

ANNUAL REPORT
2021/22

Our Place Clutha District



Clutha District Council
www.cluthadc.govt.nz

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 2021/31 Long Term Plan and of which year 1 is the 2021/22 Annual Plan; and
- to promote Council's accountability to the community for the decisions made throughout the year.



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INTRODUCTION



FOREWORD



Welcome to the 2021/22 edition of the Clutha District Council's Annual Report. We value and thank you for the interest and engagement you are giving to this document and appreciate your consideration.

Overall, the Council remains in a strong financial position, we have also continued to place considerable emphasis on core services. There have been numerous Three Waters upgrades and, primarily due to the flexibility of our financial strategy as it applies to our investment returns, we were able to support all of our communities' requests through the LTP process this year while maintaining our self-imposed rating limit of 4%.

The last twelve months have been a unique time for everyone, and Council has not been immune to the challenges. With COVID interruptions, unprecedented staff shortages, and an evolving inflationary environment, coupled with distractions from the Central Government's reforms process that have consumed the organisations' energies. And yet so much has still been achieved that is a testimony to the resilience and focus of the organisation.

Many Councils, particularly in rural areas, are struggling to attract staff. The situation is now increasingly impacting on capital works programmes and spend against budgets. As an organisation we had gone to considerable lengths to compile an extensive fully budgeted works schedule. It is extremely frustrating at this juncture, with our district lifting into a new era of growth and demand, that many of our needs and expectations are being thwarted by the tandem impact of inflation and a critical shortage of skilled staff. These prevailing conditions inevitably create volatility in the tendering process and increasingly dictates that the emphasis is on prioritising

while still being acutely aware of our public's expectations and meeting legal obligations.

Our performance in Resource Consents of 80% completed within a statutory timeframe highlighted that improvement was necessary and an independent review of the planning activity was commissioned. At the time of this Annual Report the review is complete, and we are awaiting the final report. Some changes have been made in anticipation of the report to be paid via equity, and we also amended the timing of the investment subsidies such that we were able to continue to meet Council's 4% rating limit and support community requests.

As part of the Three Waters Reform process, Council has continued to work with elected members to provide feedback to the Minister, submissions on legislation, researched our position with respect to the proposals, carrying out additional work on rural water schemes including work with our rural water scheme committees, and generally kept our eyes on the big picture without trying to alienate ourselves from most of our community. We have also more recently been heavily involved in transition preparation.

Please note that Council has also been supporting the Water Services contract with additional staffing and consultants so the services can be maintained. This has resulted in increased unbudgeted costs within the activity area. The Three Waters Reforms, especially with regards to Rural Water Schemes, have demanded considerable focus with several meetings and staff commitments to developing our local response.

This year sees Council in the delivery phase of many projects whose genesis stems from our

exhaustive community consultation process. Milton's numerous projects are progressing, especially the long-awaited cycle trail that had major advances through the year and also the Clutha Community Hub base build and the Greenfield Bore project.

When you add to this the other major water scheme upgrades that were the benefactors of COVID stimulus assistance, along with projects like the Balclutha Community Hub and the cycle trail, we have well in excess of \$20 million of Central Government support that has been fundamental to our organisation's ability to maintain momentum district-wide while continuing to support the vast number of requests from across the district that were generated through our Annual Plan submissions and consultation.

A significant milestone was reached when contracts for roading and greenspaces were awarded to SouthRoads Ltd - \$7.4M for greenspace maintenance and \$36M for roading maintenance respectively. Significant work was carried out with external expert support, elected members, Waka Kotahi, and staff to successfully award contracts in a time of huge risk in the procurement space. Availability and costs for contract procurement have been significantly challenging in the COVID era.

Although we achieved an annual return of negative 3.6% (below the budget 3.4%) for our investments, our financial policy provided for the budgeted rates subsidy to continue.

This year has also seen significant consultation with all communities. The Annual Plan on its own

included consultation on changes to rates SUIPs, there were also necessary special consultations for the Milton community library and swimming pool, and additional funding for the Community Hub. We planned for consultation on the Regulatory Bylaw and a proposed Vehicles on Beaches Bylaw. COVID restrictions temporarily restricted engagement but hopefully those days are behind us as we always relish the chance to meet and discuss what matters to you. And the feedback we receive has always played an instrumental role in formulating decision-making.

When you consider the external and unexpected impositions the last year threw on us all, our organisation has weathered the storm well and achieved possibly its busiest year ever. We continue to hold true to our overarching Living and Working Strategy and our district's overall economy and social vitality is strong with council determined to continue a pivotal role in maintaining this momentum.

Thank you to all of you that embraced our numerous consultation processes and ensured that our communities' needs were reflected in everything we do and once again thank you for your consideration.

Onwards and upwards.



Bryan Cadogan
Mayor



Steve Hill
Chief Executive

LIVING & WORKING IN CLUTHA



Our Living and Working in Clutha Strategy is there 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 and all lots were settled in 2022.

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 six houses were constructed and sold under the scheme. Council is contracted to purchase another four 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 twelve serviced lots. Titles have now been issued and there are only two lots left unsold.



ECONOMIC DEVELOPMENT AND DESTINATION MARKETING

Clutha Development is the economic development agency and regional tourism organisation for the Clutha District. The service delivery agreement with Council (reported on quarterly and recently updated for this Long Term Plan) delivers key economic development and destination management actions from the Living and Working in Clutha strategy (which includes implementation activities from the Clutha Destination Strategy).

OUR PLACE COMMUNITY PLANS

The Our Place community plan process is all about Council working more closely with our communities; to identify what should be prioritised, and then helping to facilitate key projects. The goal is to create more liveable communities, by making it more attractive for people to live and work in our district. The process is one way Council is working to implement the Living and Working Strategy.

The Kaitangata Community Plan was adopted by Council in July 2021, with eight key projects identified. Priority projects were identified for West Otago by May 2022, following extensive consultation over the summer period. Adoption of the West Otago plan was delayed until September 2022, due to the community requesting further input on how these projects should be implemented.

BALCLUTHA COMMUNITY HUB

The new build for the Balclutha Community Hub has commenced construction. The Council and the Clutha Community Hub Charitable Trust worked together to secure the Trust an additional \$2.5M government funding to supplement Council's additional \$2.5M contribution. This additional contribution was to meet an increase in contract costs as a result of Covid and some scope increases. Council has applied for part of the \$2.5M to be funded from the initial tranche of the "Better-off" funding. The civil and fit-out costings are yet to be finalised.

NAISH PARK/CENTENNIAL PARK

Naish / Centennial Park has been developed into a destination playground, bike park and playing area for children of all ages. This includes shelter and covered picnic and BBQ areas, public toilets, seating, and car parking. The bike and dog park was completed this year and funding approved for the first stage of the playground development.

COMBINED MILTON COMMUNITY LIBRARY AND SWIMMING POOL

Falling out of the Our Place Milton consultation is the combined library and pool facility. High level designs have progressed to arrive at an estimated cost between \$13-14M mostly funded by Council. Next steps will include detailed design and contract negotiations. Council consulted on and approved proceeding in a Special Consultative Process that fed into Annual Plan decisions.



MAJOR INFRASTRUCTURE PROJECTS

UPDATING YOU ON OUR MAIN INFRASTRUCTURE PROJECTS FOR 2021/22

WASTEWATER UPGRADES

- \$350k spent Clinton treatment plant upgrade.
- \$112k spent on Gabriel's Gully Road sewer line extension.
- \$148k spent on renewals and minor upgrades.
- \$162k spent on BioFiltro and oxidation upgrades in urban areas.
- \$121k spent on district wide aerator and online monitoring.
- \$418k spent on district wide fencing improvements to enhance safety.

ROADING

- Reseals were completed at a cost of \$2.5M covering 38.4 km of roads.
- 1km of Owaka Highway was reconstructed.
- Bridge renewals were completed on Katea Road (Bridge 225) and Mitchells Flat Road (Bridge 472).
- Urban seal extensions were completed in Clinton on Bard Street, Fitfiel Street and George Street.
- Final sections of Traction Seal were completed on Akatore Road and Mount Stuart Road.
- Footpath Renewals were completed on Needles Street, Kaitangata and Hospital Road, Balclutha.

WATER IMPROVEMENTS

- \$422k spent on Balmoral 1 reservoir.
- \$221k spent on urban water renewals and minor upgrades.
- \$265k spent on urban plant compliance upgrades.

- \$133k spent on Clinton Township pipeline renewals.
- \$211k spent on Milton's chemical room upgrade.
- \$117k spent on Clyde vale Pomahaka small pipeline replacements.
- \$334k spent on Richardson North pipeline renewals.
- \$353k spent on South Bruce main reservoir upgrade.

STORMWATER IMPROVEMENTS

- Vested assets were acquired from subdivisions at Northumberland Street and Monterey Drive.

TECHNOLOGY IMPROVEMENTS

- \$7k spent on Digitisation PDF software.
- \$92k spent on Rosebank Office refurbishment and Covid support.
- \$49k on antivirus and ransomware software.

SOILID WASTE

- \$1.1M was spent on Mt Cooe's stormwater realignment to reduce the volume of stormwater that is contaminated.

COMMUNITY FACILITIES

- \$581k spent on upgrading Community Housing Units to meet Healthy Homes standards.
- \$2.3M spent on the upgrade to the Balclutha Council Building.
- Significant upgrades occurred at the Hillend, Waitahuna and Kaka point Halls and at Owaka's Community Centre using Provincial Growth Fund and Nikko returns.

FINANCIAL OVERVIEW 2021/22

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 \$6,300k deficit in 2021/22, Council recorded a \$199,574k surplus due to an unbudgeted revaluation of Council's infrastructure assets.

The operating loss for the year was \$11,300k above budget which has been mainly caused by:

REVENUE

- \$500k Mayors Task Force grant not budgeted
- Roading subsidies \$2,401k below budget
- \$3,682k Stimulus funding not budgeted
- NZ libraries funding \$249k above budget
- Nikko returns \$3,914k below budget
- Vested assets gained from \$900k subdivision infrastructure

EXPENDITURE

- \$7.6M grant paid to the Clutha Community Charitable Trust.
- Grants paid out on Mayor's Task Force \$410k
- Additional water operational expenditure of \$1,336k
- Building repairs \$196k above budget
- Mount Coee operational costs \$275k above budget
- Additional ETS liability costs of \$104k
- Personnel costs \$137k above budget
- Roading repairs \$851k below budget

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

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

	ACTUAL 30 JUNE 2022 (\$,000)	BUDGET 30 JUNE 2022 (\$,000)	ACTUAL 30 JUNE 2021 (\$,000)
INCOME			
Rates Revenue	28,148	28,479	27,071
Other Operating Revenue	19,881	18,070	28,311
Total Operating Revenue	48,029	46,549	55,382
EXPENDITURE			
Employee Benefits Expense	8,235	8,098	6,718
Depreciation and Amortisation	13,887	14,210	13,534
Other Expenditure	37,165	30,557	30,875
Total Operating Expenditure	59,287	52,865	51,127
Operating (Loss) / Surplus	(11,258)	(6,316)	4,255
Available for Sales Financial Assets Valuation Gain/(Loss)	1,254	-	429
Gain on Property, Plant and Equipment Revaluation	209,578	-	-
Total Comprehensive Revenue and Expenditure for the year	199,574	(6,316)	4,684

SUMMARY STATEMENT OF CHANGES IN EQUITY

Equity at the beginning of the year	1,123,775	1,127,743	1,119,091
Total Comprehensive Revenue and Expenditure for the year	199,574	(6,316)	4,684
Equity at the end of the year	1,323,349	1,121,427	1,123,775

SUMMARY STATEMENT OF FINANCIAL POSITION

Current Assets	38,896	38,837	45,256
Non-Current Assets	1,331,704	1,135,473	1,109,546
Total Assets	1,370,600	1,174,310	1,154,802
Current Liabilities	16,541	10,857	16,530
Non-Current Liabilities	30,710	42,026	14,497
Total Liabilities	47,251	52,883	31,027
Net Assets/Equity	1,323,349	1,121,427	1,123,775

SUMMARY STATEMENT OF CASHFLOWS

Net Cashflows from Operating activities	3,960	6,827	19,786
Net Cashflows from Investing activities	(23,448)	(27,895)	(26,971)
Net Cashflows from Financing activities	19,853	21,500	9,030
Net Cashflows for the Year	365	432	1,845



MAJOR VARIANCES TO COUNCIL'S FINANCIAL POSITION COMPARED TO 2021 ACTUALS

Due to abnormal increases in contract costs for infrastructure builds as a result of market disruption caused by Covid we have had to do a infrastructure valuation one year earlier than planned - \$209.6M has been added to other comprehensive revenue and the property, plant and equipment asset.

- \$1.8M lower NZTA subsidy receivable due to lower activity
- \$4.0M lower Nikko investment balance due to losses caused by Covid on global share markets and interest rate movements
- \$2.2M lower development properties due sale of lots
- \$221.6M higher property, plant and equipment balance and revaluation reserve mainly caused by \$210.8M revaluation adjustment
- \$3.7M lower payables due to lower activity
- \$19.9M higher borrowing to pay for the Balclutha Community Hub grant and for building new water assets

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

FINANCIAL STRATEGY

In the 2021-31 Long Term Plan the Financial Strategy was determined to guide financial decisions. The following tables show our performance against these measures for the 2021/22 financial year.

RETURN ON INVESTMENTS

At the close of the 2021/22-year Council's investments fell to \$27.8 M, well below the \$30.5 M forecast in the 2021-31 Long Term Plan. The loss for 2022 was due to lower than budget returns resulting from the impact of Covid on global share and interest markets.

CHANGES IN INVESTMENTS 2021/22

(\$M)	LONG TERM PLAN 2021/22	ACTUAL 2021/22
OPENING	30.4	31.7
CLOSING	30.5	27.8
CHANGE	0.1	(3.9)
RETURN (%)	3.4	(3.6)

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 175% of annual revenue. Council is well below the limit and planned debt levels mainly due to less infrastructure projects completed against projections.

(\$M)	LONG TERM PLAN 2021/22	ACTUAL 2021/22
EXTERNAL DEBT (\$M)	45.2	37.9
DEBT LIMIT(\$M)	83.0	84.0

LIMITS ON RATES AND RATE INCREASES

Rates are an important source of funding for Council services. The \$28.1 M collected in 2021/22 meant an increase on 2020/21 of 3.98%. This was above the 3.93% projected in the Long Term Plan and below the \$28.9M rates limit forecast in the 2021-31 Long Term Plan.

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

(\$M)	LONG TERM PLAN 2021/22	ACTUAL 2021/22
RATES (\$M)	28.5	28.1
RATES LIMIT AT 4% (\$M)	28.9	28.2

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2022

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 14 December 2022. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 51 to 116:
- present fairly, in all material respects:
 - o the District Council's financial position as at 30 June 2022;
 - o 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 116, 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 17 to 45:
 - o presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2022, 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 21 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 21 to 45 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 117 to 125, 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.

The basis for our opinion is explained below and we draw attention to other matters. In addition, we outline the responsibilities of the Council and our responsibilities relating to the audited information, we comment on other information, and we explain our independence.

Emphasis of matter – Three waters reform

Without modifying our opinion, we draw attention to note B1 of page 81 and note F1 on page 115, which outlines that, in June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibilities for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water service entities.

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 auditor's 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.

Our responsibilities arise from the Public Audit Act 2001.

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 12 and 46 to 50, 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, and we do not express any form of audit opinion or assurance conclusion thereon.

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: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

In addition to our audit, we have carried out an engagement for Debenture Trust Deed Reporting, which is 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



2021/22 IN DETAIL

This section of the Annual Report includes detail about Council's achievements and performance in 2021/22 (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
- Wastewater
- 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 2021 as part of the 2021/31 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 2022 year is as follows:

Target was met	36
Target was not met	27



SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES FOR YEAR ENDING 30 JUNE 2022

Summary	Met	Not met	Total
Community Leadership	1	1	2
Roading	2	4	6
Water: Urban	7	7	14
Water: Rural	4	8	12
Wastewater	8	3	11
Stormwater	8	0	8
Community Services	2	0	2
Solid Waste	3	0	3
Economic Development	0	1	1
Regulatory and Emergency Services	1	1	2
Internal Services	0	2	2
TOTAL	36	27	63
Total percentage	57%	43%	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 2022
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%	69% ¹
LEVEL OF SERVICE 2: MONITOR RATES AFFORDABILITY AND PROVIDE PRUDENT, EFFECTIVE AND EFFICIENT FINANCIAL MANAGEMENT		
To stay within rates limits	28.3	27.9

1 - Owing mainly to the impact of central government three waters reform, but performance is up from 61% in 2021.

WHAT IT COST FOR COMMUNITY LEADERSHIP IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,086	1,108	1,123
Targeted rates (other than targeted rates for water supply)	252	252	252
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	-	60	62
Internal charges and overheads recovered	-	205	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,338	1,625	1,437
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(701)	(1,047)	(1,183)
Finance costs	(72)	(19)	(19)
Internal charges and overheads applied	(510)	(553)	(557)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,283)	(1,619)	(1,759)
SURPLUS (DEFICIT) OF OPERATING FUNDING	55	6	(322)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	(70)	85	80
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(70)	85	80
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	(60)	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	7	31	242
(Increase) decrease of investments	8	(62)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	15	(91)	242
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(55)	(6)	322
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 2022
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%	50% ¹

1 - The milestone of adopting the final Our Place West Otago Plan was deferred until FY22/23 to accommodate West Otago Community Board's request for an additional round of consultation. This updated approach is expected to enhance transition from plan development to plan implementation.

MĀORI 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 and supporting papatipu rūnanga 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 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,362	1,323	1,340
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	-	408	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,362	1,731	1,840
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,218)	(1,891)	(2,470)
Finance costs	(60)	(15)	(11)
Internal charges and overheads applied	(104)	(124)	(124)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,382)	(2,030)	(2,605)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(20)	(299)	(765)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	(39)	273	573
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(39)	273	573
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	26	192
(Increase) decrease of investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	59	26	192
SURPLUS (DEFICIT) OF CAPITAL FUNDING	20	299	765
FUNDING BALANCE	-	-	-

1 Mayors taskforce for jobs revenue and expenditure reflected in the current year.

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 \$1,092 M.

HOW WE PERFORMED IN 2021/22

	TARGET PER LTP	ACTUAL 2022
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)	≥96%	97%
Percentage of the sealed local network that is resurfaced	≥6.3%	4.6% ¹
% of customer service for roads and footpaths responded to within timeframes	≥95%	92% ²
LEVEL OF SERVICE 2: MONITOR SAFETY AND INVEST IN IMPROVING THE ROADING NETWORK		
Number of fatalities and serious injury crashes	≤10	14 ³
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	≥95.4%	92% ⁴
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.	≥91.9%	92.3%

1 - 17.4km short. Mainly due to cost increase for 1-year contract. With carry over funding from 2021/22, Council anticipates achieving budgeted lengths for 2022/23 and 2023/24.

2 - Service response was impacted by staff shortages and delays in updating response times, however there was a small improvement from 2020/21(88%).

3 - Data as from NZTA's CAS database, with potential lag being no different to previous years. As per previous years, this is only a snapshot as at 6 July 2022.

4 - Target not readjusted following COVID-19 delays. Through LTP 2021/31 development Council given option to readjust target or increase budgets. Neither option accepted. Some Condition 5 and 4 footpaths deferred due to utility upgrades pending.

WHAT IT COST FOR ROADS AND FOOTPATHS IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	62	-
Targeted rates (other than a targeted rate for water supply)	8,219	7,622	7,538
Subsidies and grants for operating purposes	3,668	4,176	4,021
Fees, charges and targeted rates for water supply	826	841	137
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	12,713	12,701	11,696
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(6,541)	(6,824)	(5,975)
Finance costs	(324)	(98)	(106)
Internal charges and overheads applied	(2,276)	(2,417)	(1,760)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(9,141)	(9,339)	(7,841)
SURPLUS (DEFICIT) OF OPERATING FUNDING	3,572	3,362	3,855
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	5,452	6,363	4,800
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,494	(414)	(320)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,946	5,949	4,480
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,852)	-	(739)
Capital expenditure to replace existing assets	(9,116)	(9,738)	(7,572)
(Increase) decrease in reserves	346	731	(24)
(Increase) decrease of investments	103	(304)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(10,518)	(9,311)	(8,335)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(3,572)	(3,362)	(3,855)
FUNDING BALANCE	-	-	-

1 There was less urban and rural sealing completed this year than expected.

2 Bridge renewals were not all completed due to material, contractor and staff shortages

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), Waiholā (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 2021/22

		TARGET PER LTP	ACTUAL 2022
URBAN WATER			
LEVEL OF SERVICE 1: WATER FROM COUNCIL URBAN SUPPLIES IS SAFE TO DRINK.			
Compliance with the NZDW Standards for bacteriological compliance		100%	81% ¹
Compliance with the NZDW Standards protozoal compliance		≥95%	49% ²
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	15.2
	Taste	≤3	0.95
	Odour	≤2	0.76
	Pressure	≤5	9.86 ³
	Continuity	≤30	24.08
	Council's response to any of these issues	≤14	0.38
Average consumption of drinking water per resident per day (liters per day)		≤650	540
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	≤2	2.15 ³
	Non-urgent	≤24	5.47
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent	≤12	20 ³
	Non-urgent	≤48	76 ³
Percentage of real water loss from Council's reticulation system		≤29%	30.6% ⁴

- 1 - Tapanui township has had one *E.Coli* transgression. This was investigated as incorrect sampling. No *E.Coli* was detected at the distribution zone and no boil water notice was issued. These results include three "technical non-compliances" where either one less sample was collected than required for the year or the maximum time between samples was exceeded by one day. This reduced bacteriological compliance by 9%. In the past these had usually been assessed as compliant by the Drinking Water Assessor using their discretion as they do not consider to indicate an elevated risk to the water supplies
- 2 - Only Balclutha is fully protozoal compliant as it has been validated. Other townships are upgraded to be fully compliant, however they are required to be validated and a monitoring programme carried out for compliance to be able to be assessed.
- 3 - Working with contractor to improve
- 4 - Planned multiple renewal of concrete mains in Milton Network to improve water loss as part of 24-34 LTP process

		TARGET PER LTP	ACTUAL 2022
RURAL WATER			
LEVEL OF SERVICE 1: WATER FROM COUNCIL RURAL SCHEMES IS SAFE TO DRINK			
Compliance with the NZDW Standards for bacteriological compliance		80%	39% ¹
Compliance with the NZDW Standards for protozoal compliance		≥18%	0% ²
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	21.6 ³
	Taste	≤5	1.8
	Odour	≤3	0.6
	Pressure	≤200	291.9 ⁴
	Continuity	≤200	555 ⁴
	Council's response to any of these issues	≤14	3
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	≤4	4.3 ⁴
	Non-urgent	≤24	17
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent	≤12	54 ⁴
	Non-urgent	≤48	55 ⁴

- 1 - These results include three “technical non-compliances” where either one less sample was collected than required for the year or the maximum time between samples was exceeded by one day. This reduced the bacteriological compliance by 26%. In the past these had usually been assessed as compliant by the Drinking Water Assessor using their discretion as they do not consider to indicate an elevated risk to the water supplies.
- 2 - No plants compliant. Upgrades planned
- 3 - Tuapeka and Glenkenich plant were unable to treat turbid water occurring in April 2022
- 4 - Working with contractor on improvements

WHAT IT COST FOR WATER IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rated for water supply)	7,751	7,874	7,928
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	562	925	923
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	8,313	8,799	8,851
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(4,419)	(4,706)	(5,569)
Finance costs	(561)	(188)	(189)
Internal charges and overheads applied	(1,014)	(1,018)	(1,025)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,994)	(5,912)	(6,783)
SURPLUS (DEFICIT) OF OPERATING FUNDING	2,319	2,887	2,068
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	3,525
Development and financial contributions	-	-	-
Increase (decrease) in debt	(1)	6,083	3,273
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(1)	6,083	6,798
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	(75)	(500)	-
Capital expenditure to improve the level of service	(368)	(3,901)	(6,889)
Capital expenditure to replace existing assets	(2,804)	(5,002)	(2,183)
(Increase) decrease in reserves	822	1,257	206
(Increase) decrease of investments	107	(824)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(2,318)	(8,970)	(8,866)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(2,319)	(2,887)	(2,068)
FUNDING BALANCE	-	-	-

1 Water operating costs are higher than expected.

2 Council received \$3.5m of stimulus funding and as a result did not require as much borrowing.

WASTEWATER

WHAT WE DO

Council collects, treats and disposes of domestic wastewater and non-domestic liquid (tradewaste) discharges via 11 public Wastewater 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 2021/22

	TARGET PER LTP	ACTUAL 2022	
LEVEL OF SERVICE 1: PROVIDE WASTEWATER SERVICES THAT EFFECTIVELY COLLECT AND DISPOSE OF WASTEWATER			
Number of dry weather Wastewater overflows expressed per 1,000 Wastewater connections to that Wastewater system	≤6	5.2	
LEVEL OF SERVICE 2: WASTEWATER SCHEMES ARE MANAGED EFFICIENTLY AND EFFECTIVELY			
Median response time (in hours) from notification of fault to when personnel:	Reach the site (response)	≤2 hours	1.7
	Confirm resolution of the blockage or other fault	≤8 hours	20.5 ¹
Number of complaints per 1,000 connections about any of the following:	Wastewater odour	≤3	1
	Wastewater system faults	≤10	1.7
	Wastewater system blockages	≤5	8.3 ²
	Council's response to any of these issues	≤5	1.15
Compliance with Council's resource consents for wastewater discharge, measured as number of:	Abatement notices	0	2 ³
	Infringement notices	0	0
	Enforcement orders	0	0
	Convictions	0	0

1 - Working with contractor to improve

2 - Working with contractor to improve

3 - Wastewater discharge issues with the Milton and Waihola waste treatment plants

WHAT IT COST FOR WASTEWATER IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	2,609	2,964	2,982
Subsidies and grants for operating purposes	-	-	27
Fees & charges and targeted rates for water supply	141	228	292
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	2,750	3,192	3,301
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,039)	(1,411)	(1,578)
Finance costs	(79)	(37)	(37)
Internal charges and overheads applied	(506)	(471)	(471)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,624)	(1,919)	(2,086)
SURPLUS (DEFICIT) OF OPERATING FUNDING	1,126	1,273	1,215
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	38	294	(133)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	38	294	(133)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	(340)	(3)
Capital expenditure to improve the level of service	(2,537)	(3,229)	(2,373)
Capital expenditure to replace existing assets	(1,026)	(1,762)	(728)
(Increase) decrease in reserves	(1,636)	3,943	2,022
(Increase) decrease of investments	763	(179)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,164)	(1,567)	(1,082)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,126)	(1,273)	(1,215)
FUNDING BALANCE	-	-	-

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 2021/22

	TARGET PER LTP	ACTUAL 2022
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	8
Number of complaints about performance of stormwater systems (per 1,000 connected properties)	≤10	1.5
Median response time (in hours) from notification of fault to when personnel reach the site	≤4	3.9
Compliance with Council's resource consents for stormwater systems, measured as number of:	Abatement notices	0
	Infringement notices	0
	Enforcement orders	0
	Successful prosecutions received	0

WHAT IT COST FOR STORMWATER IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	776	896	903
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	776	896	903
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(102)	(147)	(154)
Finance costs	(12)	(17)	(4)
Internal charges and overheads applied	(323)	(300)	(300)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(437)	(464)	(458)
SURPLUS (DEFICIT) OF OPERATING FUNDING	339	432	445
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(35)	916	(37)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(35)	916	(37)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(468)	(520)	(588)
Capital expenditure to replace existing assets	-	(1,860)	(82)
(Increase) decrease in reserves	156	1,198	262
(Increase) decrease of investments	8	(166)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(304)	(1,348)	(408)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(339)	(432)	(445)
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, Maclellan, 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 2021/22

	TARGET PER LTP	ACTUAL 2022
LEVEL OF SERVICE 1: PROVIDE REFUSE & KERBSIDE RECYCLING COLLECTION THAT MEETS CUSTOMER EXPECTATIONS		
Resident satisfaction with the refuse/recycling service	≥80%	91%
LEVEL OF SERVICE 2: MINIMISE THE AMOUNT OF WASTE TO LANDFILL		
Kilogrammes of waste per resident diverted from Mt Cooee landfill (kg)	≥51	71
Kilogrammes of waste per resident to Mt Cooee landfill (kg)	≤607	545

WHAT IT COST FOR SOLID WASTE IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	71	72	72
Targeted rates (other than targeted rate for water supply)	725	858	866
Subsidies and grants for operating purposes	235	74	98
Fees, charges and targeted rates for water supply	683	808	840
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,714	1,812	1,876
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,241)	(1,657)	(1,975)
Finance costs	-	-	-
Internal charges and overheads applied	(171)	(188)	(188)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,412)	(1,845)	(2,163)
SURPLUS (DEFICIT) OF OPERATING FUNDING	302	(33)	(287)
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	(338)	-	(812)
Capital expenditure to replace existing assets	(31)	(340)	(148)
(Increase) decrease in reserves	111	257	1,247
(Increase) decrease of investments	(44)	116	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(302)	33	287
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(302)	33	287
FUNDING BALANCE	-	-	-

1 The cost of operating Mt Cooe landfill have increase as have ETS carbon credit prices.

2 Mt Cooe stormwater realignment work, this was originally budgeted in pervious years

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:

- 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, Waihola, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Balclutha, 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 loan towards the cost of constructing the multi-use Cross Recreation Centre in Balclutha and providing an annual operating grant.

HOW WE PERFORMED IN 2021/22

	TARGET PER LTP	ACTUAL 2022
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 (weighted average)	≥90%	90%
LEVEL OF SERVICE: PROVIDE QUALITY COMMUNITY HOUSING THROUGHOUT THE DISTRICT		
Proportion of community housing units that meet healthy homes standards	>0%	64%

WHAT IT COST FOR COMMUNITY SERVICES IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	3,290	3,622	3,667
Targeted rates (other than a targeted rate for water supply)	1,695	1,775	1,898
Subsidies and grants for operating purposes	123	162	385
Fees, charges and targeted rates for water supply	298	1,250	1,395
Internal charges and overheads recovered	-	517	-
Local authorities fuel tax, fines, infringement fees and other receipts	948	-	-
TOTAL SOURCES OF OPERATING FUNDING	6,354	7,326	7,345
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(3,859)	(10,674)	(12,775)
Finance costs	(373)	(165)	(134)
Internal charges and overheads applied	(1,426)	(1,505)	(1,446)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,658)	(12,344)	(14,355)
SURPLUS (DEFICIT) OF OPERATING FUNDING	696	(5,018)	(7,010)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,378	6,609	7,628
Gross proceeds from sale of assets	-	-	130
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,378	6,609	7,758
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,116)	(1,026)	(1,044)
Capital expenditure to replace existing assets	(1,795)	(612)	(1,150)
(Increase) decrease in reserves	558	(275)	1,446
(Increase) decrease of investments	279	322	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(2,074)	(1,591)	(748)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(696)	5,018	7,010
FUNDING BALANCE	-	-	-

1 Additional funding of \$2.5m approved for the Clutha Community Hub Trust.

2 Includes a \$7.6M loan funded grant to the Clutha Community Hub Trust.

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 2021/22

	TARGET PER LTP	ACTUAL 2022
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%	97%

1 - Staff shortages and covid impacts - 80% in 2021

WHAT IT COST FOR REGULATORY & EMERGENCY SERVICES IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	268	355	360
Targeted rates (other than a targeted rate for water supply)	673	836	839
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	539	1,616	1,646
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	621	-	-
TOTAL SOURCES OF OPERATING FUNDING	2,101	2,807	2,845
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,103)	(1,505)	(1,526)
Finance costs	(8)	(5)	(7)
Internal charges and overheads applied	(918)	(1,215)	(1,175)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(2,029)	(2,725)	(2,708)
SURPLUS (DEFICIT) OF OPERATING FUNDING	72	82	137
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(20)	33	16
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(20)	33	16
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	-	-
Capital expenditure to replace existing assets	-	(60)	(63)
(Increase) decrease in reserves	(16)	(11)	(90)
(Increase) decrease of investments	(36)	(44)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(52)	(115)	(153)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(72)	(82)	(137)
FUNDING BALANCE	-	-	-

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 2021/22

	TARGET PER LTP	ACTUAL 2022
LEVEL OF SERVICE 1: WE HANDLE CUSTOMER REQUESTS FOR SERVICE EFFICIENTLY AND EFFECTIVELY		
Percentage of service requests resolved within timeframes	>95%	81% ¹
LEVEL OF SERVICE 2: WE DELIVER ON OUR WORK PROGRAMMES		
Percentage of capital projects completed.	>75%	68% ²

1 - Working with contractor to improve

2 - Due to staffing shortages and supply issues during the year

WHAT IT COST FOR INTERNAL SERVICES IN 2021/22

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2022

	2021 LONG TERM PLAN \$(000)	2022 LONG TERM PLAN \$(000)	2022 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	63
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	-	129	387
Fees, charges and targeted rates for water supply	139	165	95
Internal charges and overheads recovered	7,447	7,807	7,786
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	178
TOTAL SOURCES OF OPERATING FUNDING	7,586	8,101	8,509
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(7,047)	(8,117)	(9,693)
Finance costs	(6)	(39)	(427)
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(7,053)	(8,156)	(10,120)
SURPLUS (DEFICIT) OF OPERATING FUNDING	533	(55)	(1,611)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	(16)	1,490	1,874
Gross proceeds from sale of assets	-	-	72
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	(16)	1,490	1,946
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(36)	(1,654)	(1,810)
Capital expenditure to replace existing assets	(302)	(299)	(245)
(Increase) decrease in reserves	(146)	(139)	1,720
(Increase) decrease of investments	(33)	657	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(517)	(1,435)	(335)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(533)	55	1,611
FUNDING BALANCE	-	-	-

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 2022.

The Annual Report 2021/22 received an unmodified audit report and was adopted on 14 December 2022.

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 2021/22.

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 2022 presents fairly the financial performance, financial position, and service performance of the Clutha District Council.



Bryan Cadogan

Date: 14 December 2022.

MAYOR



Steve Hill

Date: 14 December 2022.

CHIEF EXECUTIVE

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE
For the Financial Year ended 30 June 2022

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
REVENUE				
Rates	A1	28,148	28,479	27,071
Grants and subsidies	A1	13,913	11,098	17,991
Fees and user charges		946	1,099	1,110
Permits and licenses		1,071	936	930
Other fees		1,312	1,325	1,654
Rental revenue		1,141	1,031	1,127
Interest revenue		407	1,073	330
Other revenue		802	73	968
Other gains/(losses)	A6	(3,292)	1,435	2,728
Sales of Corporate and development property	A8	3,581	-	1,473
Total revenue	A1	48,029	46,549	55,382
EXPENDITURE				
Grants, contributions, and sponsorship	A2	8,721	8,872	565
Other operating expenditure	A2	18,696	14,179	20,048
Roading repairs and maintenance	A2	5,966	6,817	7,986
Employee benefits	A3	8,235	8,098	6,718
Depreciation and amortisation	A4	13,887	14,210	13,534
Finance costs	A5	448	689	338
Operating lease payments	A2	18	-	17
Cost of sales of corporate and development property	A8	3,316	-	1,921
Total Expenditure	A2	59,287	52,865	51,127
SURPLUS (DEFICIT) FOR THE YEAR		(11,258)	(6,316)	4,255
Other Comprehensive Revenue and Expenditure Items that may be reclassified to surplus or deficit:				
Available-for-sale financial assets valuation gain / (loss)		1,254	-	429
Items that will not be reclassified to surplus or deficit:				
Gain on property, plant, and equipment revaluation	D6	209,578	-	93,661
Total Other Comprehensive Revenue and Expenditure		210,832	-	429
Total Comprehensive Revenue and Expenditure for the year		199,574	(6,316)	4,684

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 2022

	Accumulated Funds \$000	Reserves \$000	Total Equity \$000	Budget \$000
Balance as at 1 July 2019	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
Transfers (from)/to reserves	(1,279)	1,279	-	-
Balance as at 30 JUNE 2021	225,973	897,802	1,123,775	1,107,205
Balance as at 1 July 2021	225,973	897,802	1,123,775	1,127,743
Surplus after income tax	(11,258)	-	(11,258)	(6,316)
Other comprehensive revenue	-	210,832	210,832	-
Total Comprehensive Revenue & Expense for the year	(11,258)	210,832	199,574	(6,316)
Net Transfers (from)/to reserves	9,413	(9,413)	-	-
Balance as at 30 JUNE 2022	224,128	1,099,221	1,323,349	1,121,427

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 2022

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
Assets				
CURRENT ASSETS				
Cash and cash equivalents	D1	3,973	829	3,608
Receivables and prepayments	D2	4,550	5,451	6,343
Other financial assets	C3	27,750	30,507	31,702
Derivative financial instruments	C2	1,649	-	397
Non-current assets held for sale		-	-	-
Development property	D7	974	2,050	3,206
Total current assets		38,896	38,837	45,256
NON-CURRENT ASSETS				
Property, plant, and equipment	B1	1,330,787	1,134,021	1,109,114
Intangible Assets	B2	91	1,200	12
Other financial assets	C3	826	252	390
Total non-current assets		1,331,704	1,135,473	1,109,546
TOTAL ASSETS		1,370,600	1,174,310	1,154,802
Liabilities				
CURRENT LIABILITIES				
Payables and accruals	D3	7,483	6,101	11,170
Employee entitlements	D4	918	756	855
Derivative financial instruments		-	-	-
Borrowings	C1	8,140	4,000	4,505
Total current liabilities		16,541	10,857	16,530
NON-CURRENT LIABILITIES				
Provisions	D5	892	791	897
Other liabilities – Mercer Trust		18	55	58
Borrowings	C1	29,800	41,180	13,542
Total non-current liabilities		30,710	42,026	14,497
TOTAL LIABILITIES		47,251	52,883	31,027
NET ASSETS		1,323,349	1,121,427	1,123,775
EQUITY				
Reserves	D6	1,099,221	887,259	897,802
Accumulated funds	D6	224,128	234,168	225,973
TOTAL EQUITY		1,323,349	1,121,427	1,123,775

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 2022

	Notes	2022 Actual \$000	2022 Budget \$000	2021 Actual \$000
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from customers, rates, grants, and other services		49,103	45,696	51,265
Interest received		407	-	330
Payments to suppliers and employees		(45,114)	(38,180)	(31,612)
Interest Expense		(436)	(689)	(197)
Net cash inflow from operating activities		3,960	6,827	19,786
CASH FLOWS FROM INVESTING ACTIVITIES				
Disposal of development property		3,581	900	1,473
Disposal of property, plant, and equipment		165	-	-
Purchase of property, plant and equipment		(26,378)	(30,907)	(27,678)
Acquisition of other financial assets		(436)	2,112	619
Sale of other financial assets		704	-	-
Acquisition of development property		(1,084)	-	(1,385)
Net cash (outflow) from investing activities		(23,448)	(27,895)	(26,971)
CASH FLOWS FROM FINANCING ACTIVITIES				
Proceeds from borrowings		24,353	21,500	9,030
Repayment of borrowings		(4,500)	-	-
Total Cash Flows from Financing Activities		19,853	21,500	9,030
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		365	432	1,845
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		3,608	397	1,763
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	D1	3,973	829	3,608

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

	2022	2021
	\$000	\$000
Surplus for the period	(11,258)	4,255
Add/(less) non-cash items:		
Depreciation and amortisation	13,886	13,534
(Reversal) / impairment of development property	-	113
(Gain)/Loss on sale of property, plant, and equipment	945	1,211
(Gain)/Loss on write off of software	-	769
Bad debt write-off	108	(131)
Discount unwind on landfill provision	12	141
Unrealised (gain)/loss on revaluation of other financial assets to fair value	3,248	(3,583)
Work in progress assets expensed	256	-
Vested assets	(901)	(356)
	6,296	15,953
Movement in working capital:		
Trade and other receivables and prepayments	1,685	(903)
Trade and other payables and accruals	(3,694)	5,635
Employee entitlements	63	130
Provisions	(17)	(26)
	(1,963)	4,836
Items classified as investing activities:		
Movement in property, plant and equipment included in trade and other payables	(108)	(1,451)
Development Properties non-operating activity included in Profit & Loss	(265)	448
	(373)	(1,003)
NET CASH INFLOW FROM OPERATING ACTIVITIES	3,960	19,786

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.



Significant judgements and estimates

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.

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 2021/31 Long Term Plan. Significant accounting policies are included in the notes to which they relate.

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 wastewater 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. Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.</p>
Sale of goods	<p>When the substantial risks and rewards of ownership have been passed to the buyer.</p>
Sale of services	<p>On a percentage of completion basis over the period of the service supplied.</p>
Consents	<p>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.</p>
Licence and permit fees	<p>On receipt of application as these are non-refundable.</p>

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	2022 \$000	2021 \$000
Revenue from Non-Exchange Transactions			
Revenue from rates			
General		5,250	4,592
Targeted	See below	23,206	22,732
Penalties		192	210
Internal		(500)	(463)
Total revenue from rates		28,148	27,071
Revenue from Exchange Transactions			
Rental and lease revenue		1,141	1,127
Interest revenue and gain on changes in fair value		(2,841)	3,913
Otago Corrections Facility water		393	273
Development property sales	A8	3,581	1,473
Other revenue		946	1,110
Total revenue from exchange transactions		3,220	7,896
Other Revenue from Non-Exchange Transactions			
Grants and subsidies	See below	13,913	17,991
Vested assets	A6	901	356
Swimming pool revenue		84	127
Building consents		908	695
Other revenue		855	1,246
Total other revenue from non-exchange transactions		16,661	20,415
TOTAL REVENUE		48,029	55,382

The annual rates revenue of the council for the year ended 30 June 2022 for the purposes of the Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed disclosure is \$15,789 M (2021: \$13,605 M). Refer to note F1 for further information on the LGFA guarantees and indemnities.

	Notes	2022 \$000	2021 \$000
Targeted Rates Attributable to Activities:			
Community leadership		252	247
Internal services		38	164
Roads and footpaths		7,538	8,095
Water supply		7,928	7,701
Stormwater		903	802
Wastewater		2,944	2,495
Solid waste		866	730
Community services		1,898	1,726
Regulatory and emergency services		839	772
		23,206	22,732

	Notes	2022	2021
		\$000	\$000
Grants and Subsidies:			
NZTA subsidy		8,821	14,535
Stimulus Funding		3,910	1,985
Mayor's taskforce for jobs		500	500
Other – PGF, NZLPP		682	971
		13,913	17,991



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

Total revenue

Revenue was greater than budget by \$1,480k but within the different categories there was some variance:

- Rates revenue was under budget by \$331k mainly due to \$500k internal rates being removed from the actuals.
- Grants and subsidies were \$2,815k above budget, mainly due to Grants of \$500k for the Mayor's Task Force, \$3,682k Stimulus funding and NZ Libraries funding of \$377k being above budget. Changes in timing to the Roothing programme resulted in roading subsidies being \$2,401k less than budgeted.
- Interest revenue is \$666k below budget and there is a net loss of \$3,248k at fair valuation meaning the performance of the
- Nikko portfolio was \$3,914k below budget. The impact of Covid on global share markets and interest rate movements account for most of the variance.
- Other gains are \$4,727k below budget due to vested assets of \$900k, the fair value loss of \$3,248k mentioned above and a gain on disposal of development property of \$265k.
- Corporate and development property now reflects the revenue of \$3,581k 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:

	2022	2021
	\$000	\$000
Number of rating units	11,233	11,281
Total Capital Value of rating units	8,686,051	8,081,053
Total Land Value of rating units	5,578,523	5,415,529

Breakdown of summary revenue for group of activities	2022	2021
	\$000	\$000
Revenue		
Roading	8,958	14,953
Water Services – Water	4,448	2,620
Water Services – Wastewater	319	328
Solid Waste	938	1,284
Community Services - Library/Service Centre/Information Centre	482	342
Community Services - Swimming Pools	84	127
Community Services - Parks/Reserves/Sportsgrounds	42	53
Community Services - Halls and Community Centres	31	417
Community Services - Other Council Property	997	974
Community Services – Public conveniences	83	91
Community Services - Cemeteries	61	-
Regulatory Services - Resource Management	169	140
Regulatory Services - Animal Control	309	314
Regulatory Services - Environmental Health	30	32
Regulatory Services - Building Control	1,089	931
Regulatory Services - Liquor Licensing	49	73
Regulatory Services – Compliance	-	68
Total activity revenue	18,089	22,747
Add		
Rates	28,148	27,071
Other Gains/(Losses)	(3,292)	2,728
Sales of corporate and development property	3,581	1,473
Petrol Tax	178	187
Other Revenue	1,325	1,176
`	29,940	32,635
TOTAL REVENUE	48,029	55,382



Accounting policies

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 \$6,422k but within the different categories there was some variance:

- Other operating expenditure is above budget by \$4,517k mainly caused by the following costs above budget:
 - Water operational expenditure \$1,336k,
 - Operating grants \$1,479k,
 - Consultancy \$546k,
 - IT costs \$364k,
 - Mayor's Task Force expenditure \$410k,
 - Mount Cooee operational costs \$275k,
- Roading repairs are \$851k below budget due to timing of contracts.
- Personnel costs are \$137k above budget mainly due to an increase in staff to help with the capital programme delivery.
- Depreciation is below budget by \$323k mainly due to lower assets built than budgeted.
- Corporate and development property now reflects cost of sales and impairment losses of \$3,316k 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	2022 \$000	2021 \$000
Expenditure			
Community Leadership – Governance		1,759	1,334
Community Leadership – Community Support		1,120	394
Community Leadership – Economic Development		1,262	959
Community Leadership – Culture & Heritage		222	216
Roading		16,717	18,170
Water Services – Water		8,895	9,336
Water Services – Stormwater		831	998
Water Services – Wastewater		3,403	3,932
Solid Waste		2,163	2,320
Community Services – Library/Service Centre/Information Centre		2,060	1,768
Community Services – Swimming Pools		1,150	1,196
Community Services – Parks/Reserves/Sportsgrounds		1,393	1,161
Community Services – Halls and Community Centres		7,955	884
Community Services – Other Council Property		1,042	914
Community Services – Public Conveniences		504	521
Community Services – Cemeteries		239	237
Regulatory Services – Resource Management		459	395
Regulatory Services – Animal Control		397	422
Regulatory Services – Compliance		143	62
Regulatory Services – Environmental Health		154	174
Regulatory Services – Building Control		1,315	1,389
Regulatory Services – Liquor Licensing		118	129
Emergency Services – Civil Defence		114	113
Emergency Services – Rural Fire		2	3
Total activity expenditure		53,417	47,027
Add			
Additional Depreciation		1,208	1,100
Cost of sales corporate and development property		3,316	1,921
Forestry Expenditures		2	3
Other Expenditure		1,844	1,539
Internal Rates		(500)	(463)
		5,870	4,100
TOTAL EXPENDITURE		59,287	51,127
Operating Expenditures include:			
Grants, contributions and sponsorship		8,721	565
Impairment of receivables	D2	108	(131)
Minimum lease payments for operating leases		18	17
Other expenses		18,696	20,048
Roading repairs and maintenance		5,966	7,986
Fees paid to elected members	A3	519	506

Fees to auditors

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

	2022 \$000	2021 \$000
Audit of financial statements	140	135
Audit of debenture trust and register	5	5
Audit of long-term plan	-	123
TOTAL FEES TO AUDITORS	145	263

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.

	2022 \$000	2021 \$000
Employee Benefits Expenditure		
Salaries and wages	8,448	7,414
Kiwi-saver	207	138
Capitalised salary and wages to roading assets	(420)	(834)
TOTAL EMPLOYEE BENEFITS EXPENDITURE	8,235	6,718

Refer to note D4 for employee entitlement liability as at 30 June 2022 and 30 June 2021.



Explanation of major variances against budget

Employee benefits expenditure

Employee benefits expenditure of \$8,235k has increased by \$1,517k from 2021, mostly due to there being additional fixed term employees to carry out stimulus funded and three waters projects in the Service Delivery activity.



Accounting policy Related Parties

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.



Local government disclosures

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

	2022 \$000	2021 \$000
Councillors		
Remuneration	519	506
Full-time equivalent members	15	15
Community Board Members		
Remuneration	48	45
Full-time equivalent members	12	12
Senior Management Team, including Chief Executive		
Remuneration	755	730
Full-time equivalent members	4	4

Severance Payments

For the year ended 30 June 2022 Council made two severance payments of \$11,500 and \$6,000 (2021: \$Nil).

Remuneration of Elected Members

During the year to 30 June 2022, 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	2022 \$000	2021 \$000
His Worship the Mayor B A Cadogan	115	115
Councillors		
Dane Catherwood	25	23
Stewart Cowie	33	32
Wayne Felts	25	23
Gaynor Finch	30	29
Melinda Foster	28	29
Bruce Graham	32	31
John Herbert	33	31
Michele Kennedy	-	13
Alison Ludemann	27	26
Lloyd McCall	25	7
Ken Payne	32	31
Carol Sutherland	25	25
Jo-anne Thomson	25	25
Bruce Vollweiler (including Hearing Fees of \$7K)	39	43
Selwyn Wilkinson	25	24
Lawrence/Tuapeka Community Board		
Lindy Chinnery	3	3
Geoff Davidson	6	6
Tim Dickey	3	3
Matthew Little	3	3
Garry McCorkindale	3	3
Suzanne Stephenson	3	3
West Otago Community Board		
Cecil Crawford	4	3
Barbara Hanna	7	7
Anthony Robertson	4	3
Bruce Robertson	4	3
Linda Roulston	4	3
Suzanne Wink	4	3

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

Remuneration of Employees

At balance date Council employed 91 full time employees compared to 85 in 2021, with the balance of staff representing 19 full time equivalent employees (19 in 2021). 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:

	2022	2021
Salary Band	Number of Employees	Number of Employees
<60,000	68	75
60,000-80,000	37	30
80,000-100,000	14	22
100,000-120,000	10	7
120,000-180,000	8	7
260,000-280,000	1	1

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable to the Chief Executive was \$276,860 (2021: \$256,457).

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

Other Transactions Involving Related Parties - 2022

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					
Clutha Foundation	Board Member	29	29		
Steve Hill					
Clutha Development	Council Appointed Member		703,500	90,960	
Stewart Cowie					
Clinton Rugby Club	Life Member	183			
Warepa Hall Committee	Chairperson	869			
Wayne Felts					
Fraser ITM	Manager	130	33,935	69	
Gaynor Finch					
Clutha Veterinary Association	Employee	529	2,817	261	
Otago Museum	Trustee		130,641		
Milton Coronation Hall Society	Council Representative	6,727	19,090		
Waihola Looking Forward	Council Representative	849	174,411		
Clutha District Museums Group	Council Representative		51,290		
Taieri Mouth Amenities Society	Council Representative		1,439		
Clutha Foundation	Council Representative	29	29		
Melinda Foster					
Tuapeka Lawrence Community Company	Director		62,152	350	
The Lawrence Mint	Shareholder & Director	311			
Zen Solutions	Shareholder & Director		1,525		
Bruce Graham					
Duffy Engineering	Employee		6,740		
Lloyd McCall					
West Otago Health Trust	Trustee		273,913		
Alison Ludemann					
Clutha Community Hub Trust	Board Member		7,500,000		
Clutha Development	Council Representative		703,500	90,960	
Ken Payne					
Clutha Community Hub Trust	Board Member		7,500,000		
Clutha Parks Trust	Council Representative	14,835	154,847		
Carol Sutherland					
Balclutha Riding for the Disabled	Council Representative	1,687			
Jo-anne Thompson					
Clutha Health Incorporated	Council Representative		470		
Bruce Vollweiler					
Tokomairiro Wairoa Inc	Trustee/Chairperson	391			
Project Bruce Charitable Trust	Trustee/Chairperson		60,000		
Selwyn Wilkonson					
Southroads	Subcontractor	14,785	6,610,602	629,101	1,203
Barbara Hanna					
West Otago Community Centre Society	Member	130	63,442		
West Otago Theatrical Society	Member	63	19,721		
Antony Robertson					
Ideal Print and Design	Shareholder & Director		4,103	509	
Garry McCorkindale					
Tuapeka Community Health	Director	204			104
Suzanne Stephenson					
Tuapeka Lawrence Community Company	Director		62,152	350	
Tuapeka Health	Trustee		17,842		
Stephen Halliwell					
Working Smarter	Shareholder & Director		12,153	424	

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	Member	706			
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			

**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	2022 \$000	2021 \$000
Depreciation and Amortisation Expenditure			
Depreciation of property, plant, and equipment	B1	13,867	13,531
Amortisation of Intangibles	B2	20	3
TOTAL DEPRECIATION AND AMORTISATION		13,887	13,534

**Explanation of major variances against budget****Depreciation and amortisation**

Depreciation is below budget by \$323k mainly due to delays in the capital programme.

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	2022 \$000	2021 \$000
Roading	8,877	8,835
Water	2,112	1,971
Wastewater	1,317	1,258
Stormwater	373	369
Community services	713	681
Solid waste management	68	58
Regulatory and emergency services	5	6
Internal Services	422	356
Total depreciation and amortisation (Notes B1 and B2)	13,887	13,534

**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	2022 \$000	2021 \$000
Bank	39	2
Local Government Funding Agency	397	195
Discount unwind on landfill provision	12	141
TOTAL FINANCE COSTS	448	338

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	2022 \$000	2021 \$000
Vested assets	901	356
Net loss on disposal of property, plant, and equipment	(945)	(1,211)
Net gain on changes in fair value of financial assets at fair value through surplus or deficit	(3,248)	3,583
TOTAL NET OTHER GAINS AND LOSSES	(3,292)	2,728

**Explanation of major variances against budget****Net other gains and losses**

- Vested assets amounted to \$901k mainly due to North Foreland St Waihola subdivision, Cypress Extension and Monterey Drive subdivision assets. Budget was zero.
- There was an unrealised loss of \$3,248k due to the impact of Covid on global share markets and interest rates on the Nikko Investment portfolio.



Accounting policy

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

A8 CORPORATE AND DEVELOPMENT PROPERTY

Revenue	2022 \$000	2021 \$000
Proceeds Rosebank Industrial	632	-
Proceeds Plantation Heights	2,157	1,153
Proceeds Kaitangata Development Property	792	309
Proceeds Other	-	11
TOTAL REVENUE CORPORATE AND DEVELOPMENT PROPERTIES	3,581	1,473
Expenditure		
Cost of sales Rosebank Industrial – (reversal) / impairment	721	113
Cost of sales Plantation Heights	1,808	1,451
Cost of sales Kaitangata Development Property	787	357
Cost of sales Other	-	-
TOTAL EXPENDITURE CORPORATE AND DEVELOPMENT PROPERTIES	3,316	1,921
Gain / (loss) on disposal of corporate and development properties		
Gain / (Loss) Rosebank Industrial	(89)	(113)
Gain / (Loss) Plantation Heights	349	(298)
Gain / (Loss) Kaitangata Development Property	5	(48)
Gain / (Loss) Other	-	11
TOTAL NET GAIN / (LOSS) ON DISPOSAL OF CORPORATE AND DEVELOPMENT PROPERTIES	265	(448)

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 – 2022

	Cost /Valuation					Cost /Valuation 30 June 2022 (\$000)	Accumulated depreciation charges 1 July 2021 (\$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 2022 (\$000)	Carrying amount 30 June 2022 (\$000)
	1 July 2021 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	Revaluation (\$000)								
Operational Assets													
At Cost													
Land	3,024	-	(5)	-	-	3,019	-	-	-	-	-	-	3,019
Buildings	14,275	2,024	(125)	1,702	-	17,876	(5,116)	-	(300)	45	-	(5,371)	12,505
Land - restricted	1,457	-	-	-	-	1,457	-	-	-	-	-	-	1,457
Buildings - restricted	4,374	33	-	-	-	4,407	(1,524)	-	(88)	-	-	(1,612)	2,795
Furniture and equipment	1,799	107	-	-	-	1,906	(1,324)	-	(153)	-	-	(1,477)	429
Plant and Motor vehicles	4,038	986	(72)	334	-	5,286	(2,356)	-	(540)	66	-	(2,830)	2,456
Library Books	1,111	120	-	-	-	1,231	(727)	-	(107)	-	-	(834)	397
Work in progress	4,044	2,003	(119)	(2,080)	-	3,848	-	-	-	-	-	-	3,848
Total Operational Assets	34,122	5,273	(321)	(44)	-	39,030	(11,047)	-	(1,188)	111	-	(12,124)	26,906
Infrastructural Assets													
Roads - Formation	581,788	168	-	-	69,132	651,088	-	-	-	-	-	-	651,088
Roads - Pavement (sealed)	157,158	3,312	-	-	68,811	229,281	(3,736)	-	(3,758)	-	7,494	-	229,281
Roads - Pavement (unsealed)	82,798	974	-	-	4,213	87,985	(2,230)	-	(2,230)	-	4,460	-	87,985
Roads - Other roading assets	57,197	774	-	-	6,632	64,603	(1,429)	-	(1,434)	-	2,863	-	64,603
Roads - Other	8,033	329	-	-	(478)	7,884	(519)	-	(521)	-	1,040	-	7,884
Roads - Bridges	52,591	2,353	-	-	(3,527)	51,417	(921)	-	(933)	-	1,854	-	51,417
Land under roads	7,833	-	-	-	-	7,833	-	-	-	-	-	-	7,833
Stormwater	15,433	369	(46)	57	4,277	20,090	(335)	-	(373)	14	694	-	20,090
Sewerage	52,708	1,917	(279)	580	10,657	65,583	(1,149)	-	(1,317)	87	2,379	-	65,583
Water	76,191	2,648	(1,748)	1,367	27,172	105,630	(746)	-	(2,112)	953	1,905	-	105,630
Work in Progress	5,404	9,215	(128)	(2,004)	-	12,487	-	-	-	-	-	-	12,487
Total Infrastructural Assets	1,097,134	22,059	(2,201)	-	186,889	1,303,881	(11,065)	-	(12,678)	1,054	22,689	-	1,303,881
Total Property, Plant and Equipment	1,131,256	27,332	(2,522)	(44)	186,889	1,342,911	(22,112)	-	(13,866)	1,165	22,689	(12,124)	1,330,787

\$44,000 was transferred to intangible assets during the period.

PROPERTY, PLANT AND EQUIPMENT – 2021

	Cost /Valuation					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)	Accumulated depreciation charges 30 June 2021 (\$000)	Carrying amount 30 June 2021 (\$000)
	1 July 2020 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	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	(56)	224	-	15,433	-	-	(369)	34	-	(335)	15,098
Sewerage	51,244	977	(192)	679	-	52,708	-	-	(1,258)	109	-	(1,149)	51,559
Water	72,305	4,518	(2,119)	1,487	-	76,191	-	-	(1,971)	1,225	-	(746)	75,445
Work in Progress	3,853	4,073	(132)	(2,390)	-	5,404	-	-	-	-	-	-	5,404
Total Infrastructural Assets	1,073,964	25,669	(2,499)	-	-	1,097,134	-	-	(12,433)	1,368	-	(11,065)	1,086,069
Total Property, Plant and Equipment	1,104,443	29,938	(3,125)	-	-	1,131,256	(10,027)	-	(13,531)	1,446	-	(22,112)	1,109,144



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 2022 was performed as follows:

- Stormwater, Wastewater, and water infrastructural assets were valued at 30 June 2022 by staff and reviewed by Rationale Limited.
- The roading infrastructural assets (excluding land under roads) were revalued at 30 June 2022 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 2022 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 2022 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.

Changes ahead for three waters

Three Waters Service Delivery Reforms

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibility for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assets required to deliver these services. The bill is currently before Parliament and has been subject to its third reading.

Council continues to recognise its three waters assets at 30 June 2022 in accordance with the accounting policies set out on pages 72 to 73. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water services entities. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

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:

	2022	2021
	\$000	\$000
Land and buildings, including parks and reserves	4,252	4,307
TOTAL	4,252	4,307

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 (2021: \$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 2022 \$000	Additions constructed by Council \$000	Additions transferred to Council \$000	Estimated replacement cost \$000
Water Supply	Treatment plants and facilities	30,246	2,122	39	50,194
Water Supply	Other assets (such as reticulation systems)	75,382	1,629	225	135,764
Wastewater	Treatment plants and facilities	22,930	1,751	42	34,763
Wastewater	Other assets (such as reticulation systems)	42,654	340	363	83,080
Stormwater/Drainage		20,090	195	231	43,593
Roads and Footpaths		1,092,258	7,910	-	1,350,979
Insurance of assets					
Under the LGA 2002, the Council is required to disclose the following information on insurance of assets as at 30 June 2022:					
		2022 Actual \$000	2021 Actual \$000	2020 Actual \$000	
Total value of all assets of the local authority that are covered by insurance contracts			69,025	58,060	66,909
Maximum amount to which they are insured			152,599	151,418	147,205
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>)			140,860	98,592	86,258
Total value of funds maintained for self-insured assets (<u>Underground assets</u>)			498	431	365

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.



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 2020	2,566
Additions	15
Transfer from Work in Progress	
Disposals	-
Intangibles Expensed during the year	(2,566)
Balance at 1 July 2021	15
Additions	55
Transfers from Work in Progress	44
Disposals	
Intangibles Expensed during the year	-
Balance at 30 June 2022	114
Accumulated amortisation	
Balance at 1 July 2020	1,797
Amortisation Expenditure	3
Disposals	-
Amortisation reversed on intangibles Expensed during the year	(1,797)
Balance at 1 July 2021	3
Amortisation Expenditure	20
Disposals	-
Software assets written off during the year	-
Balance at 30 June 2022	23
Net Book Value	
As at 30 June 2021	12
As at 30 June 2022	91

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



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		
	2022	2021
	\$000	\$000
Current		
LGFA	8,140	4,505
Non-Current		
LGFA	29,800	13,542
TOTAL	37,940	18,047

Date Borrowed	Date Maturing	Amount \$000	Interest Rate	Accrued Interest
April 2019	April 2022	2,500	2.44%	12
October 2020	April 2024	2,000	0.74%	3
October 2020	April 2025	2,000	0.78%	3
April 2021	April 2026	2,000	2.56%	10
May 2021	April 2027	2,500	2.63%	13
May 2021	May 2028	2,500	2.85%	9
July 2021	April 2026	2,000	2.40%	10
July 2021	April 2027	2,000	2.48%	10
March 2022	May 2028	2,500	3.90%	12
April 2022	April 2025	1,500	2.29%	7
June 2022	April 2024	2,000	2.62%	1
June 2022	April 2025	2,800	2.66%	
June 2022	April 2026	2,000	2.77%	
June 2022	April 2027	2,000	2.82%	
June 2022	April 2028	2,000	5.21%	
February 2022	August 2022	2,017	1.74%	
March 2022	August 2022	2,522	2.02%	
April 2022	August 2022	1,007	2.1%	
Totals		37,846	2.533%	94

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 (2021: nil). Two bond issues matured during the 2021/22 year: \$2m in August 2021 and \$2.5m in April 2022. During the 2020/21 year there were four bond issues of \$2m each with the following maturity dates and interest rates: August 2021 (0.77%), April 2024 (0.74%), April 2025 (0.78%) and April 2026 (1.06%). There were also two bond issues of \$2.5m each with the following interest rates and maturity dates: April 2027 (1.13%) and May 2028 (1.40%). Two bond issues of \$2m each matured in October 2020 and April 2021.

Interest rates

The weighted average cost of funds for the council's borrowings as at 30 June 2022 is 2.53% (2021: 1.31%). 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 2022, as reflected below:

Internal borrowings	Opening Balance 2021	Borrowed during the Year	Funds Repaid in the Year	Interest Paid in the Year (for information)	Closing Balance 2022
	\$000	\$000	\$000	\$000	\$000
Administration	1,948	1,946	73	30	3,821
Community Services	8,365	8,124	475	125	16,014
Community Leadership	1,833	150	91	28	1,892
Economic Development	697	600	27	11	1,270
Emergency Services	73	-	3	1	70
Water	12,432	3,877	604	189	15,705
Wastewater	2,418	-	134	37	2,284
Stormwater	285	-	37	4	248
Regulatory	197	63	22	3	238
Roading	6,942	109	429	106	6,623
Total	35,191	14,869	1,894	533	48,166

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.

	2022	2021
	\$000	\$000
Financial Assets		
Cash and cash equivalents (AC)	3,973	3,608
Trade and other receivables – Loans and receivables (AC)	4,550	6,343
Other Financial Assets		
Fair value through surplus or deficit - held for trading (FVTPL)	27,750	31,702
Derivative financial instruments	1,649	397
Borrower Notes in LGFA (AFS)	792	357
Available-for-sale financial assets (AFS)	34	33
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	7,476	11,170
LGFA Borrowings (AC)	37,940	18,047
Other Liabilities (AC)	18	58
Derivative Financial Liabilities	-	-

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



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 long term borrowings 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 \$34k (2021: \$33k) 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.

	2022 \$000	2021 \$000
At fair value through surplus or deficit classified as held for trading		
Current		
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,569	3,883
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,314	1,461
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	2,660	3,006
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	8,614	9,785
Wholesale Multi Strategy Fund – Nikko AM	2,148	2,224
Wholesale Multi Strategy Fund – MAR20	1	194
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	5,446	6,228
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	2,685	3,345
Wholesale Property Fund – Unit Trusts – Nikko AM	1,313	1,576
	27,750	31,702
Available-for-sale at fair value:		
Non-Current		
Equity Securities – Civic Assurance	34	33
Borrower Notes in Local Government Funding Agency	792	357
	826	390
Disclosed in the financial statements as:		
Current	27,750	31,702
Non-current	826	390
	28,576	32,092

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 hierarchy for Council is as follows:

	Total	Quoted Market Price 2022 \$000	Observable Inputs 2022 \$000	Significant Non- observable Inputs 2022 \$000
Financial assets at FVTPL				
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,569	-	3,569	-
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,314	-	1,314	-
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	2,660	-	2,660	-
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	8,614	-	8,614	-
Wholesale Multi Strategy Fund – Nikko AM	2,148	-	2,148	-
Wholesale Multi Strategy Fund – MAR20	1	-	1	-
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	5,446	-	5,446	-
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	2,685	-	2,685	-
Wholesale Property Fund – Unit Trusts – Nikko AM	1,313	-	1,313	-
Available for sale financial assets				
Equity Securities – Civic Assurance	34	-	-	34
Borrower Notes - LGFA	792	-	-	792

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



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 not 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.

Fair Value Reconciliation for level 3 shares	2022	2021
	\$000	\$000
Borrower Notes in LGFA and Equity Securities in Civic Assurance		
Balance 1 July	390	144
Gains and losses recognised in the surplus or deficit	-	-
(Losses) / gains recognised in other comprehensive revenue and expense - Civic	1	1
Purchases - LGFA	435	245
TOTAL BORROWINGS	826	390

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.

	2022 \$000	2021 \$000
Cash and cash equivalents	3,973	3,608
Term deposits with maturities of less than three months at acquisition	-	-
Total cash and cash equivalents	3,973	3,608

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 \$18k (2021: \$58k).

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

	2022 \$000	2021 \$000
Trade and other receivables	410	1,357
Rates receivable	641	552
Sub-total – see below	1,051	1,909
Allowance for doubtful debts – see below	(181)	(73)
Net trade and other receivables	870	1,836
NZTA Subsidy	2,237	4,046
GST refundable	1,443	461
Total receivables and prepayments	4,550	6,343
Disclosed in the financial statements as:		
Current	4,550	6,343
Non-current	-	-
Total receivables and prepayments	4,550	6,343
Receivables from non-exchange transactions:		
This includes outstanding amounts for rates, grants, infringements and fees and charges that are partly subsidised by rates.	4,321	5,058
Receivables from exchange transactions:		
This includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates.	229	1,285
	4,550	6,343

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.

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:

	2022 \$000	2021 \$000
Balance at Beginning of year	73	204
Amounts written off during the year		-
Amounts recovered during the year		-
Increase/(decrease) in allowance recognised in Statement of Comprehensive Revenue and Expenditure	108	(131)
DOUBTFUL DEBT PROVISION BALANCE AT END OF YEAR	181	73

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

	2022 \$000	2021 \$000
Payables and accruals under exchange transactions		
Trade and sundry payables	6,084	8,859
Rates in advance	501	446
Deposits and retentions	898	649
Income in advance (Stimulus Funding)	-	1,216
Payables and accruals under non-exchange transactions		
Trade and sundry payables	-	-
TOTAL PAYABLES AND ACCRUALS	7,483	11,170

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

	2022 \$000	2021 \$000
Salary and wage accrual	274	222
Annual leave	614	578
Long service leave	-	-
Retirement gratuities	30	55
TOTAL EMPLOYEE ENTITLEMENTS	918	855

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 Cooe 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% (2021: 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 Cooe Landfill will close when the current consent expires in 2023 but a resource consent extension is in progress.

Landfill aftercare provision

	2022	2021
	\$000	\$000
Balance at beginning of year	897	782
Finance costs – Discount unwind	12	136
Amounts used	(17)	(21)
BALANCE AT END OF YEAR	892	897

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 2022.

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 2022 and 30 June 2021.

Reserves

	2022	2021
	\$000	\$000
Available-for-sale revaluation reserve (a)	1,606	352
Asset revaluation reserve (b)	1,047,447	837,869
Trust Funds (c)	441	434
Reserves (d and e)	49,727	59,147
BALANCE AT END OF YEAR	1,099,221	897,802
	2022	2021
	\$000	\$000
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	352	(77)
Valuation gain/(loss) recognised	1,254	429
Equity securities	-	-
BALANCE AT END OF YEAR	1,606	352

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

	2022 \$000	2021 \$000
Balance at beginning of year	837,869	837,869
Revaluation (decrease) / increase		
- Roding revaluation	162,494	-
- Stormwater revaluation	4,971	-
- Wastewater revaluation	13,036	-
- Water revaluation	29,077	-
BALANCE AT END OF YEAR	1,047,447	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

	Roding \$000	Stormwater \$000	Wastewater \$000	Water \$000	Total \$000
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
Revaluation increase / (decrease)	162,494	4,971	13,036	29,077	209,578
BALANCE AT 30 JUNE 2022	915,795	13,809	49,458	68,385	1,047,447

(c) Trust Funds (restricted)

	2022 \$000	2021 \$000
Balance at beginning of year	434	431
Transfer from/(to) accumulated comprehensive revenue and expenditure		
- Transfer from accumulated comprehensive revenue and expenditure	8	9
- Transfer to accumulated comprehensive revenue and expenditure	(1)	(6)
BALANCE AT END OF YEAR	441	434

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 2021 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2022 \$000
Trust Funds		434	-	8	1	441
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	10	-	-	-	10
George Melville Estate	Trust	165	-	3	-	168
Kate Leslie Trust	Trust	118	-	2	1	119
Elderly Citizens Trust (Lawrence)	Trust	28	-	1	-	29
Clinton Endowment Land	Trust	94	-	2	-	96

(d) Reserves

	2022 \$000	2021 \$000
Balance at beginning of year	59,147	57,871
Transfer from/(to) accumulated comprehensive revenue and expenditure		
- Transfer from accumulated comprehensive revenue and expenditure	4,687	6,516
- Transfer to accumulated comprehensive revenue and expenditure	(11,742)	(9,713)
- Investment Fund Balance	(2,365)	4,473
BALANCE AT END OF YEAR	49,727	59,147

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

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

Fund	Type/ Purpose	Opening Balance 2021 \$000	Transfers into the reserve \$000	Interest Allocated \$000	Transfers out of the reserve \$000	Closing Balance 2022 \$000
Community Leadership		374	27	6	54	352
Election Fund	Spec	52	-	-	36	16
Lawrence/Tuapeka Community Bo:	Spec	35	-	1	-	36
West Otago Community Board	Spec	78	-	1	-	79
Tuapeka Bursary	Spec	29	-	1	4	25
Economic Development	Spec	55	27	1	-	82
Clutha Gold Trail	Spec	38	-	1	14	25
Opportunities Fund	Spec	75	-	2	-	77
Signage	Spec	8	-	-	-	8
Welcome to Signage	Spec	4	-	-	-	4
Internal Services		13	460	4	265	215
Information Technology	Depn	(1,468)	197	(26)	-	(1,297)
Office Computer Equipment	Spec	93	-	2	-	95
Rosebank Terrace Main Office	Depn	325	58	6	110	279
Underground Insurance	Spec	431	57	10	-	498
Human Resources	Spec	19	-	-	-	19
Cars	Spec	240	148	5	155	238
Gratuities	Spec	79	-	1	-	80
G.I.S.	Spec	130	-	3	-	133
District Assets Infrastructure	Spec	2	-	-	-	2
Policy and Communication	Spec	162	-	3	-	165
Roading		5,366	586	106	737	5,321
Roading	Depn	3,427	319	61	737	3,070
Roading – Bridge Lights	Spec	45	-	1	-	46
Balclutha Main Street	Spec	60	-	1	-	61
Deferred Roading	Depn	1,834	267	43	-	2,144
Water		3,653	1,796	43	3,328	2,166
Urban	Depn	(77)	785	-	700	8
Urban	Spec	419	-	9	-	428
Balmoral No. 1	Depn	207	24	1	200	29
Balmoral No. 1	Spec	33	-	-	33	-
Balmoral No. 2	Depn	75	54	1	65	65
Balmoral No. 2	Spec	140	-	1	90	51
Clydevale/Pomahaka	Depn	256	134	2	300	92
Glenkenich	Depn	112	131	3	102	144
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	Transfers into the reserve	Interest Allocated	Transfers out of the reserve	Closing Balance
		Balance 2021 \$000				\$000
Moa Flat	Depn	167	129	1	250	47
Moa Flat Rural Water Scheme	Spec	3	-	-	3	-
North Bruce	Depn	575	112	4	515	176
Richardson	Depn	(323)	136	(10)	300	(497)
Richardson Rural Water Scheme	Spec	532	-	11	-	543
South Bruce	Depn	51	21	-	50	22
Tuapeka RWS	Depn	182	84	3	128	141
Waipahi	Depn	82	28	1	81	36
Waitahuna	Depn	204	51	1	81	36
Wangaloa	Depn	140	14	3	6	151
Stirling Treatment Plant	Depn	28	46	-	74	-
Stirling Water Treatment	Spec	91	-	1	61	31
Kaitangata Treatment Plant	Depn	152	47	1	160	40
Wangaloa Plant Renewal	Spec	16	-	-	-	16
Telemetry	Depn	409	-	8	10	407
Telemetry	Spec	178	-	4	-	182
Wastewater		5,690	988	93	2,100	4,671
Wastewater	Depn	4,751	988	74	2,100	3,713
Wastewater	Spec	939	-	19	-	958
				31		
Stormwater		1,870	322		685	1,538
Stormwater	Depn	1,846	322	31	685	1,514
Stormwater	Spec	24	-	1	-	24
Waste Management		2,145	58	16	1,400	819
Solid Waste	Depn	2,145	58	16	1,400	819
Community Services		5,544	448	88	1,670	4,409
Libraries	Depn	92	137	2	131	100
Service Centres	Depn	105	17	2	-	124
Service Centres	Spec	241	-	5	-	124
Balclutha Pool	Depn	25	53	-	77	1
Kaitangata Pool	Depn	216	-	4	34	186
Kaitangata Pool	Spec	86	-	2	-	88
Lawrence Pool	Depn	141	-	-	143	(2)
Lawrence Pool	Spec	49	-	1	-	50
Milton Pool	Depn	53	25	2	-	80
Reserve Contributions	Spec	79	-	2	-	81



Local government disclosures

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

Fund	Type/ Purpose	Opening	Transfers into the reserve	Interest Allocated	Transfers out of the reserve	Closing Balance
		Balance 2021 \$000				2022 \$000
Parks and Reserves	Depn	89	16	2	-	107
Sports Grounds	Depn	269	-	5	-	275
Grandstand 2000	Depn	159	-	3	-	162
Cemetery	Depn	148	-	3	-	151
Cemeteries	Spec	534	-	10	24	520
Kaitangata Cemetery	Spec	15	-	-	-	15
Lawrence Cemetery	Spec	31	-	1	-	32
Public Conveniences	Depn	121	51	1	100	73
Balclutha Town Hall	Depn	238	-	2	157	83
Balclutha Town Hall	Spec	183	-	4	-	187
Milton Civic Centre	Depn	15	-	-	-	15
Kaitangata Hall	Depn	(225)	-	(5)	-	(230)
Clutha Valley Hall	Depn	50	4	1	-	55
Hillend Hall	Depn	33	3	1	-	37
Kaka Point Hall	Depn	26	7	1	-	34
Lovells Flat	Depn	8	-	-	-	8
Moneymore	Depn	7	-	-	-	7
Owaka Hall	Depn	56	4	-	36	24
Waiholo Hall	Depn	6	-	-	-	6
Waipahi Hall	Depn	14	-	-	-	14
Waitahuna Hall	Depn	204	4	4	-	212
Waiwera Hall	Depn	13	-	-	6	7
Various halls	Depn	161	-	3	-	164
Naish Park Camping Ground	Depn	81	5	2	3	85
Kaka Point Camping Ground	Depn	65	3	1	-	69
Taylor Park Camping Ground	Depn	60	1	-	56	5
Pounaweia Camping Ground	Depn	9	7	-	8	8
Waiholo Camping Ground	Depn	13	-	-	-	13
Community Housing	Depn	852	111	1	895	69
Endowment Land	Spec	624	-	13	-	637
Depots	Depn	370	-	8	-	378
Other Property	Depn	132	-	3	-	135
Dunrobin Recreation Reserve*	Spec	74	-	2	-	76
Parkhill Recreations Reserve Board*	Spec	5	-	-	-	5
Waikoikoi Domain Board*	Spec	17	-	-	-	17
Regulatory and Emergency Services		108	2	2	-	113
Animal Control	Depn	20	2	-	-	22
Regulatory Reserve	Depn	54	-	1	-	55
Civil Defence	Depn	34	1	-	-	35



Local government disclosures

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

Fund	Type/ Purpose	Opening	Transfers into the reserve	Interest Allocated	Transfers out of the reserve	Closing Balance
		Balance 2021 \$000				2022 \$000
Funds Not Specifically Allocated to an Activity Council		34,384	-	(2,758)	1,505	30,120
General Funds	Spec	8,681	-	(3,967)	209	4,505
Serdel – Externally Invested	Spec	4,773	-	-	-	4,773
Forestry Fund – Externally Invested	Spec	6,179	-	84	-	6,263
Investment Fund Balance	Spec	4,880	-	-	876	4,004
Rates Disbursement Reserve	Spec	3,438	-	787	-	4,225
Treasury Return to Balance Reserve	Spec	1,569	-	248	-	1,817
Education Fund	Spec	14	-	-	-	-
Land and Buildings	Spec	212	-	4	-	216
Emergency Fund	Spec	4,428	-	82	420	4,090
Capital Works and Purchases	Spec	149	-	3	-	152
Bulb Growing Project	Spec	3	-	-	-	3
Lawrence Heritage	Spec	30	-	-	-	30
Milton Pipe Band	Spec	-	-	-	-	-
Momona Airport Refund	Spec	28	-	1	-	29
Unrestricted Reserves		59,147	4,687	(2,365)	11,742	49,727

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

Accumulated Comprehensive Revenue and Expenditure

	2022 \$000	2021 \$000
Balance at beginning of year	225,973	222,997
Net Surplus for the year	(11,258)	4,255
Transfer from/(to)		
- Transfer from Reserves	11,742	9,713
- Transfer from Trust Funds	1	6
- Transfer to Reserves to balance investments	2,365	(4,473)
- Transfer to Reserves	(4,687)	(6,516)
- Transfer to Trust Funds	(8)	(9)
BALANCE AT END OF YEAR	224,128	225,973



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.

	2022 \$000	2021 \$000
ROSEBANK INDUSTRIAL SITE		
Opening Balance	1,207	1,207
Plus: Additions in current year	90	113
Less: Amounts expensed due to sale	(631)	-
Add impairment reversal, (Less: Impairment loss)	(90)	(113)
Closing Balance	576	1,207
PLANTATION HEIGHTS		
Opening Balance	1,361	2,303
Plus: Additions in current year	449	509
Less: Amounts expensed due to sale	(1,810)	(1,451)
Closing Balance	-	1,361
ROSEBANK TERRACE SUBDIVISION		
Opening Balance	20	-
Plus: Additions in current year	26	20
Less: Amounts expensed due to sale	-	-
Closing Balance	46	20
STIRLING SUBDIVISION		
Opening Balance	-	-
Plus: Additions in current year	60	-
Less: Amounts expensed due to sale	-	-
Closing Balance	60	-
KAITANGATA HOUSE AND LAND PACKAGE		
Opening amount capitalised	618	345
Plus: Additions in current year	458	630
Less: Amounts expensed due to sale	(784)	(357)
Less: Impairment loss	-	-
Closing Balance	292	618
TOTAL	974	3,206

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 \$96k (2021: \$21k) decrease in surplus and a \$96k (2021: \$21k) 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 \$35k (2021: \$37k). 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 \$2,420k (2021: \$2,783k) 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	Fixed Maturity Dates						Non Interest Bearing	Total
	Average Effective Interest Rate %	Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
2022		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	7,483	7,483
Borrowings	2.53	8,140	4,000	6,300	6,000	6,500	7,000	-	37,940
Other Liabilities	-	-	-	-	-	-	-	18	18
TOTAL		8,140	4,000	6,300	6,000	6,500	7,000	7,501	45,441

2021	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
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

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 F1.

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 2024 and a business MasterCard facility with a limit of \$20k. Interest is charged on a daily basis.

Overdraft facility:	2022 \$000	2021 \$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 F1.

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



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 (2021 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 2022, Clutha District Council is one of 30 local authority shareholders and 69 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 2022, NZLGFA had borrowings totalling \$15,789m (2021: \$13,605m).

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 (2021: \$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

	2022 \$000	2021 \$000
Not later than 1 year	16,028	5,914
Later than 1 year, less than 5 years	35,962	-
Later than 5 years	-	-
	51,990	5,914

Subsequent events

Three Waters Service Delivery Reforms

In June 2022, the Government introduced legislation to establish four publicly owned water services entities to take over responsibility for service delivery and infrastructure from local authorities with effect from 1 July 2024. The impact of these proposed reforms, once legislated, will mean that the Council will no longer deliver three waters services or own the assts required to deliver these services. The legislation bill is currently before Parliament and has been subject to its third reading.

Council continues to recognise its three waters assets at 30 June 2022 in accordance with the accounting policies set out on pages 72 to 73. There has been no adjustment in these financial statements to reflect the expected future transfer of assets to the new water entity. Additional legislation is expected in 2023 that will provide detail on the transfer of assets and liabilities to the water services entities. As further details are established this may require adjustments to Council's three water assets either in respect of disclosure or measurement.

There were no other significant events subsequent to balance date (2021: Nil).

F2 FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL
For the Year ended 30 June 2022

(\$000)	2022 Long Term Plan	2022 Actual	2021 Annual Plan	2021 Actual
SOURCES OF OPERATING FUNDING				
General rates, UAGC's, rates penalties	5,184	5,442	2,710	4,802
Targeted rates	23,295	23,206	24,664	22,732
Subsidies and grants for operating purposes	4,535	5,418	3,787	6,556
Fees and charges	6,119	5,377	863	5,789
Interest and Dividends from Investments	-	407	778	330
Fuel tax, fines, infringement fees and other receipts	200	178	4,566	222
Total operating funding	39,333	40,028	37,368	40,431
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	38,182	42,899	27,093	36,631
Finance costs	689	383	568	338
Other operating funding applications	-	-	-	-
Total applications of operating funding	38,871	43,282	27,661	36,969
SURPLUS (DEFICIT) OF OPERATING FUNDING	462	(3,254)	9,707	3,462
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	6,363	8,325	6,388	11,213
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	21,500	19,893	20,000	9,027
Debt repayments	-	-	(1,552)	-
Gross proceeds from sale of assets / development property	900	202	900	177
Lump sum contributions	-	-	-	-
Total sources of capital funding	28,763	28,420	25,736	20,417
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	840	3	791	-
Capital expenditure to improve the level of service	10,390	16,246	14,871	9,133
Capital expenditure to replace existing assets	19,674	11,295	20,250	20,448
(Increase) decrease in reserves	433	(2,378)	371	(5,702)
(Increase) decrease of investments	(2,112)	-	(840)	-
Total applications of capital funding	29,225	25,166	35,443	23,879
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(462)	3,254	(9,707)	(3,462)
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 2022

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.

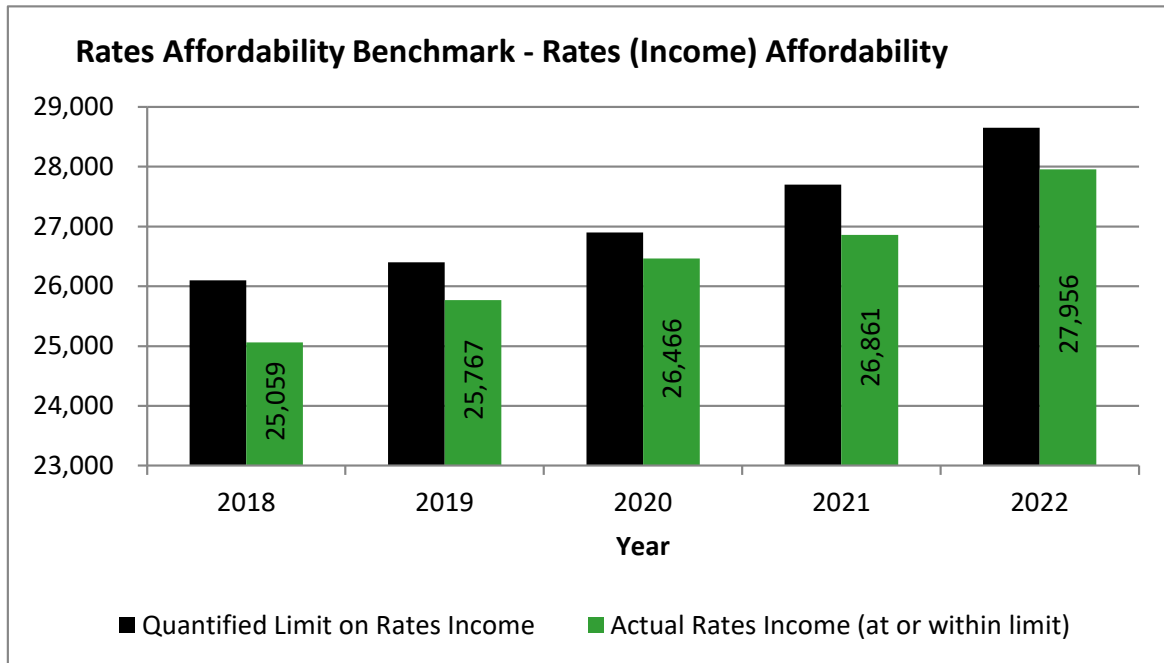
Unless prescribed by the regulations, the quantified limit for the current year benchmark is calculated using financial information disclosed in the long term plan 2021/31 including the prospective financial statements.

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.

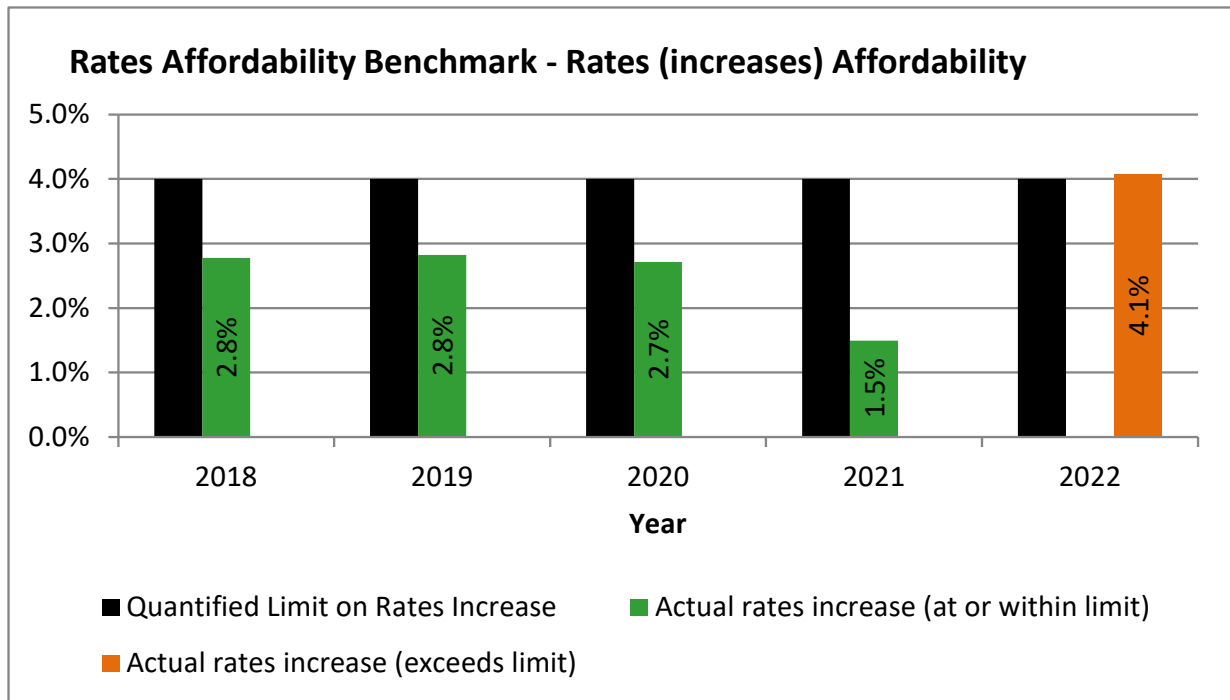
The following graph compares Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in Council's 2021/31 long term plan. The quantified limits are 2018 \$26,100, 2019 \$26,400, 2020 \$26,900, 2021 \$27,700, 2022 \$28,500.



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 2021/31 long term plan. The quantified limit is 4%.

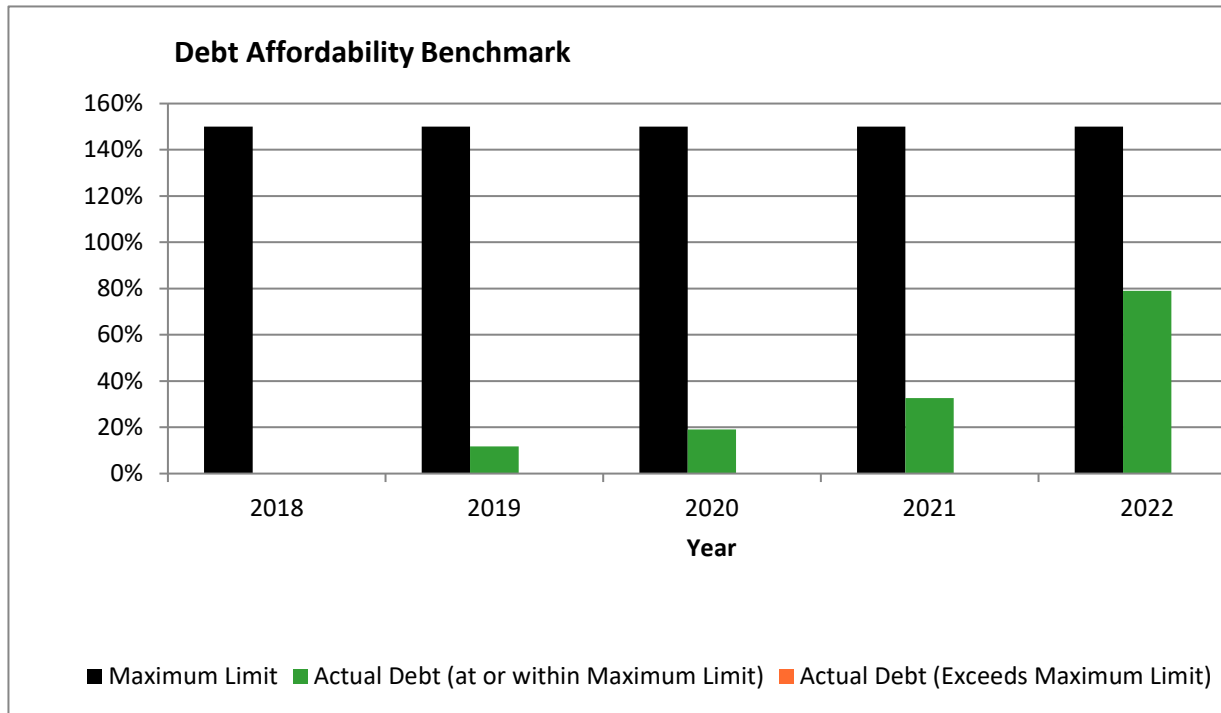


Council rates has exceeded the percentage increase limit set due to higher than expected penalties.

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 2021/31 long term plan. The quantified limit is 175% of annual revenue.

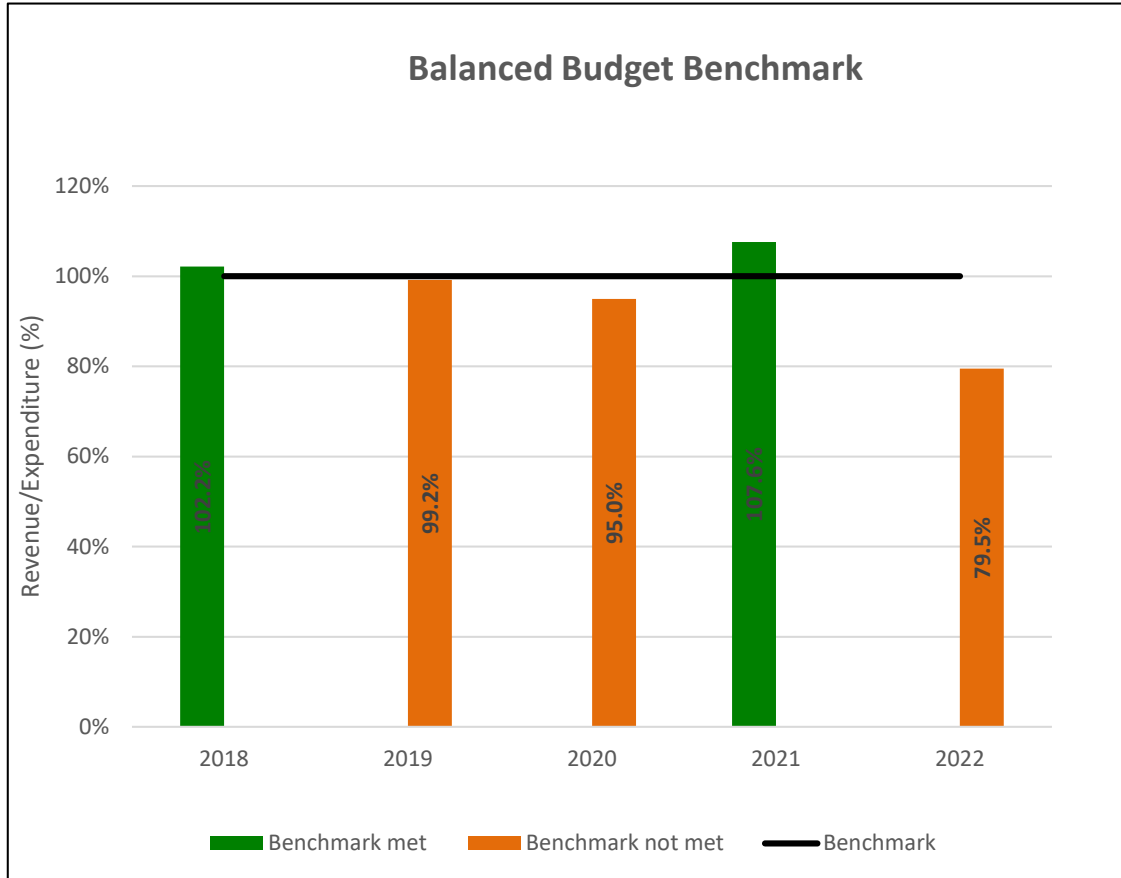


Council now has external public debt and has complied with its debt affordability benchmark.

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).

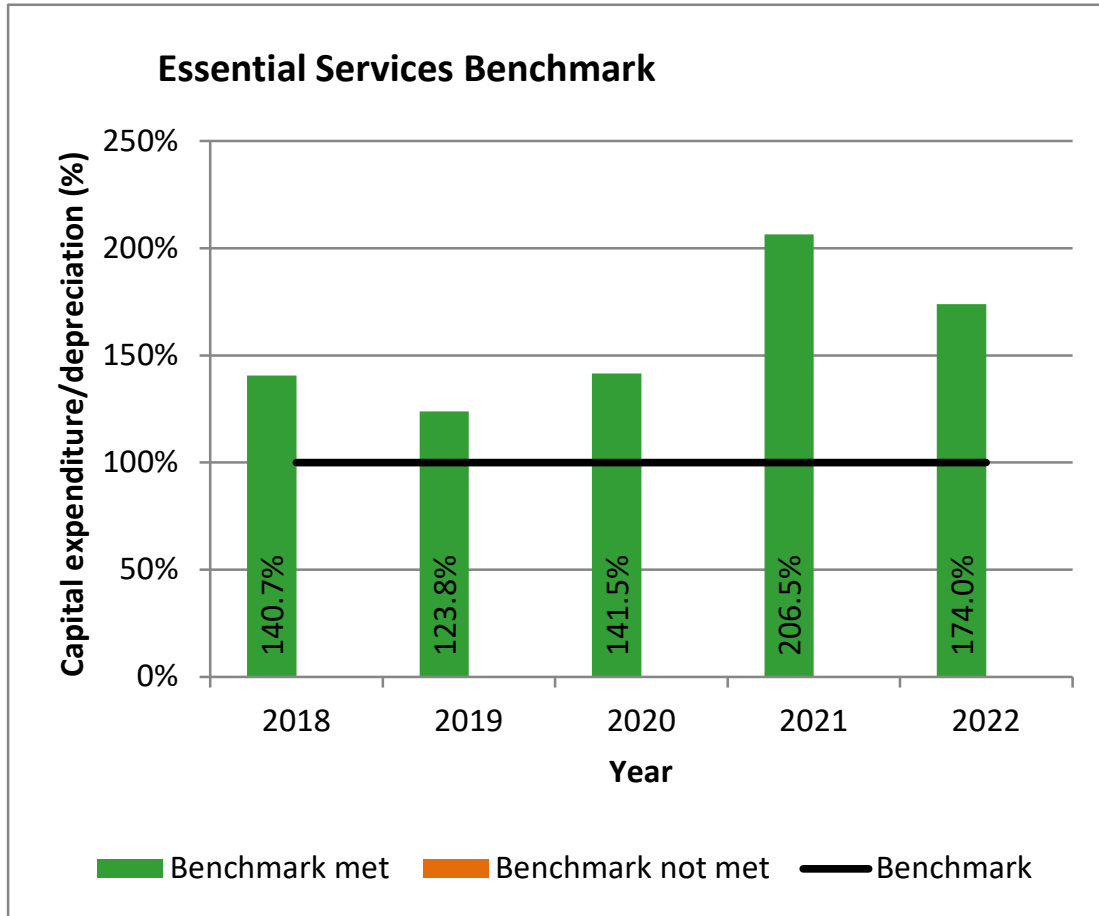
Council meets this benchmark if its revenue equals or is greater than its operating expenditures.



The 2022 benchmark has been affected by the Balclutha Community Hub grant.

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.

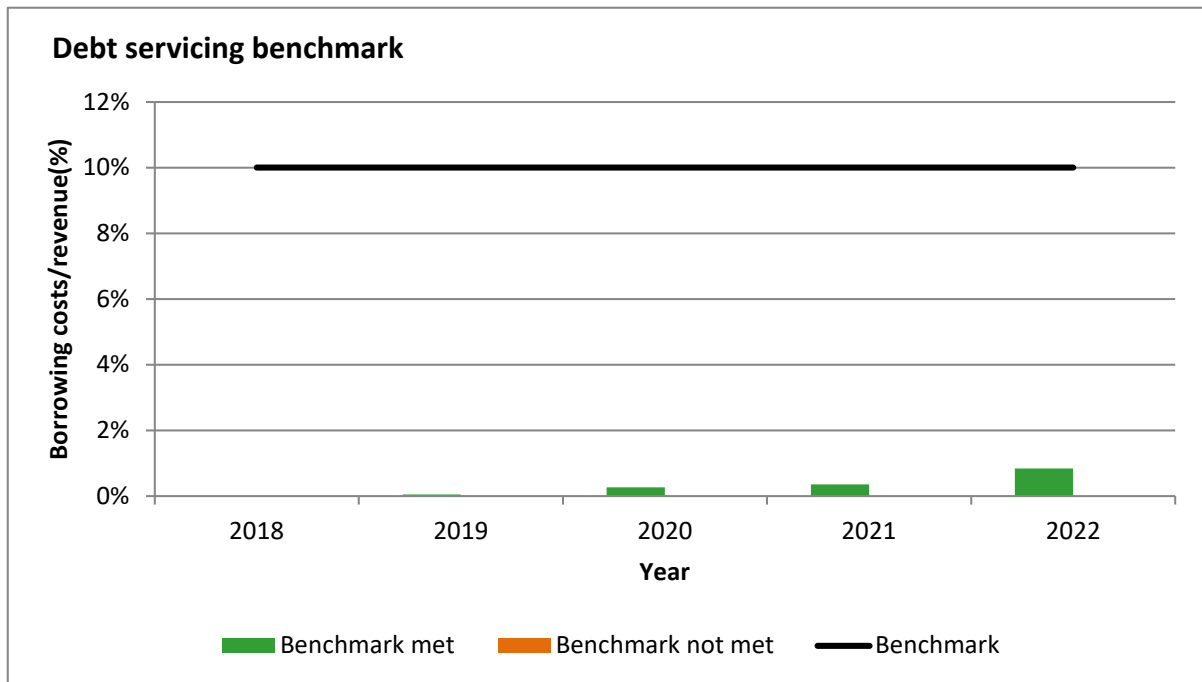


DEBT SERVICING BENCHMARK

The following graph displays Council's 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.

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.



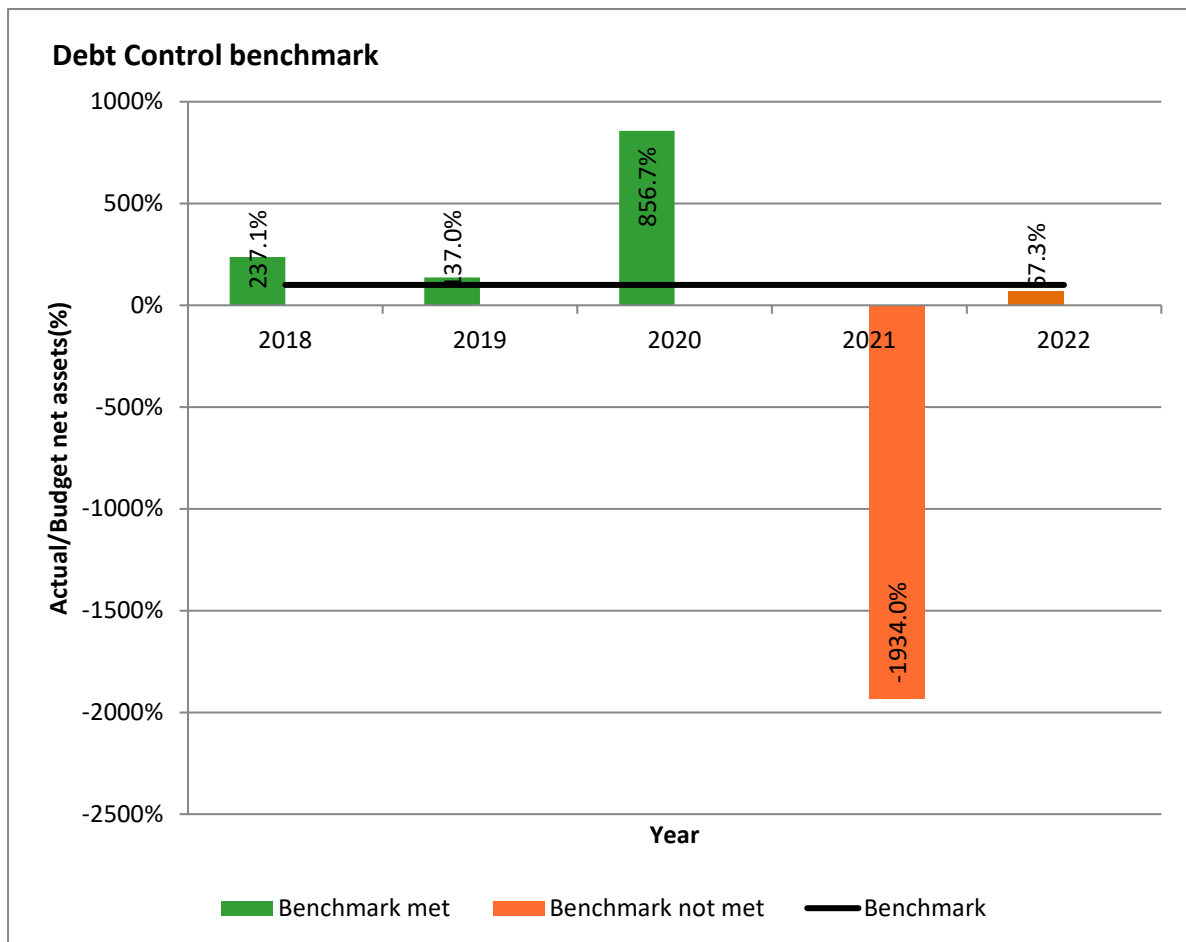
Council now has external public debt.

DEBT CONTROL BENCHMARK

For 2022, 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).

For 2018-2021 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.

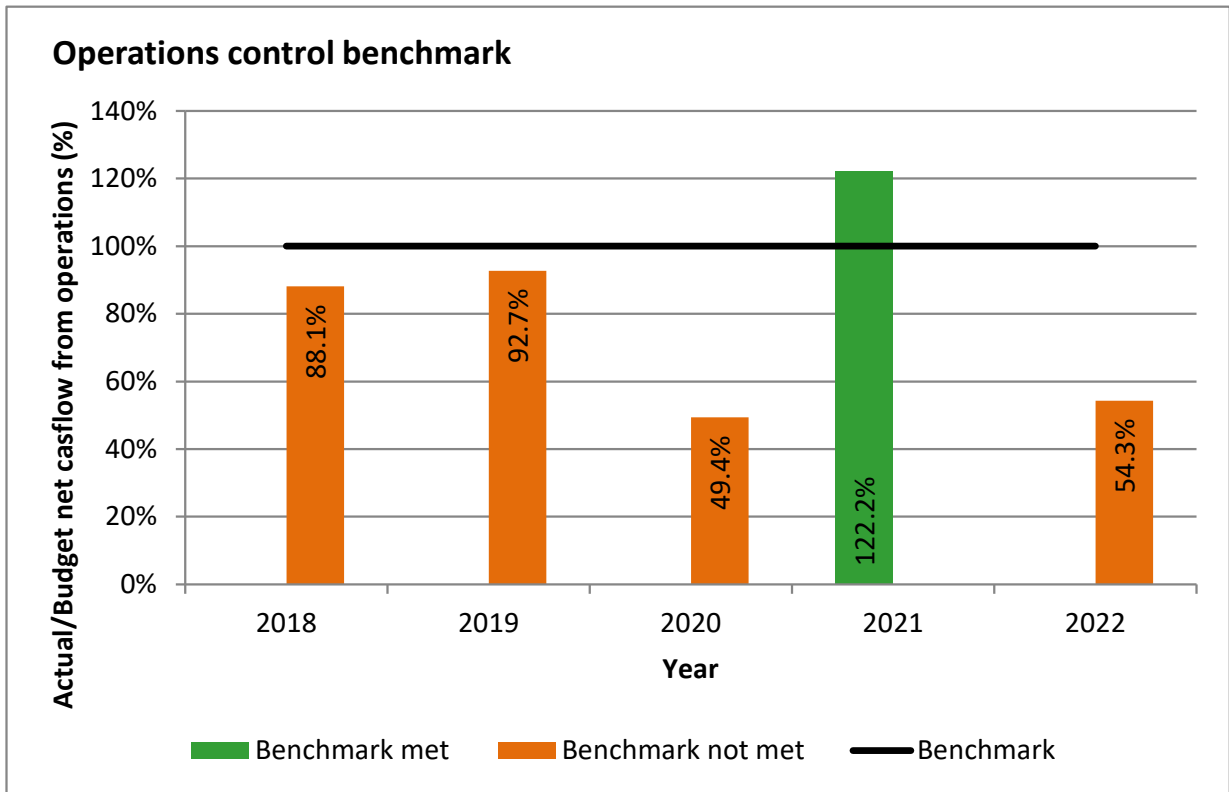


Council has not met this benchmark due to not borrowing as much as planned.

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.



Council did not meet this benchmark mainly due to higher operating and employee costs.