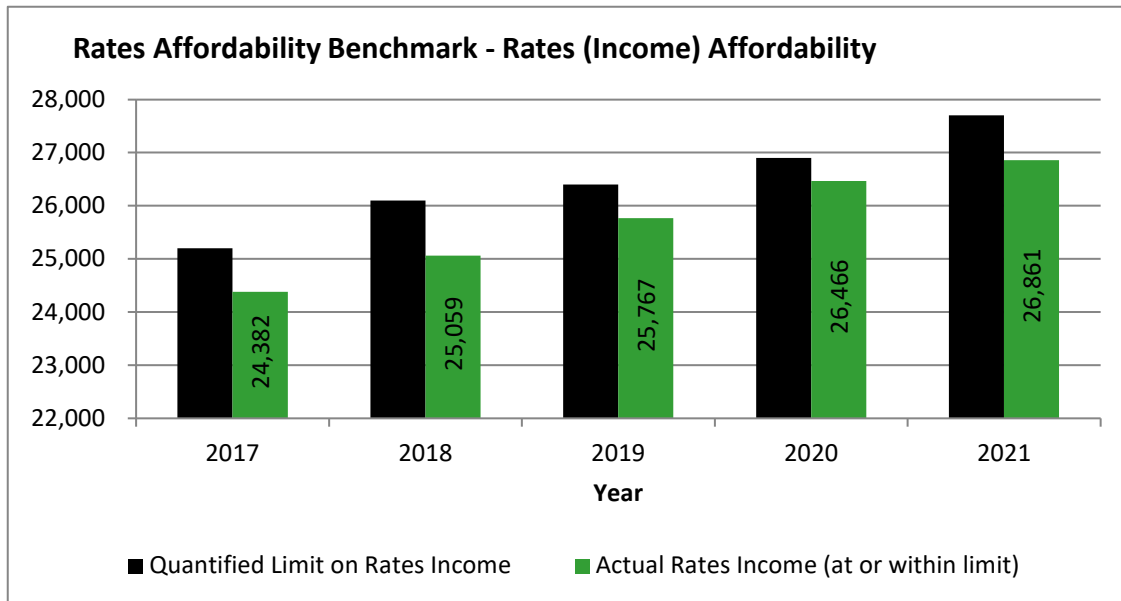
Unless prescribed by the regulations, the quantified limit for the current year benchmark is calculated using financial information disclosed in the long term plan 2018-2028 including the prospective financial statements.

RATES (REVENUE) AFFORDABILITY BENCHMARK

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.

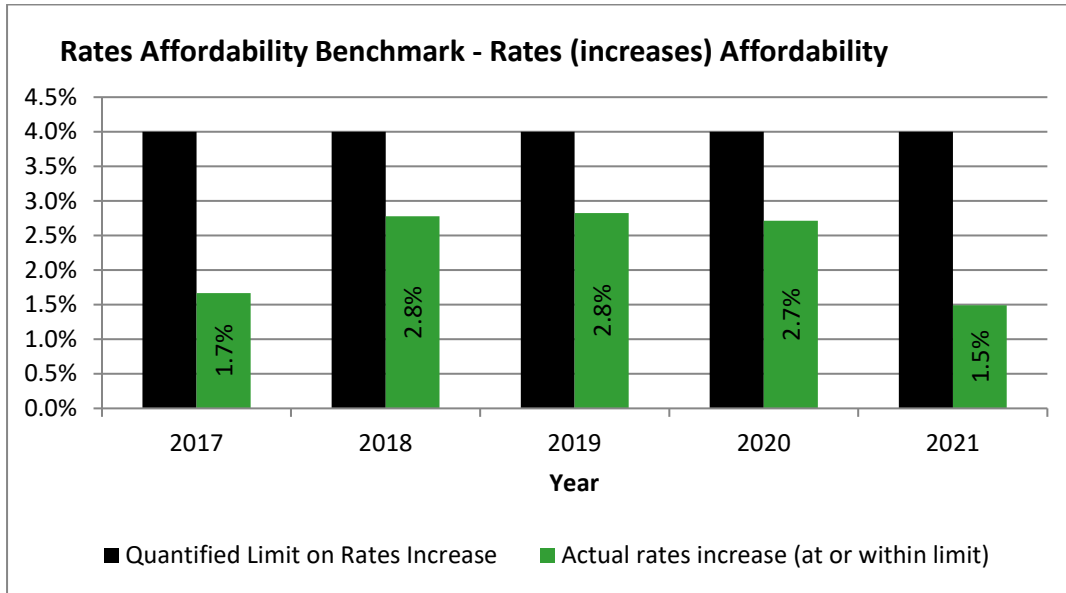
The following graph compares Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in Council's 2018/28 long term plan. The quantified limits are 2017 \$25,200, 2018 \$26,100, 2019 \$26,400, 2020 \$26,900, 2021 \$27,700.



Council rates have not exceeded the rates revenue limits set.

RATES (INCREASES) AFFORDABILITY

The following graph compares Council's actual rates increase percentages with a quantified limit on rates percentage increases included in the financial strategy included in Council's 2018/28 long term plan. The quantified limit is 4%.

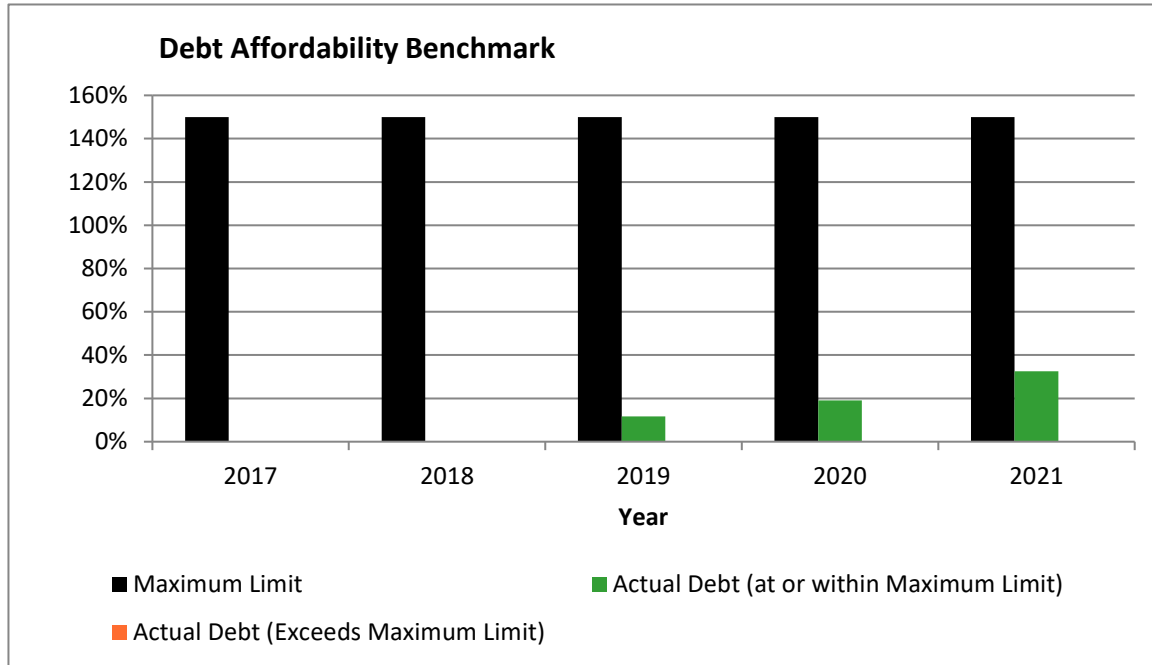


Council rates have not exceeded the percentage increase limits set.

DEBT AFFORDABILITY BENCHMARK

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

The following graph compares the Council’s actual borrowing with a quantified limit on borrowing stated in the financial strategy included in Council’s 2018/28 long term plan. The quantified limit is 150% of annual revenue.

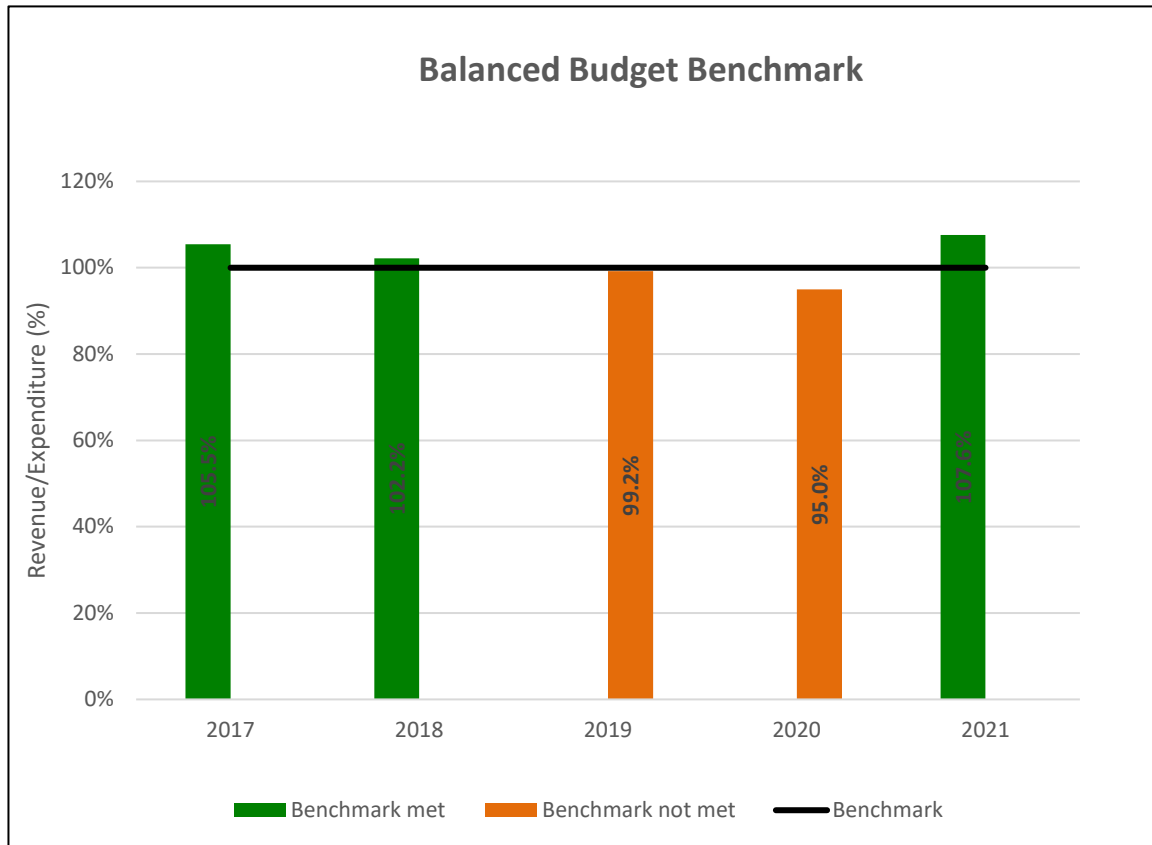


Council now has external public debt and has complied with its debt affordability benchmark.

BALANCED BUDGET BENCHMARK

The following graph displays 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 operating expenditures (excluding losses on derivative financial instruments and revaluations of property, plant, or equipment).

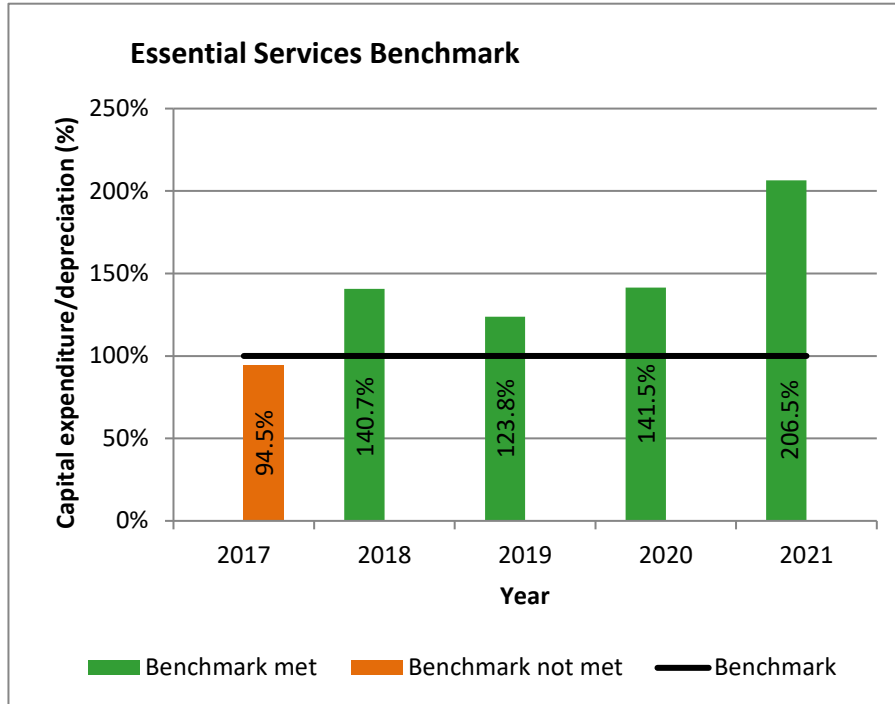
Council meets this benchmark if its revenue equals or is greater than its operating expenditures.



In 2019 and 2020 Council narrowly missed this benchmark.

ESSENTIAL SERVICES BENCHMARK

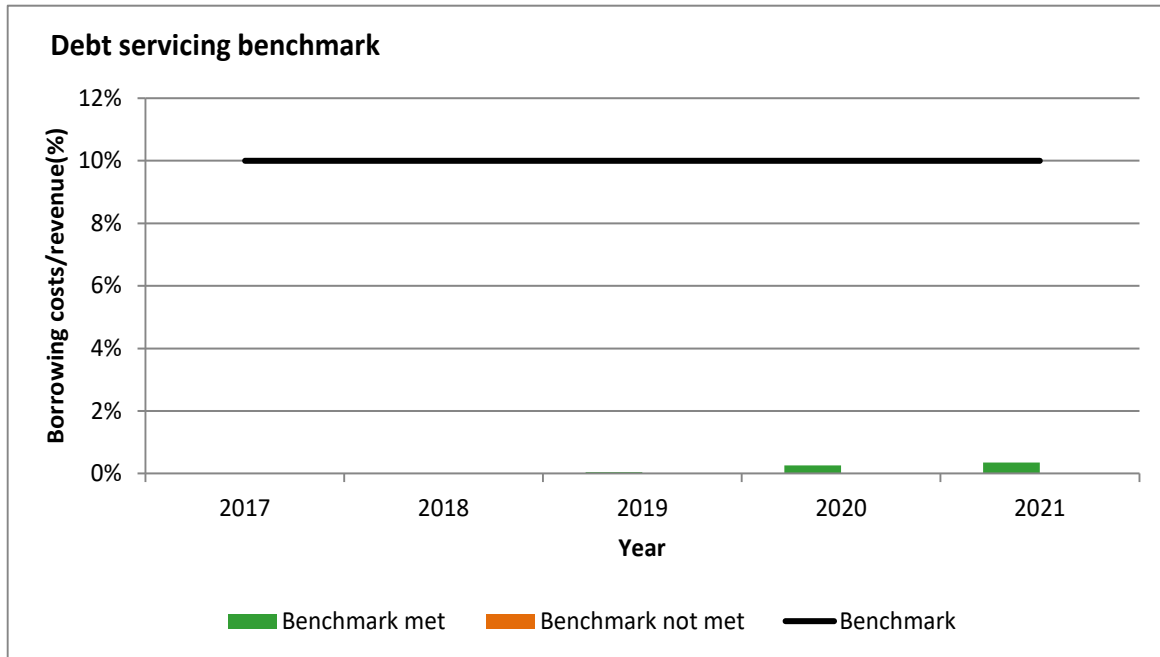
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure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



DEBT SERVICING BENCHMARK

The following graph displays 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 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.



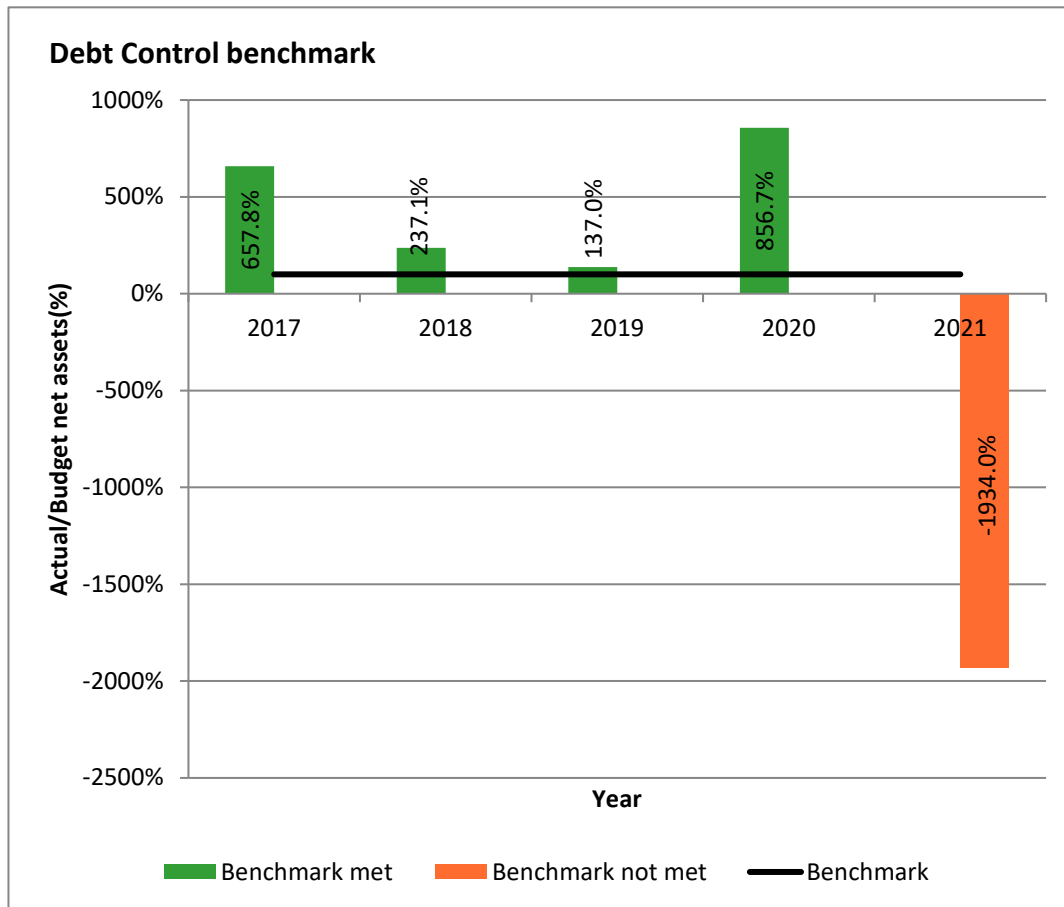
Council now has external public debt.

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).

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.



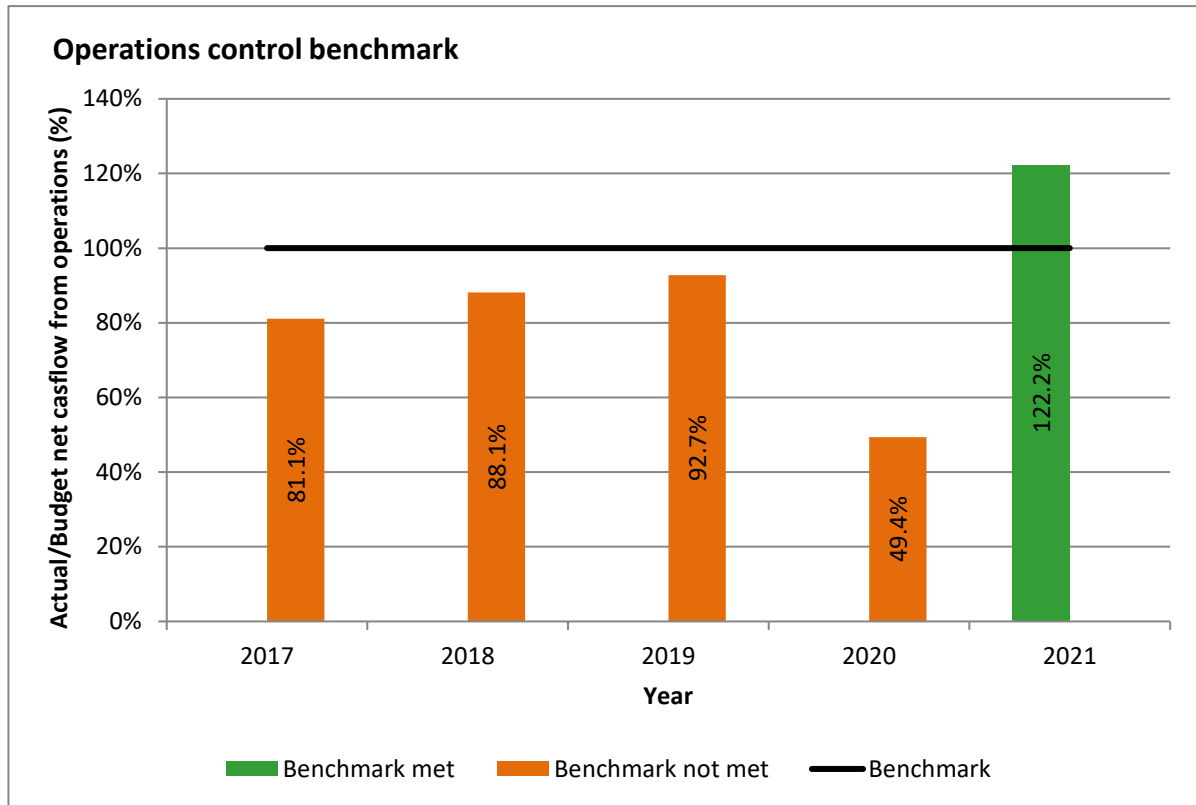
Council has met this benchmark.

Under expenditure on planned capital projects has meant financial assets are higher than budgeted.

OPERATIONS CONTROL BENCHMARK

This graph displays Council's actual net cashflow from operations as a proportion of its planned net cashflow from operations.

Council meets the operations control benchmark if its actual net cashflow from operations equals or is greater than its planned net cashflow from operations.



From 2017 to 2020, Council did not meet this benchmark mainly due to not completing the capital programme and timings between the NZTA claim and contract payments.