

ANNUAL REPORT 2022/23

Our Place Clutha District



COUNCIL'S REPORTING DOCUMENTS

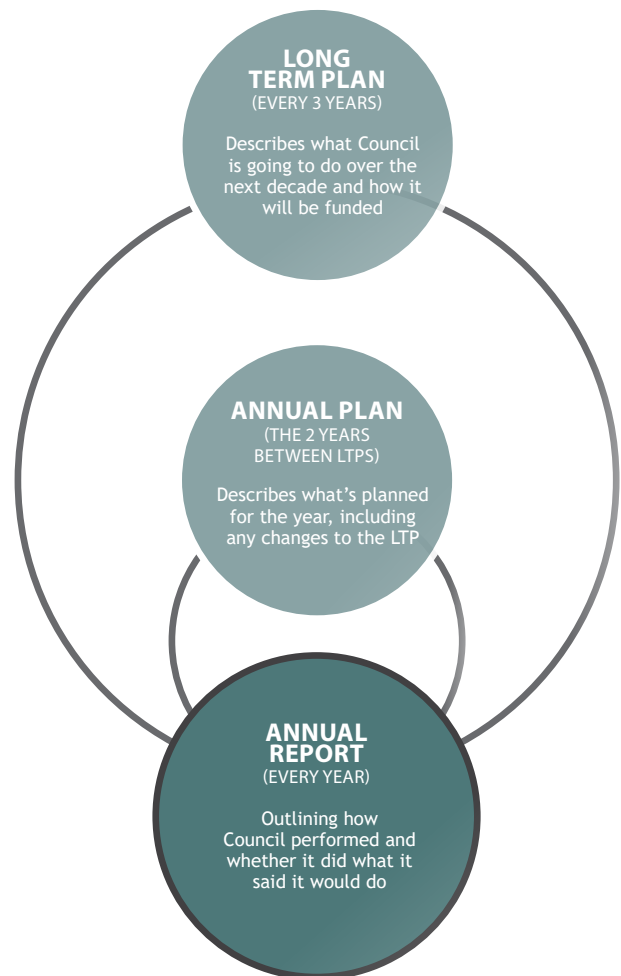
COUNCIL USES A NUMBER OF PLANNING PROCESSES TO REALISE ITS VISION FOR THE DISTRICT AND TO HELP PROVIDE ACCOUNTABILITY TO THE COMMUNITY.

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 2022/23 Annual Plan; and
- to promote Council's accountability to the community for the decisions made throughout the year.



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INTRODUCTION

ANNUAL REPORT 2022/23



MESSAGE FROM THE MAYOR



Welcome to the 2022/23 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.

This is my thirteenth Annual Report, and it is staggering the transformation that the organisation has undergone and the fundamental changes that have taken place. As an organisation we are now equipped with the resources to respond to both our communities needs and Wellington's demands, no easy task, and it comes with a price tag.

The huge changes underline the scale and pace that all councils must now work under. No change has been as stark as the increase in capital spend in Clutha which over the last year has gone from \$27.3M to \$39.7M.

Our debt levels have also increased from \$37.9M in 2022 to \$72.5M this year and are predicted to be \$111.2M to be in line with 2023/24 Annual Plan by next year, primarily driven by the imperative changes in our Three Waters space. By the time you read this report the elections will be over and Council's fate will be clearer. One election outcome will see the transfer of much of this debt to the new water entity, the other outcome will see the debt remain on our books, yet in all this uncertainty all councils are expected to plan and function as normal, an unprecedented and precarious situation. The only certainty is that our environmental obligations and the litigious risk means doing nothing is not an option.

So, let's dig a bit deeper, in tandem with the nationwide Three Waters Reforms there was also major changes on the home front with a mutual agreement by Council and our contractors for early exit from the contract meaning that on July 1st we took all three waters operations in house. This change has allowed us to plot our own course to find resolutions to problems and meet our legal and environmental requirements, this will not happen overnight but we believe the required changes have been implemented with an additional almost 40+ FTE staff and a transition cost that alone was \$1.9M.

Council has been focused in recent years on increasing our capital projects completion rates and it is pleasing to see a marked improvement here from 68% to 79% at a time where

several projects that communities eagerly anticipated were progressed like \$5.6M on the Greenfield Bore, the \$4.4M Glenkenich Treatment plant, Patterson Creek Stormwater at \$1.3M and \$1.4M at the Hub Pump Station to name a few.

Progress has been made on many of our Community Consultation projects with the gorgeous Te Pou O Mata-au now open, Milton's numerous projects like the cycle way, destination toilets, Main Street upgrade, Taylor Park Cabins and the Library/ Swimming Pool all taking shape and some real momentum right around the district as individual communities identify the changes they want to see occur.

Like all New Zealand, Council has struggled to attract staff, this is symptomatic of all employers but the magnitude of change that we have undertaken has exposed us to a challenging market. That said we have now all but completed Three Waters recruitment and have been pleased with the outcomes.

For over a decade Clutha has managed to maintain a 4% rate cap enabling the shift from one of the highest rated districts in the country to now being in the lower quartile but with all the inflationary pressures it is inevitable that this phase has now run its course, that said the intent to maintain the rigour and balance expectations with financial prudence shall remain.

Overall we are proud of our District's achievements and the course that we are collectively plotting. The instability and uncertainty that radiates from Wellington is presently having far too great an impact on all councils, reforms are inevitable, but the degree of uncertainty is unsustainable. This has been a period where Clutha has been swept along by so many external forces, but it's also a time where we can be thankful that we have strategies in place and a strong balance sheet to ensure that we shall prevail.

Onwards and upwards.

Bryan Cadogan
Mayor

Bryan Cadogan
Mayor

Steve Hill
Chief Executive

LIVING & WORKING IN CLUTHA UPDATE

Our 'Living & Working in Clutha' Strategy is one of our key guiding documents. In the current Long Term Plan we gave it a refresh to explain how we're intending to promote the well-being of the Clutha District's communities. It focuses on these priorities we believe have a crucial part to play:

Facilitating More Quality Housing

Clutha District's housing market is under pressure, with the availability of quality housing for both ownership and rental an issue. Demand for social housing is also growing. We are playing an active leadership role to enable housing solutions. This includes continuing to build on partnerships with communities and Central Government. We are looking to continue to facilitate residential development to add more quality housing in the district, whether that be residential subdivisions, or single houses and in-fill development in our towns. This will be a key consideration in work in 2023/24 as part of the development of the Long Term Plan 2024/34.

Filling Our Jobs

We're focused on sustaining and growing businesses by helping fill jobs in the district. For Clutha District this means continuing to provide direct recruitment support for our businesses. Having a vibrant and diverse workforce with the skills to meet the changing needs of the district will be crucial to our success both now and into the future. We see also a key role of Council is to provide supporting infrastructure which enables businesses to flourish.

Improving Health, Safety & Well-Being

Our communities are known for being caring and supportive, with a practical no nonsense approach to addressing issues. We have a relatively small and aging population and our volunteers are increasingly stretched. Drugs and alcohol can cause issues and we lack public transport options. We believe connectivity and access to health services should be a focus.

Supporting Culture & Heritage

We're looking to more actively showcase our culture and heritage to better share and celebrate who we are. Some examples include using innovative ways to make our community stories, objects and records more accessible; and incorporating our local history and culture into community facilities such as halls and public spaces.

Reducing Our Environmental Footprint

We want to help promote a district that plans for a sustainable future, through effective planning of infrastructure, efficient delivery of services, along with protection, maintenance and enhancement of our natural and built environments. Focus areas include waste reduction, water conservation and quality, and protecting and enhancing habitats of local significance. Other initiatives include supporting infrastructure for electric vehicles and reducing greenhouse gas emissions.

LIVING & WORKING IN CLUTHA FRAMEWORK

KEY TO THE WHEEL

- Vision
- Community Outcomes
- Key Priority Area
- Key Strategies & Plans



CONTINUED...

Addressing Climate Change

Climate change will present challenges and opportunities throughout the district. We are working on gathering better information about what we can expect in the coming century. This is providing more detail including 'trigger points'. We can use this information when making decisions, to set us up in the best position possible for the longer term.

Investing In Infrastructure

We continue to look after what we've got and increase levels of service to meet compulsory requirements. Whilst maintaining standards for sewage discharges and drinking water have been challenging with ageing infrastructure, Council has moved to new arrangements to ensure standards are increased as a matter of priority. Importantly, Council will also look at facilitating growth where there is potential for this. For more details refer to the Infrastructure Strategy 2021/51.



MAJOR INFRASTRUCTURE PROJECTS

UPDATING YOU ON OUR MAIN INFRASTRUCTURE PROJECTS FOR 2022/23

SEWERAGE UPGRADES

- \$255k spent on Balclutha treatment plant upgrade.
- \$529k spent on Clinton treatment plant upgrade. Bioshells have been built and are ready to be installed.
- \$675k spent on Waihola treatment plant upgrade. Bioshells have been built and are ready to be installed.
- \$413k spent on BioFiltro and oxidation upgrades in urban areas.
- \$1,422k spent on Hub pump station.
- \$381k spent on Kaka Point and Waihola sewer network upgrades.
- \$155k spent on Lawrence treatment plant compliance upgrades.
- \$455k spent on Kaitangata and Heriot treatment plant upgrade. Bioshells built and installed at Heriot. Bioshells built and ready to install at Kaitangata.

ROADING

- Reseals were completed at a cost of \$1,154k covering 25.1 km of roads.
- Bridge Renewals were completed on Kararo Creek (Bridge 270), Walker Road (Bridge 396) and Gray Road (Bridge 174).
- \$1,929k was spent on unsealed road metalling.
- \$410k was spent on culvert replacement on the unsealed network to improve drainage.
- \$738k was spent on the Milton Main Street streetscape project for preliminary drawings and design.

WATER IMPROVEMENTS

- \$4,447k spent on Glenkenich treatment plant and pipeline renewals.
- \$447k spent on Kaitangata pipeline renewals.
- \$5,591k spent on Greenfield Bore.
- \$1,312k spent on Milton to Waihola Pipeline.
- \$153k spent on urban water treatment compliance upgrades.
- \$235k spent on Tokoiti water network extensions.

STORMWATER IMPROVEMENTS

- \$1,838k spent on catchment upgrades in Tapanui, Clinton and Waihola.
- \$211k spent on upgrades in George and Sandown streets in Waihola.
- \$291k spent on Kaka Point upgrades in Hill Street and The Esplanade.
- \$358k spent on Milton upgrades.
- \$371k spent on Wilson Road upgrades.

SOLID WASTE

- \$771k spent on a Mount Cooee resource consent for the ongoing use and expansion of the Mt Cooee Landfill lodged with the ORC.

COMMUNITY FACILITIES

- \$186k spent on Taylor Park cabins.
- \$386k spent on Toshvale community housing.
- \$778k spent on Destination toilets in Milton and Balclutha.
- \$396k spent on the Milton Community Pool new facility.

FINANCIAL OVERVIEW

2022/23

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 \$1,205k deficit in 2022/23, Council recorded a \$9,225k deficit.

The operating loss for the year was \$8,020k above budget which has been mainly caused by:

REVENUE

- \$665k Mayors Task Force grant not budgeted.
- \$1,000k of 'better off' funding is still to be received.
- Budgeted financial contributions of \$782k have not yet been received.
- Vested assets gained from \$900k subdivision infrastructure.

EXPENDITURE

- Grants paid out on Mayor's Task Force \$327k.
- Additional water operational expenditure of \$1,907k.
- Additional unbudgeted grant to the Hub of \$2,500k.
- Mount Cooe operational costs \$159k above budget.
- Roading repairs \$870k below budget.
- Depreciation \$1,442k over budget mainly due to significant valuation increases.

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

ACTUAL 30 JUNE 2023	BUDGET 30 JUNE 2023	ACTUAL 30 JUNE 2022
(\$,000)	(\$,000)	(\$,000)

SUMMARY STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2023

INCOME

Rates Revenue	29,439	29,609	28,148
Other Operating Revenue	21,546	21,377	21,134
Total Operating Revenue	50,985	50,986	49,282

EXPENDITURE FOR THE YEAR ENDED 30 JUNE 2023

Employee Benefits Expense	8,847	9,217	8,235
Depreciation and Amortisation	16,019	14,578	13,887
Finance Costs	2,509	1,362	448
Other Expenditure	32,835	27,034	36,717
Total Operating Expenditure	60,210	52,191	59,287
Operating Surplus	(9,225)	(1,205)	(10,005)

Gain/(Loss) on unlisted shares	(3)	-	1
Gain on Property, Plant and Equipment Revaluation	19,400	-	209,578
Total Comprehensive Revenue and Expenditure for the year	10,172	(1,205)	199,574

SUMMARY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2023

Equity at the beginning of the year	1,323,349	1,167,880	1,123,775
Total Comprehensive Revenue and Expenditure for the year	10,172	(1,205)	199,574
Equity at the end of the year	1,333,521	1,166,675	1,323,349

EQUITY REPRESENTED BY:

Accumulated Funds	221,608	224,607	225,778
Reserves	1,111,913	942,068	1,097,571

SUMMARY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2023

Current Assets	47,798	35,729	38,896
Non Current Assets	1,373,416	1,219,986	1,331,704
Total Assets	1,421,214	1,255,715	1,370,600
Current Liabilities	28,148	10,975	16,541
Non Current Liabilities	59,545	76,243	30,710
Total Liabilities	87,693	89,040	47,251
Net Assets/Equity	1,333,521	1,166,675	1,323,349

SUMMARY STATEMENT OF CASHFLOWS FOR THE YEAR ENDED 30 JUNE 2023

Net Cashflows from Operating activities	7,356	12,423	3,960
Net Cashflows from Investing activities	(38,831)	(38,197)	(23,448)
Net Cashflows from Financing activities	34,571	26,000	19,853
Net Cashflows for the Year	3,096	226	365

MAJOR VARIANCES TO COUNCIL'S FINANCIAL POSITION COMPARED TO 2022 ACTUALS

- \$750k higher Waka Kotahi subsidy receivable due to year end activity.
- \$2,100k higher Nikko investment balance due to an improvement in the global share markets and interest rate movements.
- \$1,504k higher development property balance due increased activity.
- \$40,852k higher property, plant and equipment balance and revaluation reserve mainly caused by \$19,400k three waters revaluation adjustment.
- \$5,352k higher payables due to higher activity associated with capital projects.
- \$34,576k higher borrowing to reflect capital program completion and funding.

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 2022/23 financial year.

RETURN ON INVESTMENTS

At the close of the 2022/23-year Council's investments rose to \$29.9 M, slightly below the \$30.1 M forecast in the 2021/31 Long Term Plan. There was a loss for 2022 due to lower than budget returns resulting from the impact of Covid on global share and interest markets, however the market and interest rates have improved during 2023 showing improved performance.

CHANGES IN INVESTMENTS 2022/23

(\$M)	ANNUAL PLAN 2022/23	LONG TERM PLAN 2022/23	ACTUAL 2022/23
OPENING	30.5	30.6	27.8
CLOSING	29.0	30.1	29.9
CHANGE	(1.5)	(0.5)	2.1
RETURN (%)	3.4	3.4	7.5

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 \$7,000K below the limit and planned debt levels mainly due to less infrastructure projects completed against projections.

	ANNUAL PLAN 2022/23	LONG TERM PLAN 2022/23	ACTUAL 2022/23
EXTERNAL DEBT (\$M)	79.4	60.4	72.5
DEBT LIMIT(\$M)	89.2	84.0	89.0

LIMITS ON RATES AND RATE INCREASES

Rates are an important source of funding for Council services. The \$29.2M collected in 2022/23 meant an increase on 2021/22 of \$1.3M. This was above the 3.94% projected in the Long Term Plan and the \$29.4M rates cap 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.

	ANNUAL PLAN 2022/23	LONG TERM PLAN 2022/23	ACTUAL 2022/23
FORECAST RATES (\$M)	29.4	29.4	29.4
RATES LIMIT AT 4% (\$M)	29.4	29.4	29.2

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2023

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 26 October 2023. This is the date on which we give our report.

Opinion on the audited information

In our opinion:

- the financial statements on pages 47 to 97:
 - present fairly, in all material respects:
 - the District Council's financial position as at 30 June 2023;
 - 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 98, 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 15 to 44:
 - presents fairly, in all material respects, the District Council's levels of service for each group of activities for the year ended 30 June 2023, 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 17 to 44 presents fairly, in all material respects, actual capital expenditure as compared to the budgeted capital expenditure included in the District Council's Annual Plan; and
- the funding impact statement for each group of activities on pages 17 to 44, 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 99 to 101, 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 – Uncertainty over the water service reform programme

Without modifying our opinion, we draw attention to note B1 on page 71, which outlines developments in the Government's water services reform programme.

The Water Services Entities Act 2022, as amended by the Water Services Entities Amendment Act 2023 on 23 August 2023 and the Water Services Legislation Act 2023 on 31 August 2023, establishes ten publicly owned water services entities to carry out responsibilities for the delivery of three waters services and related assets and liabilities currently controlled by local authorities. Water services entities' establishment dates are staggered, with all the water services entities becoming operational between 1 July 2024 and 1 July 2026. The financial impact of the water services reform on the Council [as outlined in note B1] remains uncertain until the relevant water services entity's establishment date is known, and the allocation schedule of assets, liabilities, and other matters to be transferred is approved.

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 9 and 46, 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 (including International Independence Standards (New Zealand) (PES 1)* 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

for Deloitte Limited

On behalf of the Auditor-General
Dunedin, New Zealand

STATEMENT OF SERVICE PERFORMANCE



ANNUAL REPORT 2022/23



2022/23 IN DETAIL

This section of the Annual Report includes detail about Council's achievements and performance in 2022/23 (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
- Rooding
- Water
- Sewerage
- Stormwater
- Solid Waste
- Community Services
- Regulatory and Emergency Services
- Internal Services

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

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

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

All performance measures were set in 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.

The Long-term Plan describes at least one performance measure and target for each activity. These measures and targets were selected to reflect the level of service being provided and the impact sought by the activity.

Considerations included national requirements (DIA measures) for measurement, whether there was any existing data to ascertain a baseline state and whether the measure and target were practical to monitor.

In terms of measuring, systems were established where no existing systems were in place for capturing the information. Disclosing of progress occurs every quarter through progress reporting on the Long-term Plan to Clutha District Council's Audit and Risk Committee, along with the Annual Report.

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

SUMMARY OF NON-FINANCIAL PERFORMANCE MEASURES

SUMMARY OF KPI TARGETS BY ACTIVITY	YEAR ENDING 30 JUNE 2023			YEAR ENDING 30 JUNE 2022		
	MET	NOT MET	TOTAL	MET	NOT MET	TOTAL
Community leadership	1	1	2	1	1	2
Rooding	2	4	6	2	4	6
Water: urban	9	5	14	7	7	14
Water: rural	6	6	12	4	8	12
Wastewater	7	4	11	8	3	11
Stormwater	7	1	8	8	0	8
Community services	1	1	2	2	0	2
Solid waste	3	0	3	3	0	3
Economic development	1	0	1	0	1	1
Regulatory and emergency services	0	2	2	1	1	2
Internal services	0	2	2	0	2	2
TOTAL	37	26	63	36	27	63
Total percentage	59%	41%	100%	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 2023	TARGET PER LTP/AP 2022	ACTUAL 2023	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%	≥80%	62%	69%
LEVEL OF SERVICE 2: MONITOR RATES AFFORDABILITY AND PROVIDE PRUDENT, EFFECTIVE AND EFFICIENT FINANCIAL MANAGEMENT				
To stay within rates limits (\$m)	29.4	28.3	29.2	27.9

WHAT IT COST FOR COMMUNITY LEADERSHIP IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,108	1,127	1,056
Targeted rates (other than targeted rates for water supply)	252	254	267
Subsidies and grants for operating purposes	-	-	50
Fees, charges and targeted rates for water supply	60	60	62
Internal charges and overheads recovered	205	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,625	1,441	1,435
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,047)	(778)	(1,094)
Finance costs	(19)	(18)	(34)
Internal charges and overheads applied	(553)	(552)	(582)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,619)	(1,348)	(1,710)
SURPLUS (DEFICIT) OF OPERATING FUNDING	6	93	(275)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	85	(71)	(70)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	85	(71)	(70)
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(360)	-	-
Capital expenditure to replace existing assets	-	-	-
(Increase) decrease in reserves	31	42	345
(Increase) decrease of investments	238	(64)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(91)	(22)	345
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(6)	(93)	275
FUNDING BALANCE	-	-	-

¹ The Remuneration Authority increased the level of remuneration paid to Elected Members.

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/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	ACTUAL 2022
LEVEL OF SERVICE 1: SUPPORT THE DISTRICT'S COMMUNITIES AND ECONOMY THROUGH COMMUNITY PLANNING, FACILITATION AND SUPPORT				
Satisfaction with decision-making, leadership and planning of elected members (Council)	100%	100%	100%	50%

MAORI PARTICIPATION IN DECISION-MAKING/IWI LIAISON

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

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

WHAT IT COST FOR ECONOMIC AND COMMUNITY DEVELOPMENT IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN	2023 LONG TERM PLAN	2023 ACTUAL
	\$(000)	\$(000)	\$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	1,323	1,345	1,283
Targeted rates (other than targeted rates for water supply)	-	-	-
Subsidies and grants for operating purposes	-	-	665
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	1,731	1,345	1,948
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,891)	(1,194)	(1,898)
Finance costs	(15)	(19)	(32)
Internal charges and overheads applied	(124)	(112)	(148)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(2,030)	(1,325)	(2,078)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(299)	(20)	(130)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt (Internal debt)	273	(47)	158
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	273	(47)	158
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	26	27	(28)
(Increase) decrease of investments	-	-	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	26	27	(28)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	299	20	130
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 18,532 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 \$1,082 M.

HOW WE PERFORMED IN 2022/23

	TARGET PER LTP/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	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 STE)	≥96%	≥96%	96%	97%
Percentage of the sealed local network that is resurfaced	≥6.7%	≥6.3%	3% ¹	4.6%
% of customer service for roads and footpaths responded to within timeframes	≥95%	≥95%	89% ²	92%
LEVEL OF SERVICE 2: MONITOR SAFETY AND INVEST IN IMPROVING THE ROADING NETWORK				
Number of fatalities and serious injury crashes	≤10	≤10	17 ³	14
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	≥96.6%	≥95.4%	92% ⁴	92%
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.	≥92.2%	≥91.9%	92.3%	92.3%

¹ 30.2km short. Work carried out as sepearable portion to existing contract as no tenders for new contract received.

² Due to staffing shortages.

³ Data as from NZTA's CAS database, with potential lag being no different to previous years. This is only a snapshot as at 6 July 2023.

⁴ Target not readjusted following COVID-19 delays. Through LTP 2021/31 deveopment Council was given options to readjust target or increase budgets. Neither option accepted. Some conditions 5 and 4 footpaths deferred due to utility upgrades pending. No significant footpath deterioration or improvements for 2022/23. Condition assessment due for 30 June 2024.

WHAT IT COST FOR ROADS AND FOOTPATHS IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	62	64	-
Targeted rates (other than a targeted rate for water supply)	7,622	7,756	8,739
Subsidies and grants for operating purposes	4,176	4,471	5,438
Fees, charges and targeted rates for water supply	841	865	192
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	12,701	13,156	14,369
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(6,824)	(6,345)	(8,265)
Finance costs	(98)	(92)	(169)
Internal charges and overheads applied	(2,417)	(2,437)	(1,599)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(9,339)	(8,874)	(10,033)
SURPLUS (DEFICIT) OF OPERATING FUNDING	3,362	4,282	4,336
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	6,363	5,448	4,030
Development and financial contributions	-	-	-
Increase (decrease) in debt	(414)	2,358	95
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	5,949	7,806	4,125
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	(3,382)	(654)
Capital expenditure to replace existing assets	(9,738)	(8,346)	(6,180)
(Increase) decrease in reserves	731	251	(1,627)
(Increase) decrease of investments	(304)	(611)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(9,311)	(12,088)	(8,461)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(3,362)	(4,282)	(4,336)
FUNDING BALANCE	-	-	-

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.

ALUMINIUM

Aluminium testing is a requirement of new drinking water standards introduced in November 2022. We started to see a higher than allowed levels of aluminium in laboratory results from sampling sites for the North Bruce, Moa Flat, and Richardson South water schemes, taken in January and received in February.

In August 2023 an advisory was put in place for South Bruce, including Stirling, Benhar and Cherry Lane in Balclutha after three samples from June and July showed aluminium levels exceeding the drinking water standard.

In September 2023 an advisory was issued for Tapanui after a single exceedance, with a reading of 1.33mg/l taken from the Tapanui Water Treatment Plant on 18 August 2023.

Remediation action taken:

- In response to the Maximum Allowable Value (MAV) exceedance, a 4-week intensive sampling programme is commenced MAV is set by the Water Services Act 2021 and is 1mg/l of aluminium. Samples are collected from the treatment plant and in the reticulation Council initiated the flushing of the reticulated networks as well as reservoir cleaning to remove the build of any contaminants in the network. Clutha distribution networks are routinely flushed every 3 months.

Status on notices

- Aluminium advisory notices are in place for the following schemes

- o North Bruce and Waiholā
- o Puerua, Richardson South and Kaka Point
- o Stirling, South Bruce and Behnar

- Aluminium advisory notices were lifted on 13 October 2023 for the following schemes:

- o Tapanui
- o Moa Flat
- o Waitahuna, Balmoral 1, Balmoral 2 and Tuapeka East

HOW WE PERFORMED IN 2022/23

		TARGET PER LTP/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	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%	100%	0% ¹	81%
Compliance with the NZDW Standards protozoal compliance		≥98%	≥95%	0% ²	49%
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	≤17	8.69	15.2
	Taste	≤3	≤3	0.38	0.95
	Odour	≤2	≤2	0	0.76
	Pressure	≤5	≤5	4.54	9.86
	Continuity	≤30	≤30	27.97	24.08
	Council's response to any of these issues	≤14	≤14	0	0.38
Average consumption of drinking water per resident per day (litres per day)		≤650	≤650	530	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 (hours)	≤2	≤2	4.15 ³	2.15
	Non-urgent (hours)	≤24	≤24	18.75	5.47
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent (hours)	≤12	≤12	24.84 ³	76
	Non-urgent (hours)	≤48	≤48	76.62 ³	96.46
Percentage of real water loss from Council's reticulation system		≤29%	≤29%	28.3%	30.6%

^{1/2} Council has engaged BECA to perform an independent evaluation of compliance with the Drinking Water Standards for New Zealand (DWSNZ) 2005 (revised 2018) and Drinking Water Quality Assurance Rules 2022 (DWQAR) for all its 15 potable water supplies. Please see results and further explanation of this testing on pages 24-25.

³ The contractor had insufficient resources to complete the work and achieve the KPI's set in the contract. New arrangements and targets being put in place for 23/24.

URBAN WATER COMPLIANCE WITH NZDW STANDARDS FOR BACTERIOLOGICAL AND PROTOZOAL COMPLIANCE

For the period 1 July to 31 December 2022, this assessment is against Section 3.1.1 of the DWSNZ and the relevant compliance criteria specified in Parts 4 (bacterial) and 5 (protozoal) of the DWSNZ.

For the period 1 January to 30 June 2023 the assessment has been completed against the DWQAR. BECA has used the rules relating to bacterial and protozoal compliance that are essentially equivalent to those in the DWSNZ. The modules in the DWQAR used to assess bacterial (and protozoal compliance) depend on the size of the water supply and the modules nominated by CDC.

The results of this testing are as below.

1 – Bacteriological Compliance 1 July 2022 to 30 June 2023

Name	Treatment plant	Population	BACTO COMPLIANT? 1 JUL - 31 DEC 2022	BACTO COMPLIANT? 1 JAN - 30 JUN 2023
Balclutha	Balclutha	4002	Yes	No Compliant 180 days out of 181 days. Refer to comments (a) and (e)
Clinton Township	Clydevale-Pomahaka	300	Yes	No Compliant 153 days out of 181 days. Refer to comments (a), (b), (e) and (g)
Kaitangata Township	Kaitangata	780	Yes	No Compliant 179 days out of 181 days. Refer to comments (a), (b), (c) and (e)
Kaka Point Township	Puerua	235	Yes	No Compliant 25 days out of 181 days. Refer to comments (b), (c), (e), (g) and (h)
Lawrence	Lawrence	430	Yes	No Compliant 174 days out of 181 days. Refer to comments (a), (b) and (f)
Milton	Milton + OCF	2529	Yes	No Compliant 173 days out of 181 days. Refer to comments (b), (c), (e) and (g)
Owaka	Owaka	315	Yes	No Compliant 146 days out of 181 days. Refer to comments (d) and (f)
Stirling Township	Stirling	309	Yes	No Compliant 158 days out of 181 days. Refer to comments (a) and (e)
Tapanui	Tapanui	760	Yes	No Compliant 177 days out of 181 days. Refer to comments (b), (c) and (e)
Waiholā Township	North Bruce	430	No Technical non-compliance, 1 sample lost in transit.	No Compliant 24 days out of 181 days. Refer to comments (a), (b), (c), (e), (g) and (h)
	Total	10090	95%	0%

a - UV Non-compliance: The UV dose rate was not maintained for the required period to achieve compliance.

b - FAC Non-compliance: The chlorine dose rate and contact time was not maintained for the required period to achieve compliance.

c - Turbidity Non-compliance: The turbidity in the treated water exceeded the maximum allowable NTU.

d - pH Non-compliance: The pH level in the final water was outside the required range to achieve compliance.

e - Sample Interval Non-compliance: Over the easter long weekend, the days between collected samples exceeded the maximum allowable interval of four days.

f - Sample Weekday Non-compliance: Consecutive samples must not be collected on the same weekday.

g - Chlorine residual in the distribution zone must be above 0.2 mg/l in 85% of all samples collected. Results cannot be less than 0.1 mg/l.

h - Kaka Point and Waiholā have been on a long-term Boil Water Notice due to the inadequate barriers at the treatment plant.

2 – Protozoa; Compliance 1 July 2022 to 30 June 2023

Name	Treatment plant	Population	PROTO COMPLIANT? 1 JUL - 31 DEC 2022	PROTO COMPLIANT? 1 JAN - 30 JUN 2023
Balclutha	Balclutha	4002	Yes	No Compliant 157 out of 181 days. Refer to comments a), b), c), and d)
Lawrence	Lawrence	430	No Compliant 181 days out of 184 and 21 out of 26 samples	No Compliant 174 out of 181 days. Refer to comments a), b), c), and d).
Milton	Milton + OCF	2529	No Compliant 184 days out of 184 days. Process not validated by DWA.	No Compliant 181 out of 181 days. Refer to comments a), f), and g).
Owaka	Owaka	315	No Compliant 184 days out of 184 days and 26 out of 26 samples. Process not validated by DWA.	No Compliant 181 out of 181 days. Refer to comments a), b), c), e), and g).
Tapanui	Tapanui	760	No Compliant 107 days out of 184 days. Process not validated by DWA.	No Compliant 149 out of 181 days. Refer to comments a), d), and g).
	Total	8036	49%	0%

a - 4 Log Protozoal Compliance must be met by all treatment plants within the Clutha District.

b - All Clutha UV units are currently validated to 3 Log Protozoal Removal. The units are to be validated to 4 Log Protozoal Removal; however, strict plant set points must be maintained to achieve continuous compliance.

c - Several sites do not continuously monitor the UVT of the treated water. Units are programmed to be installed at each site to monitor UVT.

d - Balclutha, Lawrence and Tapanui use a multibarrier approach (Filter + UV) to achieve 4 Log Protozoal removal. If either treatment process is compromised, 4 Log Protozoal Removal is difficult to achieve.

e - Owaka relies on UV Treatment to achieve Protozoal Compliance. The UV Unit at the Owaka WTP is currently validated to provide 3 Log Protozoal Removal. Owaka is technically non-compliant until the UV Unit is validated to achieve 4 Log Protozoal Removal.

f - Milton relies on Membrane Filtration to achieve 4 Log Protozoal Compliance. To maintain compliance, the membrane system must complete one integrity test every 24 hours. The integrity test provides assurance that the membrane unit is fully operational.

g - A Boil Water Notice is only considered if there is significant non-compliance at the treatment plant or if E. Coli is detected in the distribution zone.

HOW WE PERFORMED IN 2022/23

		TARGET PER LTP/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	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		94%	80%	0% ¹	39%
Compliance with the NZDW Standards for protozoal compliance		≥66%	≥18%	0% ²	0%
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	≤12	6.52	21.6
	Taste	≤5	≤5	1.78	1.8
	Odour	≤3	≤3	0.59	0.6
	Pressure	≤200	≤200	144.55	291.9
	Continuity	≤200	≤200	237.56 ³	555
	Council's response to any of these issues	≤14	≤14	0	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 (hours)	≤4	≤4	9.22 ³	4.3
	Non-urgent (hours)	≤24	≤24	23.08	17
Median response time (in hours) from notification of fault or unplanned interruption to when personnel confirm resolution:	Urgent (hours)	≤12	≤12	45.34 ³	54
	Non-urgent (hours)	≤48	≤48	55.26 ³	55

^{1/2} Council has engaged BECA to perform an independent evaluation of compliance with the Drinking Water Standards for New Zealand (DWSNZ) 2005 (revised 2018) and Drinking Water Quality Assurance Rules 2022 (DWQAR) for all its 15 potable water supplies. Please see results and further explanation of this testing on pages 27-29.

³ The contractor had insufficient resources to complete the work and achieve the KPI's set in the contract. New arrangements and targets being put in place for 23/24.

RURAL WATER COMPLIANCE WITH NZDW STANDARDS FOR BACTERIOLOGICAL AND PROTOZOAL COMPLIANCE

For the period 1 July to 31 December 2022, this assessment is against Section 3.1.1 of the DWSNZ and the relevant compliance criteria specified in Parts 4 (bacterial) and 5 (protozoal) of the DWSNZ.

For the period 1 January to 30 June 2023 the assessment has been completed against the DWQAR. BECA has used the rules relating to bacterial and protozoal compliance that are essentially equivalent to those in the DWSNZ. The modules in the DWQAR used to assess bacterial (and protozoal compliance) depend on the size of the water supply and the modules nominated by CDC.

The results of this testing are as below.

1 – Bacteriological Compliance 1 July 2022 to 30 June 2023

Name	Treatment plant	Population	BACTO COMPLIANT? 1 JUL - 31 DEC 2022	BACTO COMPLIANT? 1 JAN - 30 JUN 2023
Balmoral 1	Waitahuna	247	No E. Coli detected at the WTP and in the retic.	No Compliant 0 days out of 181 days. Refer to comments b), c), e), g), h), and j).
Balmoral 2	Waitahuna	399	No E. Coli detected at the WTP and in the retic.	No Compliant 0 days out of 181 days. Refer to comments b), c), e), g), h), and j).
Clydevale-Pomahaka	Clydevale-Pomahaka	550	No TNC, Monitoring completed in line with population <500 people.	No Compliant 153 days out of 181 days. Refer to comments a), e), g), and h).
Glenkenich	Glenkenich	705	No E. Coli detected at the WTP and in the retic.	No Compliant 105 days out of 181 days. Refer to comments b), c), e), g), h), and k).
Moa Flat	Moa Flat	534	No TNC, exceeded the max days between samples.	No Compliant 93 days out of 181 days. Refer to comments a), b), c), e), g), h), and i).
North Bruce	North Bruce	658	No TNC, exceeded the max days between samples.	No Compliant 24 days out of 181 days. Refer to comments a), b), c), e), g), h), and i).
Richardson North	Whitlea Road	312	Yes	No Compliant 49 days out of 181 days. Refer to comments b), e), and h).
Richardson South	Puerua	469	Yes	No Compliant 0 out of 181 days. Refer to comments a), b), c), e), g), h), and i).
South Bruce	Stirling	434	Yes	No Compliant 158 days out of 181 days. Refer to comments a), e), and h).
Tuapeka East	Waitahuna	276	No E. Coli detected at the WTP and in the retic.	No Compliant 0 days out of 181 days. Refer to comments b), c), e), g), h), and j).
Tuapeka West	Evans Flat	283	No E. Coli detected at the WTP and in the retic.	No Compliant 0 days out of 181 days. Refer to comments b), f), g), h), and j)

Wangaloa	Kaitangata	50	Yes	No Compliant 147 days out of 181 days. Refer to comments a), b), c), e), and h).
	Total	4917	25%	0%

a - UV Non-compliance: The UV dose rate was not maintained for the required period to achieve compliance.

b - FACE Non-compliance: The chlorine dose rate and contact time was not maintained for the required period to achieve compliance.

c - Turbidity Non-compliance: The turbidity in the treated water exceeded the maximum allowable NTU.

d - pH Non-compliance: The pH level in the final water was outside the required range to achieve compliance.

e - Sample Interval Non-compliance: Over the easter long weekend, the days between collected samples exceeded the maximum allowable interval of four days.

f - Sample Weekday Non-compliance: Consecutive samples must not be collected on the same weekday. Considered a Technical Non-compliance.

g - Chlorine residual in the distribution zone must be above 0.2 mg/l in 85% of all samples collected. Results cannot be less than 0.1 mg/l.

h - A Boil Water Notice is only considered if there is significant non-compliance at the treatment plant or if E. Coli is detected in the distribution zone.

i - Moa Flat, North Bruce and Richardson South have been on a long-term Boil Water Notice due to the inadequate barriers at the treatment plant.

j - Balmoral 1, Balmoral 1, Tuapeka East and Tuapeka West are on a permanent Boil Water Notice due to the inadequate barriers at the treatment plant. These plants will be replaced by the Greenfield Rural Scheme.

k - Glenkenich was on a Boil Water Notice until the end of June 2023. The Boil Water Notice was lifted following the successful commissioning of the new treatment plant.

2 - Protozoal Compliance 1 July 2022 to 30 June 2023

Name	Treatment plant	Population	PROTO COMPLIANT? 1 JUL - 31 DEC 2022	PROTO COMPLIANT? 1 JAN - 30 JUN 2023
Clydevale - Pomahaka	Clydevale - Pomahaka + Clinton	850	No Compliant 182 days out of 184 days. Process not validated by DWA.	No Compliant 181 days out of 181 days. Refer to a), b), c), e), and h).
Evans Flat	Tuapeka West	283	No Compliant 0 days out of 184 days.	No Compliant 0 days out of 181 days. Refer to comments j).
Glenkenich	Glenkenich	705	No Compliant 0 days out of 184 days.	No Compliant 35 days out of 181 days. Refer to comments f), and k).
Kaitangata	Kaitangata + Wangaloa	830	No Compliant 51 out of 52 samples. Compliant 71 days out of 184 days. Process not validated by DWA.	No Compliant 147 days out of 181 days. Refer to comments a), b), c), d), and h).
Moa Flat	Moa Flat	534	No Compliant 0 days out of 184 days.	No Compliant 0 days out of 181 days. Refer to comments a), b), c), d), h), and i).
North Bruce	North Bruce + Waihola	1088	No Compliant 0 days out of 184 days.	No Compliant 0 days out of 181 days. Refer to comments a), b), c), d), h), and i).
Puerua	Richardson South + Kaka Point	704	No Compliant 0 day out of 184 days.	No Compliant 22 days out of 181 days. Refer to comments a), b), c), h), and i).
Stirling	Stirling + South Bruce + Benhar	743	No Compliant 184 days out of 184 days. Process not validated by DWA.	No Compliant 172 days out of 181 days. Refer to comments a), b), c), d), and h).

Waitahuna	Balmoral 1 + Balmoral 2 + Tuapeka East	922	No Compliant 0 out of 184 days.	No Compliant 0 days out of 181 days. Refer to comments g), h), and j).
Whitlea Road	Richardson North	312	No Compliant 184 out of 184 days. Process not validated by DWA.	No Compliant 181 days out of 181 days. Refer to comments f), and h).
	Total	6971	0%	0%

a - 4 Log Protozoal Compliance must be met by all treatment plants within the Clutha District.

b - All Clutha UV units are currently validated to 3 Log Protozoal Removal. The units are to be validated to 4 Log Protozoal Removal; however, strict plant set points must be maintained to achieve continuous compliance.

c - Several sites do not continuously monitor the UVT of the treated water. Units are programmed to be installed at each site to monitor UVT.

d - Kaitangata, Moa Flat, North Bruce, Puerua, Stirling use a multibarrier approach (Filter + UV) to achieve 4 Log Protozoal removal. If either treatment process is compromised, 4 Log Protozoal Removal is difficult to achieve.

e - Clydevale relies on UV Treatment to achieve Protozoal Compliance. The UV Unit at the Clydevale WTP is currently validated to provide 3 Log Protozoal Removal. Clydevale is technically non-compliant until the UV Unit is validated to achieve 4 Log Protozoal Removal.

f - Glenkenich and Whitelea Rd WTPs rely on Membrane Filtration to achieve 4 Log Protozoal Compliance. To maintain compliance, the membrane system must complete one integrity test every 24 hours. The integrity test provides assurance that the membrane unit is fully operational.

g - Waitahuna and Evans Flat do not have sufficient processes in place to achieve 4 Log Protozoal Compliance.

h - A Boil Water Notice is only considered if there is significant non-compliance at the treatment plant or if E. Coli is detected in the distribution zone.

i - Moa Flat, North Bruce and Puerua have been on a long-term Boil Water Notice due to the inadequate barriers at the treatment plant.

j - Waitahuna and Tuapeka West are on a permanent Boil Water Notice due to the inadequate barriers at the treatment plant. These plants will be replaced by the Greenfield Rural Scheme.

k - Glenkenich was on a Boil Water Notice until the end of June 2023. The Boil Water Notice was lifted following the successful commissioning of the new treatment plant.

WHAT IT COST FOR WATER IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rated for water supply)	7,874	8,519	7,555
Subsidies and grants for operating purposes	-	-	476
Fees, charges and targeted rates for water supply	925	1,606	720
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	8,799	10,125	8,751
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(4,706)	(4,937)	(7,166)
Finance costs	(188)	(280)	(400)
Internal charges and overheads applied	(1,018)	(1,030)	(1,734)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(5,912)	(6,247)	(9,300)
SURPLUS (DEFICIT) OF OPERATING FUNDING	2,887	3,878	(549)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	6,083	6,871	17,334
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,083	6,871	17,334
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	(500)	(2,505)	-
Capital expenditure to improve the level of service	(3,901)	(3,768)	(13,011)
Capital expenditure to replace existing assets	(5,002)	(3,667)	(3,153)
(Increase) decrease in reserves	1,257	(343)	(621)
(Increase) decrease of investments	(824)	(466)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(8,970)	(10,749)	(16,785)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(2,887)	(3,878)	549
FUNDING BALANCE	-	-	-

¹ Water operating costs are higher than expected due to higher of consultants during the year.

² Includes work on the Greenfield Bore, Glenkenich Treatment Plant and Milton to Waihola pipeline.

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 2022/23

		TARGET PER LTP/AP 2023	TARGET PER LTP/AP 2022	ACTUAL 2023	ACTUAL 2022
LEVEL OF SERVICE 1: PROVIDE WASTEWATER SERVICES THAT EFFECTIVELY COLLECT AND DISPOSE OF WASTE					
Number of dry weather wastewater overflows expressed per 1,000 sewerage connections to that wastewater system		≤6	≤6	4.19	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	≤2	1.56	1.7
	Confirm resolution of the blockage or other fault	≤8	≤8	12.8 ¹	20.5
Number of complaints per 1,000 connections about any of the following:	Waste odour	≤3	≤3	2.48	1
	Wastewater system faults	≤10	≤10	2.09	1.7
	Wastewater system blockages	≤5	≤5	7.81 ¹	8.3
	Council's response to any of these issues	≤5	≤5	0	1.15
Compliance with Council's resource consents for waste discharge, measured as number of:	Abatement notices	0	0	7 ²	2
	Infringement notices	0	0	5 ³	0
	Enforcement orders	0	0	0	0
	Convictions	0	0	0	0

¹ The contractor had insufficient resources to complete the work and achieve the KPI's set in the contract. New arrangements and targets being put in place for 23/24.

² Wastewater discharge issues with the Kaitangata, Kaka Point, Lawrence, Stirling, Milton, Owaka and Tapanui wastewater treatment plants. Where treated wastewater was not correctly sampled or the sampled discharge did not meet the sufficient parameters as stated with the resource consent.

³ Wastewater discharge issues with Milton, Balclutha, Tapanui, Heriot and Kaitangata wastewater treatment plants. Where contaminants and untreated sewage, wastewater and stormwater were discharged into rivers.

WHAT IT COST FOR WASTEWATER IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	2,964	3,183	2,881
Subsidies and grants for operating purposes	-	-	-
Fees & charges and targeted rates for water supply	228	234	537
Internal charges and overheads recovered	-	-	-
Fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	3,192	3,417	3,418
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,411)	(1,452)	(1,590)
Finance costs	(37)	(42)	(58)
Internal charges and overheads applied	(471)	(476)	(947)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,919)	(1,970)	(2,595)
SURPLUS (DEFICIT) OF OPERATING FUNDING	1,273	1,447	823
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	294	717	885
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	294	717	885
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	(340)	(211)	(381)
Capital expenditure to improve the level of service	(3,229)	(3,425)	(4,087)
Capital expenditure to replace existing assets	(1,762)	(840)	(590)
(Increase) decrease in reserves	3,943	2,301	3,350
(Increase) decrease of investments	(179)	11	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,567)	(2,164)	(1,708)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(1,273)	(1,447)	(823)
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 2022/23

	TARGET PER LTP/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	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	0	0
Number of flooding events that occur in a territorial authority district (i.e. an overflow from a Council stormwater system)	≤23	≤23	6	8
Number of complaints about performance of stormwater systems (per 1,000 connected properties)	≤10	≤10	0	1.5
Median response time (in hours) from notification of fault to when personnel reach the site	<4	<4	21.7 ¹	3.9
Compliance with Council's resource consents for sewerage discharge, measured as number of:	Abatement notices	0	0	0
	Infringement notices	0	0	0
	Enforcement orders	0	0	0
	Convictions	0	0	0

¹ - The contractor had insufficient resources to complete the work and achieve the KPI's set in the contract. New arrangements and targets being put in place for 23/24.

WHAT IT COST FOR STORMWATER IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	-
Targeted rates (other than a targeted rate for water supply)	896	1,003	911
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	896	1,003	911
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(147)	(151)	(217)
Finance costs	(17)	(31)	(6)
Internal charges and overheads applied	(300)	(304)	(536)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(464)	(486)	(759)
SURPLUS (DEFICIT) OF OPERATING FUNDING	432	517	152
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	916	116	1,944
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	916	116	1,944
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(520)	(1,153)	(2,727) ¹
Capital expenditure to replace existing assets	(1,860)	(221)	(731)
(Increase) decrease in reserves	1,198	745	1,362
(Increase) decrease of investments	(166)	(4)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,348)	(633)	(2,096)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(432)	(517)	(152)
FUNDING BALANCE	-	-	-

¹ This includes \$1.3m for Pattersons Creek stormwater lower catchment improvements.

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, Macleannan, 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 2022/23

	TARGET PER LTP/ AP 2023	TARGET PER LTP/ AP 2022	ACTUAL 2023	ACTUAL 2022
LEVEL OF SERVICE 1: PROVIDE REFUSE & KERBSIDE RECYCLING COLLECTION THAT MEETS CUSTOMER EXPECTATIONS				
Resident satisfaction with refuse/recycling service	≥80%	≥80%	90%	91%
LEVEL OF SERVICE 2: MINIMISE THE AMOUNT OF WASTE TO LANDFILL				
Kilogrammes of waste per resident diverted from Mt Cooee landfill (kg)	≥53	≥51	64.22	71
Kilogrammes of waste per resident to Mt Cooee landfill (kg)	≤577	≤607	513.93	545

WHAT IT COST FOR SOLID WASTE IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	72	74	68
Targeted rates (other than targeted rate for water supply)	858	962	1,138
Subsidies and grants for operating purposes	74	416	185
Fees, charges and targeted rates for water supply	808	988	1,150
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	1,812	2,440	2,541
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,657)	(1,931)	(2,508)
Finance costs	-	-	-
Internal charges and overheads applied	(188)	(190)	(427)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(1,845)	(2,121)	(2,935)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(33)	319	(394)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	-	634	-
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	-	634	-
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	-	(736)	(71)
Capital expenditure to replace existing assets	(340)	(986)	(793)
(Increase) decrease in reserves	257	638	1,258
(Increase) decrease of investments	116	121	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	33	(953)	394
SURPLUS (DEFICIT) OF CAPITAL FUNDING	33	(319)	394
FUNDING BALANCE	-	-	-

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, Waiholā, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at Beaumont, Clinton, Crookston, Dunrobin, Heriot, Hina Hina, Kaitangata, Lawrence, Milton, Romahapa, Tahakopa, Taieri Mouth, Toko Mouth, Tuapeka Mouth, Tuapeka West, Waikoikoi and Tapanui.

PUBLIC CONVENIENCES

This involves:

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

CEMETERIES

This involves:

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

COMMUNITY HOUSING & OTHER PROPERTY

This involves:

- Owning and maintaining 98 one bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waihola.
- Other property is owned and maintained by Council for storage of materials and equipment.
- Property which is retained for renting and leasing at market rates with the income used to offset rates.
- Provision of five camping grounds at Kaka Point, Naish Park in Balclutha, Pounaweia, Taylor Park in Milton and Waihola.

CROSS RECREATION CENTRE

This involves:

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

HOW WE PERFORMED IN 2022/23

	TARGET PER LTP/AP 2023	TARGET PER LTP/AP 2022	ACTUAL 2023	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%	87% ¹	90%
LEVEL OF SERVICE: PROVIDE QUALITY COMMUNITY HOUSING UNITS THROUGHOUT THE DISTRICT.				
Proportion of community housing units that meet healthy homes standards	>9%	>0%	100%	64%

¹ Data from the resident satisfaction survey. Not achieved due to low public toilets satisfaction.

WHAT IT COST FOR COMMUNITY SERVICES IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	3,622	3,860	3,757
Targeted rates (other than a targeted rate for water supply)	1,775	1,962	2,134
Subsidies and grants for operating purposes	162	-	482
Fees, charges and targeted rates for water supply	1,250	1,282	2,005
Internal charges and overheads recovered	517	90	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	7,326	7,194	8,378
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(10,674)	(5,662)	(8,329)
Finance costs	(165)	(262)	(394)
Internal charges and overheads applied	(1,505)	(1,515)	(1,411)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(12,344)	(7,439)	(10,134)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(5,018)	(245)	(1,756)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	6,609	1,975	1,157
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	6,609	1,975	1,157
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,026)	(1,188)	(1,179)
Capital expenditure to replace existing assets	(612)	(577)	(1,620)
(Increase) decrease in reserves	(275)	(218)	3,398
(Increase) decrease of investments	322	253	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,591)	(1,730)	599
SURPLUS (DEFICIT) OF CAPITAL FUNDING	5,018	245	1,756
FUNDING BALANCE	-	-	-

¹ Includes \$2.5m for 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 2022/23

	TARGET PER LTP/AP 2023	TARGET PER LTP/AP 2022	ACTUAL 2023	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%	100%	74% ¹	80%
LEVEL OF SERVICE 2: COMPLAINTS ARE PRIORITISED AND RESPONDED TO IN AN EFFICIENT MANNER				
Customer service requests are responded to within targeted time frames.	≥95%	≥95%	86% ²	97%

¹ A proactive approach was employed by the team in 2022/23 to clear older consents that remained on file for some period. Over the past 12 months a majority of these consents were granted or withdrawn.

² Due to a backlog of service requests that were prioritised. Staff have been hired in order to help alleviate this issue and positively impact the 2023/24 numbers.

WHAT IT COST FOR REGULATORY & EMERGENCY SERVICES IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN	2023 LONG TERM PLAN	2023 ACTUAL
	\$(000)	\$(000)	\$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	355	362	337
Targeted rates (other than a targeted rate for water supply)	836	835	1,072
Subsidies and grants for operating purposes	-	-	-
Fees, charges and targeted rates for water supply	1,616	1,663	1,867
Internal charges and overheads recovered	-	-	-
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	-
TOTAL SOURCES OF OPERATING FUNDING	2,807	2,860	3,276
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(1,505)	(1,464)	(1,766)
Finance costs	(5)	(6)	(8)
Internal charges and overheads applied	(1,215)	(1,225)	(1,223)
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(2,725)	(2,695)	(2,997)
SURPLUS (DEFICIT) OF OPERATING FUNDING	82	165	279
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	33	(30)	(24)
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	33	(30)	(24)
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)	-	(55)
(Increase) decrease in reserves	(11)	(88)	(200)
(Increase) decrease of investments	(44)	(47)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(115)	(135)	(255)
SURPLUS (DEFICIT) OF CAPITAL FUNDING	(82)	(165)	(279)
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 2022/23

	TARGET PET LTP/AP 2023	TARGET PER LTP/AP 2022	ACTUAL 2023	ACTUAL 2022
LEVEL OF SERVICE 1: WE HANDLE CUSTOMER REQUESTS FOR SERVICE EFFICIENTLY AND EFFECTIVELY				
Percentage of service requests resolved within timeframes	>95%	>95%	90% ¹	81%
LEVEL OF SERVICE 2: WE DELIVER ON OUR WORK PROGRAMMES				
Percentage of capital projects completed.	80%	75%	74.34% ²	68%

¹ New arrangements and targets are being put in place for 23/24. Up from 81% in 21/22.

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

WHAT IT COST FOR INTERNAL SERVICES IN 2022/23

FUNDING IMPACT STATEMENT FOR THE YEAR ENDED 30 JUNE 2023

	2022 LONG TERM PLAN \$(000)	2023 LONG TERM PLAN \$(000)	2023 ACTUAL \$(000)
SOURCES OF OPERATING FUNDING			
General rates, UAGC's, rates penalties	-	-	62
Targeted rates (other than a targeted rate for water supply)	-	-	-
Subsidies and grants for operating purposes	129	-	418
Fees, charges and targeted rates for water supply	165	170	32
Internal charges and overheads recovered	7,807	7,867	9,387
Local authorities fuel tax, fines, infringement fees and other receipts	-	-	195
TOTAL SOURCES OF OPERATING FUNDING	8,101	8,037	10,094
APPLICATIONS OF OPERATING FUNDING			
Payments to staff and suppliers	(8,117)	(8,051)	(10,540) ¹
Finance costs	(39)	(62)	(2,275)
Internal charges and overheads applied	-	-	-
Other operating funding applications	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	(8,156)	(8,113)	(12,815)
SURPLUS (DEFICIT) OF OPERATING FUNDING	(55)	(76)	(2,721)
SOURCES OF CAPITAL FUNDING			
Subsidies and grants for capital expenditure	-	-	-
Development and financial contributions	-	-	-
Increase (decrease) in debt	1,490	230	222
Gross proceeds from sale of assets	-	-	-
Lump sum contributions	-	-	-
Other dedicated capital funding	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	1,490	230	222
APPLICATIONS OF CAPITAL FUNDING			
Capital expenditure to meet additional demand	-	-	-
Capital expenditure to improve the level of service	(1,654)	(414)	(1,995)
Capital expenditure to replace existing assets	(299)	(283)	(670)
(Increase) decrease in reserves	(139)	(182)	5,164
(Increase) decrease of investments	657	725	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	(1,435)	(154)	2,499
SURPLUS (DEFICIT) OF CAPITAL FUNDING	55	76	2,721
FUNDING BALANCE	-	-	-

¹ Includes payments to consultants in the 3waters area.

FINANCIAL INFORMATION

ANNUAL REPORT 2022/23



ABOUT THIS FINANCIAL SECTION

This section of the annual report contains the financial statements of Clutha District Council for the year ended 30 June 2023.

The Annual Report 2022/23 received an unmodified audit report and was adopted on 26 October 2023.

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 2022/23.

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.

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 2023 presents fairly the financial performance, financial position, and service performance of the Clutha District Council.



Bryan Cadogan
Mayor
Date: 26 October 2023



Steve Hill
Chief Executive
Date: 26 October 2023

STATEMENT OF COMPREHENSIVE REVENUE & EXPENDITURE

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

REVENUE	NOTES	2023 ACTUAL \$000	2023 BUDGET \$000	2022 ACTUAL \$000
Rates	A1	29,439	29,609	28,148
Grants, subsidies and donations	A1	11,889	12,632	13,913
Fees and user charges		1,255	1,738	946
Permits and licences		1,133	977	1,071
Other fees		2,089	1,846	1,312
Rental revenue		1,292	1,219	1,141
Interest revenue		1,133	980	407
Other revenue		714	404	802
Other gains/(losses)	A6	1,967	1,581	(2,039)
Sales of corporate and development property	A8	74	-	3,581
TOTAL REVENUE	A1	50,985	50,986	49,282

EXPENDITURE				
Grants, contributions and sponsorship	A2	3,863	3,325	8,721
Other operating expenditure	A2	20,627	15,999	18,696
Roading repairs and maintenance	A2	8,255	7,710	5,966
Employee benefits	A3	8,847	9,217	8,235
Depreciation and amortisation	A4	16,019	14,578	13,887
Finance costs	A5	2,509	1,362	448
Operating lease payments	A2	19	-	18
Cost of sales of corporate and development property	A8	71	-	3,316
TOTAL EXPENDITURE	A2	60,210	52,191	59,287

SURPLUS (DEFICIT) FOR THE YEAR		(9,225)	(1,205)	(10,005)
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Other Comprehensive Revenue and Expenditure Items that may be reclassified to surplus or deficit:

Fair value on unlisted shares		(3)	-	1
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Items that will not be reclassified to surplus or deficit:

Gain on property, plant, and equipment revaluation	D6	19,400	-	209,578
Total Other Comprehensive Revenue and Expenditure		19,397	-	209,579

TOTAL COMPREHENSIVE REVENUE AND EXPENDITURE FOR THE YEAR		10,172	(1,205)	199,574
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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 2023

	ACCUMULATED FUNDS \$000	RESERVES \$000	TOTAL EQUITY \$000	BUDGET \$000
BALANCE AS AT 1 JULY 2021	226,370	897,405	1,123,775	1,127,743
Surplus	(10,005)	-	(10,005)	(6,316)
Other comprehensive revenue	-	209,579	209,579	-
Total comprehensive revenue and expense for the year	(10,005)	209,579	199,574	(6,316)
Transfers (from)/to reserves	9,413	(9,413)	-	-
BALANCE AS AT 30 JUNE 2022	225,778	1,097,571	1,323,349	1,121,427
BALANCE AS AT 1 JULY 2022	225,778	1,097,571	1,323,349	1,167,880
(Loss)	(9,225)	-	(9,225)	(1,205)
Other comprehensive revenue	-	19,397	19,397	-
TOTAL COMPREHENSIVE REVENUE AND EXPENSE FOR THE YEAR	(9,225)	19,397	10,172	(1,205)
Net transfers (from)/ to reserves	5,055	(5,055)	-	-
BALANCE AS AT 30 JUNE 2023	221,608	1,111,913	1,333,521	1,166,675

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

STATEMENT OF FINANCIAL POSITION

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

ASSETS	NOTES	2023 ACTUAL \$000	2023 BUDGET \$000	2022 ACTUAL \$000
CURRENT ASSETS				
Cash and cash equivalents	D1	7,069	453	3,973
Receivables and prepayments	D2	6,515	5,510	4,550
Other financial assets	C3	29,850	29,016	27,750
Derivative financial instruments	C2	1,887	-	1,649
Development property	D7	2,477	750	974
Total current assets		47,798	35,729	38,896
NON-CURRENT ASSETS				
Property, plant and equipment	B1	1,371,639	1,219,496	1,330,787
Intangible assets	B2	143	50	91
Other financial assets	C3	1,634	440	826
Total non-current assets		1,373,416	1,219,986	1,331,704
TOTAL ASSETS		1,421,214	1,255,715	1,370,600
LIABILITIES				
CURRENT LIABILITIES				
Payables and accruals	D3	12,836	8,041	7,483
Employee entitlements	D4	1,096	756	918
Derivative financial instruments		-	-	-
Borrowings	C1	14,216	4,000	8,140
Total current liabilities		28,148	12,797	16,541
NON-CURRENT LIABILITIES				
Provisions	D5	1,232	790	892
Other liabilities - Mercer Trust		13	58	18
Borrowings	C1	58,300	75,395	29,800
Total non-current liabilities		59,545	76,243	30,710
TOTAL LIABILITIES		87,693	89,040	47,251
NET ASSETS		1,333,521	1,166,675	1,323,349
EQUITY				
Reserves		1,111,913	942,068	1,097,571
Accumulated funds		221,608	224,607	225,778
TOTAL EQUITY		1,333,521	1,166,675	1,323,349

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 2023

	NOTES	2023 ACTUAL \$000	2023 BUDGET \$000	2022 ACTUAL \$000
CASHFLOW FROM OPERATING ACTIVITIES				
Receipts from customers, rates, grants and other services		45,683	50,007	49,103
Interest received		1,133	-	407
Payments to suppliers and employees		(37,299)	(36,222)	(45,114)
Interest expense		(2,161)	(1,362)	(436)
Net cash inflow from operating activities		7,356	12,423	3,960
CASHFLOW FROM INVESTING ACTIVITIES				
Disposal of development property	A8	74	-	3,581
Disposal of property, plant, and equipment		190	-	165
Purchase of property, plant, and equipment		(36,276)	(41,197)	(26,378)
Acquisition of other financial assets		(1,245)	800	(436)
Sale of other financial assets		-	2,200	704
Acquisition of development property		(1,574)	-	(1,084)
Net cash (outflow) from investing activities		(38,831)	(38,197)	(23,448)
CASHFLOW FROM FINANCING ACTIVITIES				
Proceeds from borrowings		34,571	26,000	24,353
Repayment of borrowings		-	-	(4,500)
Total cashflows from financing activities		34,571	26,000	19,853
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		3,096	226	365
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE FINANCIAL YEAR		3,973	226	3,608
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		7,069	452	3,973

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

FOR THE FINANCIAL YEAR ENDED 30 JUNE 2023

	2023 ACTUAL \$000	2022 ACTUAL \$000
(DEFICIT) / SURPLUS FOR THE PERIOD ADD/(LESS) NON-CASH ITEMS	(9,225)	(10,005)
Depreciation and amortisation	16,019	13,886
(Reversal) impairment of development property	-	-
(Gain)/Loss on sale of property, plant and equipment	1,725	945
(Gain)/Loss on write off of software	-	-
Bad-debt write-off	67	108
Discount unwind on landfill provision	348	12
Unrealised (gain)/loss on revaluation of other financial assets to fair value	(1,902)	1,995
Work in progress assets expensed	-	256
Vested assets	(1,789)	(901)
	5,243	6,296
MOVEMENT IN WORKING CAPITAL:		
Trade and other receivables and prepayments	(2,032)	1,685
Trade other payments and accruals	5,359	(3,694)
Employee entitlements	178	63
Provisions	(8)	(17)
	3,497	(1,963)
ITEMS CLASSIFIED AS INVESTING ACTIVITIES:		
Movement in property, plant and equipment included in trade and other payables	(1,381)	(108)
Development properties non-operating activity included in surplus or deficit	(3)	(265)
	(1,384)	(373)
NET CASH INFLOW FROM OPERATING ACTIVITIES	7,356	3,960

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) 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:

- B1 Property, plant, and equipment - fair value of infrastructure assets
- D5 Provisions - landfill aftercare provision

IMPLEMENTATION OF NEW AND AMENDED STANDARDS

Council has adopted all new standards and noted the most significant included:

PBE IPSAS 41 FINANCIAL INSTRUMENTS

PBE IPSAS 41 Financial Instruments was issued in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments and PBE IPSAS 29 Financial Instruments Recognition and Measured. Council adopted IPSAS41 in preparing its 30 June 2023 financial statements.

The main changes under PBE IPSAS 41 are:

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

The adoption of this standard did not have a material impact on the recognition of measurement of financial instruments.

CHANGES IN ACCOUNTING POLICIES

Accounting policies have been changed to incorporate all necessary changes as required by the new PBE standards. No changes to recognition /measurement were required.

STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards and amendments, issued by the New Zealand Accounting Standards Board, but not yet effective and that have not been early adopted, and which are relevant to Council are:

2022 OMNIBUS AMENDMENT TO PBE STANDARDS

This Standard has been issued to amend the relevant Tier 1 and Tier 2 PBE Standards as a result of:

- **PBE IPSAS 16 Investment Property:** The amendments clarify that fair value measurement of self-constructed investment property could begin before the construction is completed.
- **PBE IPSAS 17 Property, Plant and Equipment:** The amendments change the accounting for any net proceeds earned while bringing an asset into use by requiring the proceeds and relevant costs to be recognised in surplus or deficit rather than being deducted from the asset cost recognised.
- **PBE IPSAS 30 Financial Instruments: Disclosures:** The amendment specifically refers to disclosing the circumstances that result in fair value of financial guarantee contracts not being determinable.
- **PBE IPSAS 19 Provisions, Contingent Liabilities and Contingent Assets:** The amendments clarify the costs of fulfilling a contract that an entity includes when assessing whether a contract will be loss-making or onerous (and therefore whether a provision needs to be recognised).

The changes are for financial statements covering periods beginning on or after 1 January 2023.

Disclosure of Fees for Audit Firms' Services - Amendments to PBE IPSAS1, effective for periods commencing 30 June 2024.

Disclosure of Fees for Audit Firms' Services - Amendments to PBE IPSAS1 requires entities to disclose the fees incurred for services received from its audit or review firm and a description of each service, using the following specified categories.

- Audit or review of the financial report
- Other non-audit and non-review services:
 - Audit or review Related Services

- Other Assurance Services Taxation Services
- Other Services

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

The budget figures presented in the financial statements are those included in the 2022/23 Annual 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

A1 REVENUE

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>

Type	Recognition and measurement
Water and wastewater user charges	<p>Water and wastewater revenue comprises the amounts received and receivable at balance date for water supplied to customers or sewerage processed for customers in the ordinary course of business. Water and wastewater revenue includes estimated unbilled amounts for unread meters at balance date. As meter reading is cyclical, management applies judgement when estimating the daily water consumption of customers between readings. Unbilled amounts from the last bill reading date to the end of the month are recognised as revenue.</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	<p>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.</p>
Landfill fees	<p>Fees for disposing of waste at Council's landfill are recognised as waste is disposed by users.</p>
Development property	<p>On earliest of settlement of transaction or unconditional sale and purchase agreement.</p>

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

	NOTES	2023 \$000	2022 \$000
REVENUE FROM NON-EXCHANGE TRANSACTIONS			
REVENUE FROM RATES			
General		5,028	5,250
Targeted		24,698	23,206
Penalties		215	192
Internal		(502)	(500)
Total revenue from rates		29,439	28,148
REVENUE FROM EXCHANGE TRANSACTIONS			
Rental and lease revenue		1,292	1,141
Interest revenue and gain on changes in fair value		3,035	(1,588)
Otago Corrections Facility water		214	393
Development property sales	A8	74	3,581
Other revenue		1,255	946
Total revenue from exchange transactions		5,870	4,473
OTHER REVENUE FROM NON-EXCHANGE TRANSACTIONS			
Grants and subsidies		11,889	13,913
Vested assets	A6	1,789	901
Swimming pool revenue		108	84
Building consents		973	908
Other revenue		917	855
Total other revenue from non-exchange transactions		15,676	16,661
TOTAL REVENUE		50,985	49,282

The annual rates revenue of the council for the year ended 30 June 2023 for the purposes of the Local Government Funding Agency Limited (LGFA) Guarantee and Indemnity Deed disclosure is \$29,726k (2022: \$28,456k). Refer to note F1 for further information on the LGFA guarantees and indemnities.

	NOTES	2023 \$000	2022 \$000
TARGETED RATES ATTRIBUTABLE TO ACTIVITIES:			
Community Leadership		267	252
Internal Services		37	38
Roads and Footpaths		8,739	7,538
Water supply		7,555	7,928
Stormwater		911	903
Wastewater		2,845	2,944
Solid waste		1,138	866
Community services		2,134	1,898
Regulatory and emergency services		1,072	839
		24,698	23,206
GRANTS AND SUBSIDIES:			
NZTA subsidy		9,173	8,821
3 Waters Support funding		1,153	3,910
Mayors' taskforce for jobs		665	500
Other – PGF, NZLPP		898	682
		11,889	13,913

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET FOR THE STATEMENT OF COMPREHENSIVE REVENUE AND EXPENDITURE

Total revenue

Revenue was less than budget by \$106k but within the different categories there was some variance:

- Grants and subsidies were \$743k under budget, mainly due to changes in timing to the Roding programme resulting in roading subsidies being \$1,461k less than budgeted. We are also still to receive \$1m better off funding for Balclutha Streetscape. Grants of \$665k for the Mayor's Task Force and \$476k Stimulus funding were above budget.
- Significant financial contributions budgeted for the Milton to Waihola pipeline have not yet been received (\$782k behind). Sewer connection fees are \$259k above budget due to a connection to Southern Institute of Technology.
- Tourism Infrastructure Funding of \$469k for Destination toilets has been received, Solid Waste sales are behind budget.
- Interest revenue is \$446k below budget and there is a net gain of \$1,665k at fair valuation giving an overall \$1,219k better performance on the Nikko portfolio. The lessening impact of Covid on global share markets and interest rate movements account for most of the variance, that caused a loss in the prior year. Operating interest of \$140k and LGFA interest of \$412k were above budget.
- Other gains are \$149k above budget due to vested assets of \$1,789k, the fair value gain of \$1,665k mentioned above and a net loss on disposal of property, plant and equipment of \$1,725k.

- Corporate and development property now reflects the revenue of \$74k 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:

	2023 \$000	2022 \$000
Number of rating units	11,311	11,233
Total Capital Value of rating units	8,731,226	8,686,051
Total Land Value of rating units	5,588,525	5,578,523

These values are as per the most recent QV valuation dated 10 October 2020.

Breakdown of summary revenue for group of activities

	2023 \$000	2022 \$000
REVENUE		
Roading	9,660	8,958
Water Services - water	1,196	4,448
Water Services - wastewater	537	319
Solid Waste	1,335	938
Community Services - libraries & information centres	146	482
Community Services - swimming pools	12	84
Community Services - parks/reserves/sportsgrounds	124	42
Community Services - halls & community centres	424	31
Community Services - other council property	1,135	997
Community Services - public conveniences	469	83
Community Services - cemeteries	72	61
Regulatory Services - Resource Management	226	169
Regulatory Services - Animal Control	399	309
Regulatory Services - Environmental Health	25	30
Regulatory Services - Building Control	1,144	1,089
Regulatory Services - Alcohol Licensing	72	49
Total activity revenue	16,976	18,089
ADD		
Rates	29,438	28,148
Other Gains/(Losses)	1,967	(2,039)
Sales of corporate and development property	74	3,581
Petrol Tax	195	178
Other revenue	2,335	1,325
	34,009	31,193
TOTAL REVENUE	50,985	49,282

A2 OPERATING EXPENDITURE

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 \$8,151k but within the different categories there was some variance:

- Other operating expenditure is above budget by \$4,987k mainly caused by the following costs above budget:

- Water operational expenditure \$1,907k,
- Operating grants \$3,265k,
- Consultancy \$1,381k,
- IT costs \$347k,
- Mayor's Task Force expenditure \$327k,
- Mount Cooe operational costs \$159k,
- Roothing repairs are \$870k below budget due to timing of contracts.
- Personnel costs are \$370k below budget mainly due to vacancies still being recruited for.
- Depreciation is above budget by \$2,106k mainly due to the impact of significant valuation increases for infrastructural assets as of 30 June 2022 .
- Corporate and development property now reflects cost of sales and impairment losses of \$71k 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.

	2023 \$000	2022 \$000
EXPENDITURE		
Community Leadership - Governance	1,710	1,759
Community Leadership - Community Support	617	1,120
Community Leadership - Economic Development	1,229	1,262
Community Leadership - Culture & Heritage	232	222
Roothing	19,678	16,717
Water Services - water	12,128	8,895
Water Services - stormwater	1,228	831
Water Services - wastewater	4,271	3,403
Solid Waste	2,935	2,163
Community Services - libraries & information centres	2,121	2,060
Community Services - swimming pools	1,178	1,150
Community Services - parks/reserves/sportsgrounds	1,958	1,393
Community Services - halls & community centres	3,048	7,955
Community Services - other council property	941	1,042
Community Services - public conveniences	603	504
Community Services - cemeteries	292	239
Regulatory Services - Resource Management	648	459
Regulatory Services - Animal Control	435	397
Regulatory Services - Compliance	127	143
Regulatory Services - Environmental Health	155	154
Regulatory Services - Building Control	1,368	1,315
Regulatory Services - Alcohol Licensing	123	118
Emergency Services - Civil Defence	140	116
Total activity expenditure	57,165	53,417
ADD		
Additional Depreciation	1,401	1,208
Cost of sales corporate and development property	71	3,316
Forestry Expenditures	11	2
Other Expenditure	2,064	1,844
Internal Rates	(502)	(500)
	3,042	5,870
TOTAL EXPENDITURE	60,210	59,287
OPERATING EXPENDITURES INCLUDE:		
Grants, contributions, and sponsorship	3,863	8,721
Impairment of receivables	67	108
Minimum lease payments for operating leases	19	18
Other operating expenditure	20,627	18,696
Roothing repairs and maintenance	8,255	5,966
Fees paid to elected members	560	519

FEES TO AUDITORS

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

	2023 \$000	2022 \$000
Audit of financial statements and performance information	181	140
Audit of debenture trust and register	3	5
TOTAL FEES TO AUDITORS	184	145

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.

	2023 \$000	2022 \$000
Employee Benefits Expenditure		
Salaries and wages	9,009	8,448
Kiwisaver	241	207
Capitalised salary and wages to roading assets	(403)	(420)
TOTAL EMPLOYEE BENEFITS EXPENDITURE	8,847	8,235

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Employee benefits expenditure

- Employee benefits expenditure of \$8,847k has increased by \$612k from 2022.

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

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

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

	2023 \$000	2022 \$000
COUNCILLORS		
Remuneration	560	519
Full-time equivalent members	15	15
COMMUNITY BOARD MEMBERS		
Remuneration	45	48
Full-time equivalent members	12	12
SENIOR MANAGEMENT TEAM, INCLUDING CHIEF EXECUTIVE		
Remuneration	653	755
Full-time equivalent members	4	4
SEVERANCE PAYMENTS		
For the year ended 30 June 2023 Council made three severance payments of \$47,768, \$27,000 and \$25,000 (2022: \$11,500 and \$56,000).		
REMUNERATION OF ELECTED MEMBERS		
During the year to 30 June 2023, the total remuneration and value of other non-financial benefits received by or payable to the Mayor and other Elected Members were as follows:		
His Worship the Mayor B A Cadogan	125	115
Kevin Barron	19	-
Dane Catherwood	26	25
Stewart Cowie	10	33
Wayne Felts	26	25
Gaynor Finch	34	30
Melinda Foster	8	28
Bruce Graham	34	32
John Herbert	33	33
Michele Kennedy	24	-
Alison Ludemann	32	27
Lloyd McCall	7	25
Dean McCrostie	19	-
Brent Mackie	20	-
Simon McAtamney	19	-
Jock Martin	23	-
Ken Payne	34	32
Carol Sutherland	7	25
Jo-anne Thomson	8	25
Bruce Vollweiler (including hearing fees)	44	39
Selwyn Wilkinson	7	25
Lawrence Tuapeka Community Board		
Roger Cotton	2	
Lindy Chinnery	3	3
Geoff Davidson	6	6
Tim Dickey	3	3
Matthew Little	3	3
Garry McCorkindale	1	3
Suzanne Stephenson	3	3

	2023 \$000	2022 \$000
West Otago Community Board		
Cecil Crawford	4	4
Mark Diamond	3	7
Barbara Hanna	7	7
Sonia Richardson	3	4
Anthony Robertson	1	4
Bruce Robertson	4	4
Linda Roulston	4	4
Suzanne Wink	1	4

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

Remuneration of Employees

At balance date Council employed 98 full time employees compared to 91 in 2022, with the balance of staff representing 22 full time equivalent employees (19 in 2022). 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:

Salary band	2023 No of Employees	2022 No of Employees
<60,000	85	68
60,000-80,000	36	37
80,000-100,000	24	14
100,000-120,000	8	10
120,000-200,000	11	8
260,000-280,000	1	1

Chief Executive

The total remuneration (including any non-financial benefits) paid or payable to the Chief Executive was \$282,250 (2022: \$276,860).

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

Other Transactions Involving Related Parties - 2023

RELATED PARTY ENTITY	RELATIONSHIP TO RELATED PARTY ENTITY	TOTAL PAID BY THE ENTITY TO THE COUNCIL \$	TOTAL PAID TO THE ENTITY BY THE COUNCIL \$	OUTSTANDING BALANCE OWED BY COUNCIL TO THE ENTITY \$	OUTSTANDING BALANCE OWED TO COUNCIL BY THE ENTITY \$
Bryan Cadogan					
Happy You Theatre Company	Trustee		4,900		
Clutha Recreation Centre	Council Representative	2,115	58,328	370	
Dane Catherwood					
Kaka Point Community Centre	Council Representative	98,934	8,393		
Owaka Memorial Community Centre	Council Representative	132,374	34,376	381	
Richardson Rural Water Scheme Committee	Council Representative	744,414	874,618	135,366	
Kaka Point Community Group	Council Representative		304		
Owaka Going Gorward	Council Representative	150	283		250
Kevin William Barron					
Balclutha Bowling Club	Member	1,848			
Wayne Felts					
Fraser ITM	Manager	139	3,908	46	
Sport Clutha Sterring Group	Council Representative	363			
Clutha Parks Trust	Council Representative		157,072		
Gaynor Finch					
Taieri Mouth Amenities Society	Council Representative		20,247		
Waiholo Looking Forward	Council Representative	403	3,061		
Otago Museum Trust Board	Council Representative		138,806		
Clutha Foundation	Council Representative	25	8,721		
Alan Dean McCrostie					
Allandale Park Farm LTD					1,217
Waiholo Looking Forward	Council Representative	403	3,061		
Bruce Roger Graham					
Lovells Flat Community Centre	Council Representative	7,360	5,216		
Moneymore Community Centre	Council Representative	8,224	4,076		
Wangaloa Rural Water Scheme Committee	Council Representative	153,344	178,656	540	
Kaitangata Promotions	Council Representative		80		
John Stephen Herbert					
Glenkenich Rural Water Scheme Committee	Council Representative	721,457	597,016	7,237	
Moa Flat Rural Water Scheme Committee	Secretary	274,914	390,103	23,504	
Brent John Mackie					
Waipahi Community Centre	Council Representative	4,434	2,138	97	
Waiwera Community Centre	Council Representative	48,636	1,565		
Waipahi Rural Water Scheme Committee	Council Representative	113,675	111,430	1,540	
Alison Joan Ludemann					
Clutha Community Health Co Ltd	Council Representative	13			25
Clutha Foundation	Council Representative	25	8,721		
Clutha Health Inc	Council Representative	4,998	561		235
Clutha Development Inc	Council Representative		603,612	133,383	
Clutha Community Hub	Council Representative		2,550,433		
Clutha Parks Trust	Council Representative		157,072		

RELATED PARTY ENTITY	RELATIONSHIP TO RELATED PARTY ENTITY	TOTAL PAID BY THE ENTITY TO THE COUNCIL \$	TOTAL PAID TO THE ENTITY BY THE COUNCIL \$	OUTSTANDING BALANCE OWED BY COUNCIL TO THE ENTITY \$	OUTSTANDING BALANCE OWED TO COUNCIL BY THE ENTITY \$
Kenneth Paul Payne					
Clutha Community Hub	Council Representative		2,550,433		
South Bruce Rural Water Scheme Committee	Council Representative	243,862	201,007		
Clutha Parks Trust	Council Representative		157,072		
Simon Joseph McAtamney					
Clutha Valley Community Centre	Council Representative	16,204	8,933		
Hillend Community Centre	Council Representative	127,739	2,045		
Balmoral 1 Rural Water Scheme Committee	Council Representative	165,708	140,994	4,430	
Balmoral 2 Rural Water Scheme Committee	Council Representative	243,889	293,889		
Clydevale/Pomahaka Rural Water Scheme Committee	Council Representative	364,853	430,133	31,238	
Richardson Rural Water Scheme Committee	Council Representative	398,553	589,443	134,831	
Jason (Jock) Keith Martin					
Tuapeka Rural Water Scheme Committee	Council Representative	301,258	356,802	35,703	
Simpson Park Sport Complex Inc	Council Representative	538			
Bruce Peter Vollweiler					
Project Bruce Charitable Trust	Trustee		60,000		
Tokomairiro Waiora Inc	Trustee & Chair	1,560			
North Bruce Rural Water Scheme Committee	Council Representative	619,487	656,242	6,167	
Taieri Mouth Amenities Society	Council Representative		20,247		
Waiholo Looking Forward	Council Representative	403	3,061		
Michele Lee Kennedy					
Glenkenich Rural Water Scheme Committee	Council Representative	368,556	434,397	2,583	
Moa Flat Rural Water Scheme Committee	Council Representative	274,914	390,103	23,504	
Waipahi Rural Water Scheme Committee	Council Representative	113,675	111,430	1,504	
Clutha Health Inc	Council Representative	4,720	561		235
Barbara Anne Hanna					
West Otago Community Centre	Council Representative	252	197,355		
Bruce Samuel Robertson					
Road Transport Logistics Ltd	Shareholder		64		
Black Gully Recreation Reserve	Council Representative	2,281	3,111	92	
Cecil James Crawford					
Glenkenich Rural Water Scheme Committee	Council Representative	721,457	597,016	7,237	
Linda Rozel Roulston					
Moa Flat Rural Water Scheme Committee	Council Representative	531,522	563,556	27,909	
Sonia Ann Richardson					
West Otago Health Ltd	Employee	213			
Nathaniel Mark Diamond					
Black Gully Recreation Reserve	Council Representative	2,281	3,334	92	

RELATED PARTY ENTITY	RELATIONSHIP TO RELATED PARTY ENTITY	TOTAL PAID BY THE ENTITY TO THE COUNCIL \$	TOTAL PAID TO THE ENTITY BY THE COUNCIL \$	OUTSTANDING BALANCE OWED BY COUNCIL TO THE ENTITY \$	OUTSTANDING BALANCE OWED TO COUNCIL BY THE ENTITY \$
Geoffrey Thomas Davidson					
Tuapeka Rural Water Scheme Committee	Council Representative	590,556	538,541	35,703	
Suzanne Stephenson					
Tuapeka Community Health Company Ltd	Director	441			
Tuapeka Health Inc	Trustee	254			
Simpson Park Sport Complex Inc	Council Representative	861	6,382		
Timothy Russel Dickey					
Fire and Emergency New Zealand	Employee	295			139
Roger James Cotton					
Lawrence Athenaeum and Mining Institute	Chair		500		
Lawrence Heritage and Cultural Charitable Trust	Chair				217
Tuapeka Rural Water Scheme Committee	Council Representative	301,258	356,802	35,703	
Melinda Jane Audrey Foster					
Weatherstons Brewery and Daffodils Trust	Unknown	87			
Lloyd Hugh McCall					
West Otago Health Trust	Unknown	114			
Jo-anne Janetta Thomson					
Clutha Health Incorporated	Trustee	278			
Selwyn John Wilkinson					
Southroads	Contractor	9,986	2,584,692		
Anthony William Robertson					
The Genesis Group	Shareholder/Director		16		
Garry Ian McCorkindale					
Tuapeka Community Health	Director	367			
Tuapeka Health Inc	Trustee	149			

Other Transactions Involving Related Parties - 2022

RELATED PARTY ENTITY	RELATIONSHIP TO RELATED PARTY ENTITY	TOTAL PAID BY THE ENTITY TO THE COUNCIL \$	TOTAL PAID TO THE ENTITY BY THE COUNCIL \$	OUTSTANDING BALANCE OWED BY COUNCIL TO THE ENTITY \$	OUTSTANDING BALANCE OWED TO COUNCIL BY THE ENTITY \$
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	
Taieri Mouth Amenities Society	Council Representative		1,439		
Waihola Looking Forward	Council Representative	849	174,411		
Otago Museum Trust Board	Council Representative		130,641		
Clutha Foundation	Council Representative	29	29		
Milton Coronation Hall Society	Council Representative	6,727	19,090		
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 Joan Ludemann					
Clutha Community Hub Trust	Board Member		7,500,000		
Clutha Development	Council Representative		703,500	90,960	
Kenneth Paul 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			

RELATED PARTY ENTITY	RELATIONSHIP TO RELATED PARTY ENTITY	TOTAL PAID BY THE ENTITY TO THE COUNCIL \$	TOTAL PAID TO THE ENTITY BY THE COUNCIL \$	OUTSTANDING BALANCE OWED BY COUNCIL TO THE ENTITY \$	OUTSTANDING BALANCE OWED TO COUNCIL BY THE ENTITY \$
Jo-anne Janetta Thomson					
Clutha Health Incorporated	Trustee		470		
Bruce Vollweiler					
Project Bruce Charitable Trust	Trustee		60,000		
Tokomairiro Waiora Inc	Trustee & Chair	391			
Selwyn Wilkinson					
Southroads	Contractor	14,785	6,601,602	629,101	1,203
Barbara Hanna					
West Otago Community Centre	Member	130	63,442		
West Otago Theatrical Society	Member	63	19,721		
Antony Robertson					
Ideal Print and Design	Shareholder & Director		4,103	509	
Gary McCorkindale					
Tuapeka Community Health	Director	204			104
Suzanne Stephenson					
Tuapeka Community Health Company Ltd	Director		62,152	350	
Tuapeka Health Inc	Trustee		17,842		
Stephen Halliwell					
Workingsmarter Ltd	Shareholder & Director		12,153	424	

A4 DEPRECIATION AND AMORTISATION

ACCOUNTING POLICY

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

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

Depreciation and Amortisation Expenditure

	NOTE	2023 \$000	2022 \$000
Depreciation of property, plant, and equipment	B1	15,973	13,867
Amortisation of intangibles	D2	46	20
TOTAL DEPRECIATION AND AMORTISATION		16,019	13,887

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Depreciation and amortisation

- Depreciation is above budget by \$2,106k, mainly due to the impact of significant valuation increases for infrastructural assets as of 30 June 2022.

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	2023 \$000	2022 \$000
Roading	9,645	8,877
Water	2,828	2,112
Wastewater	1,676	1,317
Stormwater	469	373
Community Services	750	713
Solid waste management	175	68
Regulatory and emergency services	5	5
Internal Services	471	422
TOTAL DEPRECIATION AND AMORTISATION (NOTES B1 & BW)	16,019	13,887

A5 FINANCE COSTS

ACCOUNTING POLICY

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

Finance costs

	2023 \$000	2022 \$000
Bank	-	39
Local Government Funding Agency	2,161	397
Discount unwind on landfill provision	348	12
TOTAL FINANCE COSTS	2,509	448

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

	2023 \$000	2022 \$000
Vested assets	1,789	901
Net loss on disposal of property, plant and equipment	(1,724)	(945)
Net gain (loss) on changes in fair value of financial assets at fair value through surplus or deficit	1,902	(1,995)
TOTAL NET OTHER GAINS AND LOSSES	1,967	(2,039)

EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Net other gains and losses

- Vested assets amounted to \$1,789k mainly due to Telford Pump Station wastewater assets that were vested during 2022/23. Budget was zero.

- There was an unrealised gain of \$1,902k due to the lessening impact of Covid on global share markets and interest rates on the Nikko Investment portfolio, which had caused a loss in the prior year. Budget was zero.

A7 INCOME TAX

ACCOUNTING POLICY

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

A8 CORPORATE AND DEVELOPMENT PROPERTY

	2023 \$000	2022 \$000
REVENUE		
Proceeds Rosebank Industrial	-	632
Proceeds Plantation Heights	-	2,157
Proceeds Kaitangata Development Property	74	792
Proceeds Other	-	-
TOTAL REVENUE CORPORATE AND DEVELOPMENT PROPERTIES	74	3,581
EXPENDITURE		
Cost of sales Rosebank Industrial – including impairment	-	721
Cost of sales Plantation Heights	-	1,808
Cost of sales Kaitangata Development property	71	787
Cost of sales Other	-	-
TOTAL REVENUE CORPORATE AND DEVELOPMENT PROPERTIES	71	3,316
GAIN / (LOSS) ON DISPOSAL OF CORPORATE AND DEVELOPMENT PROPERTIES		
Gain / (Loss) Rosebank Industrial	-	(89)
Gain / (Loss) Plantation Heights	-	349
Gain / Loss Kaitangata Development Property	3	5
Gain / (Loss) Other	-	-
TOTAL NET GAIN / (LOSS) ON DISPOSAL OF CORPORATE AND DEVELOPMENT PROPERTIES	3	265

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

B1 PROPERTY, PLANT AND EQUIPMENT

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 2023	Cost/ Valuation 1 July 2022 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	Revaluation (\$000)	Cost / Valuation 30 June 2023 (\$000)	Accumulated depreciation charges 1 July 2022 (\$000)	Impairment losses charged in Statement of Financial Performance (\$000)	Depreciation expense (\$000)	Accumulated depreciation reversed on disposal (\$000)	Accumulated depreciation charges 30 June 2023 (\$000)	Carrying amount 30 June 2023 (\$000)
Operational Assets At Cost												
Land	3,019	-	-	-	-	3,019	-	-	-	-	-	3,019
Buildings	17,876	669	-	70	-	18,615	(5,371)	-	(362)	-	(5,733)	12,882
Land - restricted	1,457	-	(6)	364	-	1,815	-	-	-	-	-	1,815
Buildings - restricted	4,407	856	-	984	-	6,247	(1,612)	-	(103)	-	(1,175)	4,532
Furniture and equipment	1,906	155	-	-	-	2,061	(1,477)	-	(140)	-	(1,617)	444
Plant and motor vehicles	5,289	1,218	(81)	47	-	6,470	(2,830)	-	(642)	63	(3,409)	3,061
Library Books	1,231	111	-	-	-	1,342	(834)	-	(108)	-	(942)	400
Work in progress	3,848	3,377	(292)	(1,470)	-	5,463	-	-	-	-	-	5,463
TOTAL OPERATIONAL ASSETS	39,030	6,386	(379)	(5)	-	45,032	(12,124)	-	(1,355)	63	(13,416)	31,616
Infrastructural Assets												
Roads - Formation	651,088	75	-	-	-	651,163	-	-	-	-	-	651,163
Roads - Pavements (sealed)	229,281	1,725	-	-	-	231,006	-	-	(4,746)	-	(4,746)	226,260
Roads - Pavements (unsealed)	87,895	2,026	-	-	-	90,011	-	-	(1,500)	-	(1,500)	88,511
Roads - other roading assets	64,603	227	-	-	-	64,830	-	-	(1,766)	-	(1,766)	63,064
Roads - other	7,884	468	-	-	-	8,352	-	-	(570)	-	(570)	7,782
Roads - Bridges	51,417	1,659	-	-	-	53,076	-	-	(1,063)	-	(1,063)	52,013
Land under roads	7,833	-	-	-	-	7,833	-	-	-	-	-	7,833
Stormwater	20,090	516	(124)	485	1,242	22,209	-	-	(469)	67	-	22,209
Sewerage	65,583	3,483	(757)	605	6,255	75,169	-	-	(1,676)	314	-	75,169
Water	105,630	3,763	(2,741)	6,949	8,675	122,276	-	-	(2,828)	1,365	-	122,276
Work in Progress	12,487	19,362	(71)	(8,039)	-	23,739	-	-	-	-	-	23,739
TOTAL INFRASTRUCTURAL ASSETS	1,303,881	33,304	(3,693)	-	16,172	1,349,664	-	-	(14,618)	1,746	(9,645)	1,340,019
TOTAL PROPERTY, PLANT AND EQUIPMENT	1,342,911	39,690	(4,072)	(5)	72,738	1,394,696	(12,124)	-	(15,973)	1,809	(23,061)	1,371,639

2022	Cost/ Valuation 1 July 2021 (\$000)	Additions (\$000)	Disposals (\$000)	Transfers (\$000)	Revaluation (\$000)	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)
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 - Pavements (sealed)	157,158	3,312	-	-	68,811	229,281	(3,736)	(3,758)	-	7,494	-	229,281	
Roads - Pavements (unsealed)	82,798	974	-	-	4,213	87,895	(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	(2,552)	(44)	186,889	1,342,911	(22,112)	(13,866)	1,165	22,689	(12,124)	1,330,787	

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 2023 was performed as follows:
- Stormwater, sewerage, and water infrastructural assets were revalued at 30 June 2023 by Rationale Limited.
- The roading infrastructural assets (excluding land under roads) were revalued at 30 June 2022 by Stantec, with a desktop valuation assessment performed for 30 June 2023 showing no material change.

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 Council physical works contract payments, and unit rates from surrounding districts. These rates were analysed to:
 - Benchmark Council's 30 June 2023 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 2023 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

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

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

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

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

WATER SERVICES REFORM PROGRAMME

The New Zealand government is implementing a water services reform programme that is intended to ensure all New Zealanders have safe, reliable, and affordable water services. This will be achieved by establishing ten publicly-owned water services entities, from 1 July 2024 to 1 July 2026. These entities will be responsible for the delivery of drinking water, wastewater and stormwater services across New Zealand instead of 67 councils who currently provide these services. The reform is enacted by three pieces of legislation.

- The Water Services Entities Act 2022 contains the water entities-ownership, governance, and accountability arrangements. This act received royal assent on 14 December 2022 and an accompanying amendment bill received royal assent on 22 August 2023 and came into effect the following day. It establishes ten water services entities based on existing regional boundaries. It also provides for every territorial authority to be represented on the regional representative group of their entity, together with an equal number of mana whenua representatives, and introduces a staggered approach to establish the entities, with all entities going live between 1 July 2024 and 1 July 2026.
- The Water Services Legislation Act provides water services entities with the necessary legislative functions, responsibilities, and powers to be fully operational from their 'go live' date. It received royal assent on 30 August 2023 and came into effect the following day.
- The Water Services Economic Efficiency and Consumer Protection Act provides the economic regulation and consumer protection frameworks for water services. It received royal assent on 30 August 2023. The consumer protection framework will come into force on 1 July 2024 and the rest of the Act came into force on 31 August 2023.

The National Transition Unit within the Department of Internal Affairs issued draft transfer principles and associated guidance in December 2022. These principles may be amended with the passing of the three acts mentioned above. Due to the timing of these legislative changes, the lack of clarity of which assets and functions will transfer and a range of decisions still to be made under the new legislation the financial impact of the transfers cannot be determined with certainty.

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:

	2023 \$000	2022 \$000
Land and buildings, including parks and reserves	6,347	4,252
TOTAL	6,347	4,252

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 (2022: \$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 2023	Additions constructed by Council	Additions transferred to Council	Estimated replacement cost
		\$000	\$000	\$000	\$000
Water supply	Treatment plants and facilities	40,358	9,224	-	61,717
Water supply	Other assets (such as reticulation systems)	81,918	1,304	184	148,533
Wastewater	Treatment plants and facilities	27,254	2,380	646	40,765
Wastewater	Other assets (such as reticulation systems)	47,916	127	936	93,659
Stormwater/drainage		22,209	977	24	49,182
Roads and footpaths		1,088,793	6,180	-	1,434,916

Estimated replacement cost is stated as per most recent valuations for water (30 June 2023) and Roading (30 June 2022).

INSURANCE OF ASSETS

Under the LGA 2002, the Council is required to disclose the following information on insurance of assets as at 30 June 2023:

	2023 Actual \$000	2022 Actual \$000	2021 Actual \$000
Total value of all assets of the local authority that are covered by insurance contracts	85,051	69,025	58,060
Maximum amount to which they are insured	166,253	152,599	151,418
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 (underground assets)	155,922	140,860	98,592
TOTAL VALUE OF FUNDS MAINTAINED FOR SELF-INSURED ASSETS (UNDERGROUND ASSETS)	569	498	431

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

B2 INTANGIBLE ASSETS

ACCOUNTING POLICY

INITIAL RECOGNITION AND SUBSEQUENT MEASUREMENT

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

USEFUL LIVES

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

Computer software	3 to 5 years	20% to 33.3%
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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 2021	15
Additions	55
Transfer from Work in Progress	44
Disposals	-
Intangibles Expensed during the year	-
Balance at 1 July 2022	114
Additions	93
Transfer from Work in Progress	5
Disposals	-
Intangibles Expensed during the year	-
Balance at 30 June 2023	212
Accumulated Amortisation	
Balance at 1 July 2021	3
Amortisation Expenditure	20
Disposals	-
Balance at 1 July 2022	23
Amortisation Expenditure	46
Disposals	-
Software assets written off during the year	-
Balance at 30 June 2023	69
Net book value	
As at 30 June 2022	91
As at 30 June 2023	143

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 in the section are as follows:

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

C1 BORROWINGS

ACCOUNTING POLICY

Borrowings are initially recognised at face value plus transaction costs. Interest due on borrowings is subsequently accrued and added to the borrowings balance.

External Borrowings

	2023	2022
	\$000	\$000
Current		
LGFA	14,216	8,140
Non-Current		
LGFA	56,300	29,800
Westpac Multi Option Credit Line	2,000	-
Subtotal	58,300	29,800
TOTAL	72,516	37,940

Date Borrowed	Date Maturing	Amount \$000	Interest Rate	Fixed/Float	Accrued Interest \$000
October 2020	April 2024	2,000	0.74%	Fixed	3
October 2020	April 2025	2,000	0.78%	Fixed	3
April 2021	April 2026	2,000	6.2%	Float	25
May 2021	April 2027	2,500	6.27%	Float	32
May 2021	May 2028	2,500	6.31%	Float	20
July 2021	April 2026	2,000	6.04%	Float	25
July 2021	April 2027	2,000	6.11%	Float	25
March 2022	May 2028	2,500	3.90%	Fixed	12
April 2022	April 2025	1,500	6.04%	Float	19
June 2022	April 2024	2,000	5.98%	Float	25
June 2022	April 2025	2,800	6.02%	Float	35
June 2022	April 2026	2,000	6.13%	Float	25
June 2022	April 2027	2,000	6.18%	Float	25
June 2022	April 2028	2,000	5.21%	Fixed	13
October 2022	April 2029	5,000	6.53%	Float	64
January 2023	April 2029	3,000	6.47%	Float	38
January 2023	April 2024	2,000	6.11%	Float	25
January 2023	April 2026	3,000	6.24%	Float	38
January 2023	April 2026	2,500	6.20%	Float	32
April 2023	April 2028	3,000	5.11%	Fixed	20
April 2023	April 2025	4,000	6.07%	Float	50
April 2023	April 2027	3,000	6.31%	Float	39
May 2023	August 2023	7,610	5.84%	Fixed	-
June 2023	April 2029	3,500	5.50%	Fixed	5
June 2023	April 2027	3,500	6.30%	Float	5
TOTAL		69,910	5.68%		605

Interest Rate Swaps

An interest rate swap is an agreement between two parties to exchange one stream of interest payments for another over a set period of time.

Council uses interest rate swaps to stay within the benchmarks set in our liability management policy. They convert our floating rate borrowings into fixed rate borrowings.

Swaps Summary

	LESS THAN 1 YEAR \$000	1-2 YEARS \$000	3-5 YEARS \$000	5+ YEARS \$000	TOTAL \$000
Council 2023					
Interest Rates Swaps - not hedge accounted					
Nominal amount	4,000	4,000	14,500	7,000	29,500
Fair Value	210	386	1,239	51	1,186
Averaged fixed rate	0.33%	0.43%	2.01%	4.0%	2.04%
Council 2022					
Interest Rates Swaps - not hedge accounted					
Nominal amount	-	4,000	16,000	2,000	22,000
Fair Value	-	265	1,407	(23)	1,649
Average fixed rate	-	0.33%	1.33%	4.25%	1.41%

Interest rates

The weighted average cost of funds for the council's borrowings as at 30 June 2023 is 5.68% (2022: 2.53%). 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 2023, as reflected below:

Internal borrowings	Opening Balance 2022	Borrowed during the Year	Funds Repaid in the Year	Interest Paid in the year (for information)	Closing Balance 2023
	\$000	\$000	\$000	\$000	\$000
Administration	3,821	2,260	122	97	5,958
Community Services	16,014	1,700	543	409	17,170
Community Leadership	1,892	-	89	48	1,803
Economic Development	1,270	200	42	32	1,428
Emergency Services	70	-	3	2	67
Water	15,705	15,480	61	400	31,124
Sewerage	2,284	885	-	58	3,169
Stormwater	248	1,944	-	6	2,192
Regulatory	238	-	23	6	215
Roading	6,623	503	410	169	6,647
TOTAL	48,166	22,971	1,295	1,228	69,775

C2 FINANCIAL INSTRUMENTS

ACCOUNTING POLICIES

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.

At initial recognition, Council measures a financial asset or financial liability at its fair value, plus or minus directly attributable transactions costs, in the case of a financial asset or financial liability not at fair value through surplus or deficit.

Financial assets are classified as either:

1. Amortised cost
2. Fair value through surplus or deficit (FVTSD), or
3. Fair value through other comprehensive revenue and expense (FVTOCRE)

The classification of a financial asset depends on its cash flow characteristics and the Council's management model for managing them. A financial asset is classified and subsequently measured at amortised cost if it gives rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal outstanding and is held within a management model whose objective is to collect the contractual cash flows of the asset.

A financial asset is classified subsequently measured at FVTOCRE if it gives rise to cash flows that are SPPI and held within a management model whose objective is achieved by both collecting contractual cash flows and selling financial assets. Financial assets that do not meet the criteria to be measured at amortised cost or FVTOCRE are subsequently measured at FVTSD. However, the Council may elect at initial recognition to designate an equity investment not held for trading as subsequently measured at FVTOCRE.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT AMORTISED COST

Financial assets classified at amortised cost are subsequently measured at amortised cost using the effective interest method, less any expected credit losses. Where applicable, interest accrued is added to the investment balance. Instruments in this category include cash and cash equivalents, trade and other receivables, term deposits and borrower notes.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTOCRE

Financial assets in this category that are debt instruments are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense, except expected credit losses (ECL) and foreign exchange gains and losses are recognised in surplus or deficit. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue

and expense is reclassified to surplus and deficit. The Council does not hold any debt instruments in this category. Financial assets in this category that are equity instruments designated as FVTOCRE are subsequently measured at fair value with fair value gains and losses recognised in other comprehensive revenue and expense. There is no assessment for impairment when fair value falls below the cost of the investment. When sold, the cumulative gain or loss previously recognised in other comprehensive revenue and expense is transferred to accumulated funds within equity. The Council designates into this category all unlisted equity investments that are not included in its investment fund portfolio, and if they are intended to be held for the medium to long-term.

SUBSEQUENT MEASUREMENT OF FINANCIAL ASSETS AT FVTSD

Financial assets in this category are subsequently measured at fair value with fair value gains and losses recognised in surplus or deficit. Interest revenue and dividends recognised from these financial assets are separately presented within revenue. Instruments in this category include the Council's derivative financial instruments and its managed investment portfolio.

EXPECTED CREDIT LOSS ALLOWANCE (ECL)

Council recognizes an allowance for ECL for all financial assets not classified as FVTSD. ECLs are the probability weighted estimate of credit losses, measured at the present value of cash shortfalls which is the difference between cash flows due to Council in accordance with the contract and the cash flows it expects to receive. ECLs are discounted at the effective interest rate of the financial asset.

ECLs are recognized in two stages. ECLs are provided for credit losses that result from default events that are possible within the next 12 months (12 month ECL). However if there has been a significant increase in credit risk since initial recognition, the loss allowance is based on losses possible for the remaining life of the financial assets (lifetime ECL).

When determining whether the credit risk of a financial asset has increased significant since initial recognition, Council considers reasonable and supportable information that is relevant without undue cost of effort. This includes analysis based on Council's historical experience and information credit assessment and forward looking information.

Council considers a financial asset to be in default when the financial assets is more than 90 days past due.

FINANCIAL LIABILITIES

Financial liabilities are classified as either:

1. Amortised cost
2. Fair value through surplus or deficit

Financial liabilities are generally classified and measured at amortised cost, unless they meet the criteria for classification at FVTSD.

A financial liability is classified as FVTSD if it meets one of the following conditions:

- It is held for trading, or
- It is designated as at FVTSD

A financial liability is classified as held for trading if:

- It has been acquired principally for the purpose of re-purchasing in the near term or
- On initial recognition it is part of a portfolio or identified financial instruments that are managed together and for which there is evidence of recent actual pattern of short term profit taking, or
- It is a derivative, except for a derivative that is a financial guarantee contract or a designated and effective.

AC – Amortised cost; FVTSD – Fair sale through surplus and deficit, FVTOCRE - Fair value through other comprehensive revenue and expense.

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. Council has not elected to adopt hedge accounting.

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.

	2023	2022
FINANCIAL ASSETS	\$000	\$000
Cash and cash equivalents (AC)	7,067	3,973
Trade and other receivables (AC)	6,515	4,550
Other Financial Assets		
Fair value through surplus or deficit (FVTSD)	29,850	27,750
Derivative financial instruments (FVTSD)	1,887	1,649
Borrower Notes in LGFA	1,604	792
Unlisted shares (FVTOCRE)	30	34
FINANCIAL LIABILITIES		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	12,836	7,476
LGFA Borrowings (AC)	70,516	37,940
Westpac Multi Option Credit Facility (AC)	2,000	-
Other Liabilities (AC)	13	18
Derivative Financial Liabilities (FVTSD)	-	-

AC – Amortised cost; FVTSD – Fair sale through surplus and deficit, FVTOCRE - Fair value through other comprehensive revenue and expense.

C3 OTHER FINANCIAL ASSETS

	Measurement of classification		30 Jun 22	01 Jul 22	Adoption
COUNCIL	PBE IPSAS 29	PBE IPSAS 41	PBE IPSAS 29	PBE IPSAS 41	Adjustment
Financial assets			\$000	\$000	\$000
Unlisted shares	FVTOCRE	FVTOCRE	34	34	-
Derivatives	FVTSD	FVTSD	1,649	1,649	-
Cash and cash equivalents	Loans and receivables	Amortised cost	3,973	3,973	-
Receivables	Loans and receivables	Amortised cost	4,550	4,550	-
Borrower notes	Loans and receivables	Amortised cost	792	792	-
Managed funds	FVTSD / Held to maturity	FVTSD	27,750	27,750	-

FVTOCRE = Fair value through other comprehensive revenue and expense

FVTSD = Fair value through surplus or deficit

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 managed (Nikko) funds, borrower notes and unlisted shares.

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

BORROWER NOTES

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

UNLISTED SHARES

The council has investments of \$34k (2022: \$33k) in Civic Financial Services Limited. The fair values are determined by reference to the council's share of net asset backing as there is no market information on the value of the organisations' shares.

	2023	2022
At fair value through surplus or deficit (FVTSD)	\$000	\$000
CURRENT		
Wholesale NZ Bond Fund – Unit Trusts - Nikko AM	3,645	3,569
Wholesale NZ Cash Fund – Unit Trusts - Nikko AM	1,355	1,314
Wholesale Core Equity Fund – Unit Trusts – Nikko AM	2,970	2,660
Wholesale Global Bond Fund – Unit Trusts – Nikko AM	9,351	8,614
Wholesale Multi Strategy Fund – Nikko AM	2,211	2,148
Wholesale Multi Strategy Fund – MAR20	4	1
Wholesale Global Equity Unhedged Fund – Unit Trusts – Nikko AM	4,784	5,446
Wholesale Global Equity Hedged Fund – Unit Trusts – Nikko AM	4,215	2,685
Wholesale Property Fund – Unit Trusts – Nikko AM	1,315	1,313
	29,850	27,750
A fair value through other comprehensive revenue and expense		
NON-CURRENT		
Unlisted shares	30	34
	30	34
Disclosed in the financial statements as:		
Current	29,850	27,750
Non-current	30	34
	29,880	27,784

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.

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 2023 \$000	Observable Inputs 2023 \$000	Significant Non Observable Inputs 2023 \$000
FINANCIAL ASSETS - FAIR VALUE THROUGH SURPLUS AND DEFICIT				
Wholesale NZ Bond				
Fund – Unit Trusts - Nikko AM	3,645	-	3,645	-
Wholesale NZ Cash				
Fund – Unit Trusts - Nikko AM	1,355	-	1,355	-
Wholesale Core				
Equity Fund – Unit Trusts – Nikko AM	2,970	-	2,970	-
Wholesale Global				
Bond Fund – Unit Trusts – Nikko AM	9,351	-	9,351	-
Wholesale Multi				
Strategy Fund – Nikko AM	2,211	-	2,211	-
Wholesale Multi				
Strategy Fund – MAR20	4	-	4	-
Wholesale Global				
Equity Unhedged Fund – Unit Trusts – Nikko AM	4,784	-	4,784	-
Wholesale Global				
Equity Hedged Fund – Unit Trusts – Nikko AM	4,215	-	4,215	-
Wholesale Property				
Fund – Unit Trusts	1,315	-	1,315	-
Derivative financial assets	1,887		1,887	
FAIR VALUE THROUGH OTHER COMPREHENSIVE REVENUE AND EXPENSE				
Unlisted shares	30	-		30
Civic Assurance				

The fair value 2022 hierarchy for Council is as follows:

	Total	Quoted Market Price 2022 \$000	Observable Inputs 2022 \$000	Significant Non Observable Inputs 2022 \$000
FINANCIAL ASSETS - FAIR VALUE THROUGH SURPLUS AND DEFICIT				
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	-
Derivative financial assets	1,649		1,649	
FINANCIAL ASSETS - FAIR VALUE THROUGH SURPLUS AND DEFICIT				
Equity Securities – Civic Assurance	33	-		33

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.

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

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

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

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

Fair Value Reconciliation for level 3 shares

	2023 \$000	2022 \$000
Unlisted shares in Civic Assurance		
Balance 1 July	33	32
(Losses)/gains recognised in other comprehensive revenue and expense – Civic	(3)	1
TOTAL	30	33

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.

	2023 \$000	2022 \$000
Cash and cash equivalents	7,069	3,973
Term deposits with maturities of less than three months at acquisition	-	-
TOTAL CASH AND CASH EQUIVALENTS	7,069	3,973

The total value of cash and cash equivalents that can only be used for a specific purpose as outlined in the relevant trust deeds is \$13k (2022: \$18k).

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.

	2023 \$000	2022 \$000
Trade and other receivables	2,287	410
Rates receivable	898	641
Subtotal – see below	3,185	1,051
Allowance for credit loss	(248)	(181)
Net trade and other receivables	2,937	870
NZTA subsidy	2,932	2,237
GST Refundable	646	1,443
Total receivables and repayments	6,515	4,550
Disclosed in the financial statements as:		
Current	6,515	4,550
Total receivables and repayments	6,515	4,550
Receivables from non-exchange transactions:		
This includes outstanding amounts for rates, grants, infringements and fees and charges	4,476	4,321
That are partly subsidised by rates:		
Receivables from exchange transactions: This includes outstanding amounts for commercial sales and fees and charges that have not been subsidised by rates	2,039	229
	6,515	4,550

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.

ASSESSMENT FOR UNCOLLECTABILITY

RATES RECEIVABLES

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.

Council applies the simplified Expected Credit Loss (ECL) model of recognizing lifetime ECL for short-term receivables.

In measuring ECLs, receivables have been grouped into rates receivables, and other receivables, and assessed on a collective basis as they possess shared credit risk characteristics. They have then been grouped based on the days past due.

A provision matrix is then established based on historical credit loss experience, adjusted for forward looking factors specific to the debtors and the economic environment. A receivable is considered to be uncollectable when there is evidence that the amount due will not be fully collected. The amount that is uncollectable is the difference between the amount due and the present value of the amount expected to be collected. Receivables are generally short-term and non-interest bearing. Therefore, the carrying value of receivables approximates their fair value.

All past due balances are considered collectable (except those specific debtors identified as requiring an impaired credit loss) however Council applies a simplified approach to measuring expected credit losses.

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

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

Other than NZTA, Council has no significant concentration of credit risk, as it has a large number of credit customers, mainly ratepayer. Council believes no further credit provision is required in excess of the credit loss allowance.

The chief executive approved the write-off of rates receivable during the year under the LG(R)A 2002 as follows:

- Section 90A: nil (2022 : nil)
- Section 90B: nil (2022 : nil)

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

	2023	2022
	\$000	\$000
Payables and accruals under exchange transactions		
Trade and sundry payables	10,951	6,084
Rates in advance	590	501
Deposits and retentions	1,295	898
Deferred revenue	-	-
Payables and accruals under non-exchange transactions		
Trade and sundry payables	-	-
TOTAL PAYABLES AND ACCRUALS	12,836	7,483

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

	2023	2022
	\$000	\$000
Salary and wage accrual	374	274
Annual leave	691	614
Retirement gratuities	31	30
TOTAL EMPLOYEE ENTITLEMENTS	1,096	918

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 closed landfills and Mt Cooee landfill will influence the timing of recognition of some future liabilities. However, it is likely that the main restriction on the future use of the current site will be the statutory and regulatory limitations rather than the capacity of the site. It is anticipated that the site will cease operating in 2025. The current consent expires in October 2023 but continues under renewal submission indefinitely at present value. 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 2027. 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 4.86% (2022: 6%).

Other assumptions made in the calculation of the provision are:

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

Landfill aftercare provision

	2023 \$000	2022 \$000
Balance at beginning of year	892	897
Finance costs – Discount unwind	348	12
Amounts used	(7)	(17)
BALANCE AT END OF YEAR	1,232	892

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 2023.

The objective of managing the council's capital is to achieve intergenerational equity, which is a principle promoted in the LGA 2002 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 2023 and 30 June 2022.

Reserves

	2023 \$000	2022 \$000
Fair value through other comprehensive revenue and expenditure reserve (a)	(47)	(44)
Asset revaluation reserve (b)	1,066,846	1,047,447
Trust Funds (c)	447	441
Reserves (d)	44,667	49,727
BALANCE AT END OF YEAR	1,111,913	1,097,571

(a) Fair value through other comprehensive revenue and expenditure reserve.

	2023 \$000	2022 \$000
Balance at beginning of year	(44)	(45)
Valuation gain/(loss) recognised	(3)	1
Equity securities	-	-
BALANCE AT END OF YEAR	(47)	(44)

The reserve arises on the revaluation of unlisted 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

	2023 \$000	2022 \$000
Balance at beginning of year	1,047,447	837,869
Revaluation (decrease) / increase		
Equity securities		
- Roothing revaluation	-	162,494
- Stormwater revaluation	1,644	4,971
- Wastewater revaluation	7,617	13,036
- Water revaluation	10,138	29,077
BALANCE AT END OF YEAR	1,066,846	1,047,447

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

	Roothing \$000	Stormwater \$000	Wastewater \$000	Water \$000	Total \$000
Balance at 30 June 2021	753,301	8,838	36,442	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
Revaluation increase / (decrease)	-	1,644	7,617	10,138	19,400
BALANCE AT 30 JUNE 2023	915,795	15,453	57,075	78,523	1,066,847

(c) Trust Funds (restricted)

Fund	Type/ Purpose	Opening Balance 2022	Transfers into the reserve	Interest Allocated	Transfers out of the reserve	Closing Balance 2023
		\$000	\$000	\$000	\$000	\$000
Trust Funds		441	-	8	2	447
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	169	-	3	-	172
Kate Leslie Trust	Trust	119	-	2	2	119
Elderly Citizens Trust (Lawrence)	Trust	28	-	1	-	29
Clinton Endowment Land	Trust	96	-	2	-	98

(d) Reserves

	2023 \$000	2022 \$000
Balance at beginning of year	49,727	59,147
Transfer from/(to) accumulated comprehensive revenue and expenditure		
Transfer from accumulated comprehensive revenue and expenditure	3,439	4,687
Transfer to accumulated comprehensive revenue and expenditure	(11,968)	(11,742)
Investment fund balance	3,469	(2,365)
BALANCE AT END OF YEAR	44,667	49,727

(d) Reserves Funds

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
*(All rounded to \$000s)						
INTERNAL SERVICES						
Information Technology	Depn	(1,295)	207	(22)	-	(1,110)
Office Computer Equipment	Spec	95	-	2	-	97
Rosebank Terrace Main Office/Service Centres	Depn	280	61	2	252	91
Underground Insurance	Spec	498	59	11	-	568
Human Resources	Spec	20	-	-	-	20
Cars	Spec	238	265	4	310	197
Gratuities	Spec	80	-	2	-	82
GIS	Spec	133	-	2	-	135
District Assets Infrastructure	Spec	2	-	-	-	2
Policy and Communications	Spec	165	3	-	-	168
COMMUNITY LEADERSHIP	Spec	133	-	2	-	135
Election Fund	Spec	16	-	-	16	-
Lawrence Tuapeka Community Board	Spec	36	80	2	10	108
West Otago Community Board	Spec	79	-	1	51	29
Tuapeka Bursary	Spec	26	-	1	-	27
Economic Development	Spec	83	27	2	-	112
Clutha Gold Trail	Spec	26	-	1	-	27
Opportunities Fund	Spec	77	-	2	-	79
Signage	Spec	8	-	-	-	8
Welcome to Signage	Spec	5	-	-	-	5

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
*(All rounded to \$000s)						
COMMUNITY SERVICES						
Libraries	Depn	96	143	3	108	134
Service Centres	Depn	124	17	3	-	144
Service Centres	Spec	247	-	5	-	252
Balclutha pool	Depn	-	55	1	-	56
Kaitangata Pool	Depn	186	-	4	-	190
Kaitangata Pool	Spec	88	-	1	47	42
Lawrence Pool	Depn	(2)	-	-	-	(2)
Lawrence Pool	Spec	50	-	1	-	51
Milton Pool	Depn	80	26	2	-	108
Reserve Contributions	Spec	81	-	2	-	83
Parks and Reserves	Depn	106	16	-	100	22
Sports Grounds	Depn	275	-	6	-	281
Grandstand 2000	Depn	161	-	3	-	164
Cemetery	Depn	151	-	3	-	154
Cemeteries	Spec	520	-	11	-	531
Kaitangata Cemetery	Spec	15	-	-	-	15
Lawrence Cemetery	Spec	31	-	1	-	32
Public Conveniences	Depn	73	53	3	-	129
Balclutha Town Hall	Depn	83	1	2	-	86
Balclutha Town Hall	Spec	187	-	1	128	60
Milton Civic Centre	Depn	16	-	-	-	16
Kaitangata Hall	Depn	(230)	-	(5)	-	(235)
Clutha Valley Hall	Depn	55	4	-	59	-

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
*(All rounded to \$000s)						
Hillend Hall	Depn	36	3	1	-	40
Kaka Point	Depn	34	31	1	-	66
Lovells Flat	Depn	9	-	-	-	9
Moneymore Hall	Depn	8	-	-	-	8
Owaka Hall	Depn	24	3	1	-	28
Waiholā Hall	Depn	6	0	-	-	6
Waipahi Hall	Depn	15	1	-	-	16
Waitahuna Hall	Depn	212	65	6	-	283
Waiwera Hall	Depn	8	-	-	-	8
Paretai Hall	Depn	-	4	-	-	4
Various Halls	Depn	164	-	3	4	163
Naish Park Camping Ground	Depn	85	7	2	-	94
Kaka Point Camping Ground	Depn	70	4	2	-	76
Taylor Park Camping Ground	Depn	6	1	-	-	7
Pounawea Camping Ground	Depn	9	8	-	-	17
Waiholā Camping Ground	Depn	13	-	-	-	13
Community Housing	Depn	69	116	-	180	5
Endowment Land	Spec	636	-	13	-	649
Depots	Depn	378	-	8	-	386
Other Property	Depn	134	-	3	-	137
Dunrobin Recreation Reserve Board	Spec	75	-	2	-	77
Parkhill Rec Reserve Board	Spec	5	-	-	-	5
Waikoikoi Domain Board	Spec	18	-	-	-	18

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
*(All rounded to \$000s)						
FUNDS NOT SPECIFICALLY ALLOCATED TO AN ACTIVITY GROUP						
Emergency Fund	Spec	4,089	-	82	49	4,122
General Funds	Spec	4,497	-	2,253	2,473	4,277
Capital Works and Purchases	Spec	152	-	3	-	155
Education Fund	Spec	15	-	-	-	15
Bulb Growing/Project	Spec	3	-	-	-	3
Momona Airport Refund	Spec	30	-	1	-	31
Serdel - Externally Invested	Spec	4,773	-	-	-	4,773
Forestry Fund - Externally Invested	Spec	6,263	-	85	-	6,348
Investment Fund Balance	Spec	4,010	-	-	356	3,654
Rates Disbursement Reserve	Spec	4,224	-	554	-	4,778
Land and Buildings	Spec	216	-	4	-	220
Treasury Return to Balance Reserve	Spec	1,817	-	198	-	2,015
REGULATORY & EMERGENCY SERVICES						
Animal Control	Depn	23	2	1	-	26
Regulatory Reserve	Depn	55	8	1	-	64
Civil Defence	Depn	35	-	1	-	36
ROADING						
Roading - Bridge Lights	Spec	46	-	1	-	47
Roading	Depn	3,071	337	58	569	2,897
Balclutha Main Street	Spec	62	-	1	-	63
Deferred Roothing	Depn	2,144	280	49	-	2,473

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
WASTE MANAGEMENT						
Solid Waste	Depn	820	75	1	840	56
Waste Minimisation	Spec	-	608	12	-	620
WATER						
Urban Water	Depn	9	215	-	200	24
Urban Water	Spec	428	-	1	400	29
Balmoral 1	Depn	29	6	-	30	5
Balmoral 1 Plant Renewal	Spec	-	-	-	-	-
Balmoral 2	Depn	65	14	1	24	56
Balmoral 2 Plant Renewal	Spec	51	-	1	-	52
Clydevale / Pomahaka	Depn	91	35	-	120	6
Glenkenich	Depn	143	34	-	170	7
Glenkenich Rural Water Scheme Renewal	Spec	1	-	-	-	1
Moa Flat	Depn	47	34	-	75	6
Moa Flat Rural Water Scheme Pump Renewal	Spec	-	-	-	-	-
North Bruce	Depn	176	30	-	205	1
Richardson	Depn	(497)	36	(9)	-	(470)
Richardson Rural Water Scheme Renewal	Spec	543	-	10	75	478
South Bruce	Depn	23	6	-	20	9
Tuapeka Rural Water Scheme	Depn	140	22	2	77	87
Waipahi	Depn	30	30	-	41	19
Waitahuna	Depn	56	13	1	-	70
Wangaloa	Depn	151	4	2	35	122
Stirling Treatment Plant	Depn	-	12	-	10	2
Stirling Water Treatment Plant	Spec	31	-	1	-	32

FUND	TYPE/ PURPOSE	OPENING BALANCE 2022 *(\$000s)	TRANSFERS INTO THE RESERVE *(\$000s)	INTEREST ALLOCATED *(\$000s)	TRANSFERS OUT OF THE RESERVE *(\$000s)	CLOSING BALANCE 2023 *(\$000s)
*(All rounded to \$000s)						
Kaitangata Treatment Plant	Depn	40	12	1	-	53
Wangola Plant Renewal	Spec	17	-	-	-	17
Telemetry	Depn	407	-	6	104	309
Telemetry	Spec	182	-	4	-	186
Wastewater						
Wastewater	Depn	3,713	280	10	3,500	503
Wastewater	Spec	956	-	19	-	975
Stormwater						
Stormwater	Depn	1,514	89	6	1,300	309
Stormwater	Spec	25	-	1	-	26
UNRESTRICTED RESERVES		49,725	3,439	3,453	11,968	44,661

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

Accumulated Comprehensive Revenue and Expenditure

	2023 \$000	2022 \$000
Balance at beginning of year	225,778	226,370
Net (Loss) / Surplus for the year	(9,225)	(10,005)
Transfer from/(to)		
- Transfer from Reserves	11,968	11,742
- Transfer from Trust Funds	2	1
- Transfer to Reserves to balance investments	(3,469)	2,365
- Transfer to Reserves	(3,439)	(4,687)
- Transfer to Trust Funds	(7)	(8)
BALANCE AT END OF YEAR	221,608	225,778

D7 DEVELOPMENT PROPERTY

ACCOUNTING POLICY

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

	2023	2022
	\$000	\$000
ROSEBANK INDUSTRIAL SITE		
Opening Balance	576	1,207
Plus: Additions in current year	113	90
Less: Amounts expensed due to sale	-	(631)
Add impairment reversal, (Less: Impairment loss)	-	(90)
Closing Balance	689	576
PLANTATION HEIGHTS		
Opening Balance	-	1,361
Plus: Additions in current year	-	449
Less: Amounts expensed due to sale	-	(1,810)
Closing Balance	-	-
ROSEBANK TERRACE SUBDIVISION		
Opening Balance	46	20
Plus: Additions in current year	153	26
Less: Amounts expensed due to sale	-	-
Closing Balance	199	46
STIRLING SUBDIVISION		
Opening Balance	60	-
Plus: Additions in current year	443	60
Less: Amounts expensed due to sale	-	-
Closing Balance	503	60
KAITANGATA HOUSE AND LAND PACKAGE		
Opening amount capitalised	292	618
Plus: Additions in current year	865	458
Less: Amounts expensed due to sale	(71)	(784)
Less: Impairment loss	-	-
Closing Balance	1,086	292
	2,477	974

SECTION E: FINANCIAL RISK MANAGEMENT

This section provides information on how the Council is 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 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 using 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 \$398k (2022: \$96k) decrease in surplus and a \$398k (2022: \$96k) increase in surplus with a 10% decrease in interest rate.
- The sensitivity analysis below has been determined based on the exposure to interest rate risks at the reporting date.
- Surplus would (decrease) / increase by (\$36k) (2022: \$35k). 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 \$2,622k (2022: \$2,420k) as the equity investments are classified as fair value through surplus or deficit.

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 managed funds investments held within Unit Trusts with Nikko AM. Council also holds unlisted equity securities.

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 and unlisted 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.

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 excluding derivatives

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.

2023	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing \$000	Total \$000
		Less than 1 year \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	5+ years \$000		
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	12,836	12,836
Borrowings	5.68	14,216	12,300	11,500	13,000	10,000	11,500	-	72,516
Other Liabilities	-	-	-	-	-	-	-	13	13
TOTAL		14,216	12,300	11,500	13,000	10,000	11,500	12,849	85,365

2022	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing \$000	Total \$000
		Less than 1 year \$000	1-2 years \$000	2-3 years \$000	3-4 years \$000	4-5 years \$000	5+ years \$000		
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	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

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

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

E4 LIQUIDITY RISK

RISK DEFINITION

Liquidity risk is the risk that the council is unable to meet its 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	2023 \$000	2022 \$000
Amount used	-	-
Amount unused	250	250
Multi Option Credit Facility with Westpac Banking Corporation (secured by a negative pledge over rates):		
Amount used	2,000	-
Amount unused	1,000	3,000
	3,000	3,000

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

E5 FOREIGN EXCHANGE RISK

RISK DEFINITION

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

SECTION F: OTHER DISCLOSURES

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

The notes included in this section are as follows:

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

F1 CONTINGENCIES, COMMITMENTS, AND SUBSEQUENT EVENTS

ACCOUNTING POLICY

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

Disclosures are provided for as follows:

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

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

CONTINGENT LIABILITIES AND ASSETS

There are no contingent liabilities or contingent assets (2022 Nil).

ONGOING OBLIGATION RELATING TO NEW ZEALAND MUTUAL LIABILITY RISKPOOL SCHEME

Clutha District Council was previously a member of the New Zealand Mutual Liability Riskpool scheme ('Riskpool'). The Scheme is in wind down; however, the Council has an ongoing obligation to contribute to the scheme should a call be made in respect of any historical claims (to the extent those claims are not covered by reinsurance), and to fund the ongoing operation of the scheme. The likelihood of any call, in respect of historical claims diminishes with each year as limitation periods expire. However, as a result of the Supreme Court decision on 1 August 2023 in Napier City Council v Local Government Mutual Funds Trustee Limited, it has been clarified that Riskpool has a liability for that member's claim in relation to non-weather-tight defects (in a mixed claim involving both weather-tight and non-weather-tight defects). Riskpool has advised that it is working through the implications of the Supreme Court decision. At this point any potential liability is unable to be quantified.

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+. LGFA has a local currency rating from Fitch of AA+.

As at 30 June 2023, Clutha District Council is one of 31 local authority shareholders and 71 local authority guarantors of the NZLGFA. 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 2023, NZLGFA had borrowings totalling \$17,684m (2022: \$15,789m).

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.

Financial reporting standards require Clutha District Council to initially recognise the guarantee liability by applying the 12 month expected credit loss model (as fair value could not be reliably measured) and subsequently at the higher of the provision for impairment at balance date determined by the ECL model and the amount initially recognised.

At the end of financial year, the council have assessed the 12-month expected credit losses of the guarantee liability, based on market information of the underlying assets held by the NZLGFA. The estimated 12-month expected credit losses are immaterial due to the extremely low probability of default by the NZLGFA in the next 12 months, and therefore, the council have not recognised a liability.

ANZ

The Council has issued stock security certificates of \$750k (2022: \$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

	2023 \$000	2022 \$000
Not later than 1 year	23,203	16,028
Later than 1 year, less than 5 years	22,143	35,962
Later than 5 years	-	-
	45,346	51,990

Subsequent events

There were no significant events subsequent to balance date (2022: Nil).

F2 FUNDING IMPACT STATEMENT – WHOLE OF COUNCIL

For the Year ended 30 June 2023

(ALL IN \$000S)	ANNUAL PLAN	ACTUAL	ANNUAL PLAN	ACTUAL
	2023	2023	2022	2022
	\$000	\$000	\$000	\$000
SOURCES OF OPERATING FUNDING				
General rates, UAGC's, rates penalties	5,184	5,242	5,184	5,442
Targeted rates	24,425	24,698	23,295	23,206
Subsidies and grants for operating purposes	6,059	7,712	4,535	5,418
Fees and charges	7,766	6,565	6,119	5,377
Interest and dividends from investments	-	1,133	-	407
Fuel tax, infringement fees and other receipts	210	195	200	178
TOTAL SOURCES OF OPERATING FUNDING	43,644	45,545	39,333	40,028
APPLICATIONS OF OPERATING FUNDING				
Payments to staff and suppliers	36,221	43,247	38,182	40,028
Finance costs	1,362	2,509	689	383
Other operating funding applications	-	-	-	-
TOTAL APPLICATIONS OF OPERATING FUNDING	37,583	45,756	38,871	43,282
SURPLUS (DEFICIT) OF OPERATING FUNDING	6,061	(211)	462	(3,254)
SOURCES OF CAPITAL FUNDING				
Subsidies and grants for capital expenditure	6,363	4,030	6,363	8,325
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	26,000	34,576	21,500	19,893
(Debt repayments)	-	-	-	-
Gross proceeds from sale of development property	2,200	-	900	202
Other dedicated capital funding	-	-	-	-
TOTAL SOURCES OF CAPITAL FUNDING	34,563	38,606	28,763	28,420
APPLICATIONS OF CAPITAL FUNDING				
Capital expenditure to meet additional demand	2,974	381	840	3
Capital expenditure to improve the level of service	18,826	23,724	10,390	16,246
Capital expenditure to replace existing assets	19,397	13,792	19,674	11,295
(Increase) decrease in reserves	227	498	433	(2,378)
(Increase) decrease of investments	(800)	-	(2,112)	-
TOTAL APPLICATIONS OF CAPITAL FUNDING	40,624	38,395	29,225	25,166
SURPLUS (DEFICIT) OF CAPITAL FUNDING	6,061	211	(462)	3,254
FUNDING BALANCE	-	-	-	-

SECTION G: FINANCIAL REPORTING AND PRUDENCE BENCHMARKS

Annual Report disclosure statement for the year ending 30 June 2023.

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.

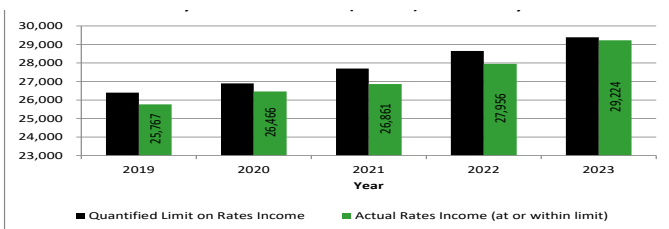
Unless prescribed by the regulations, the quantified limit for the current year benchmark is calculated using financial information disclosed in the long term plan 2021/31 including the prospective financial statements.

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.

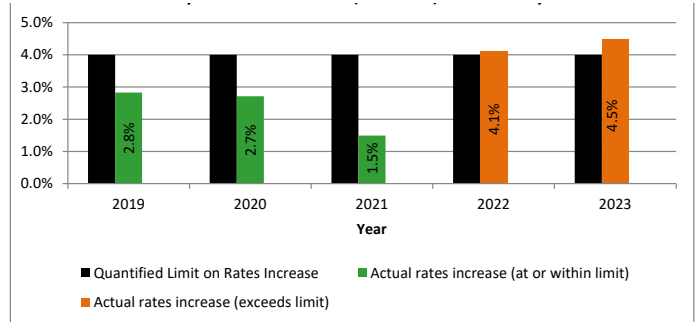
The following graph compares Council's actual rates revenue with a quantified limit on rates contained in the financial strategy included in Council's 2021/31 long term plan. The quantified limits are 2019 \$26,400, 2020 \$26,900, 2021 \$27,700, 2022 \$28,500 and 2023 \$29,400.



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%.

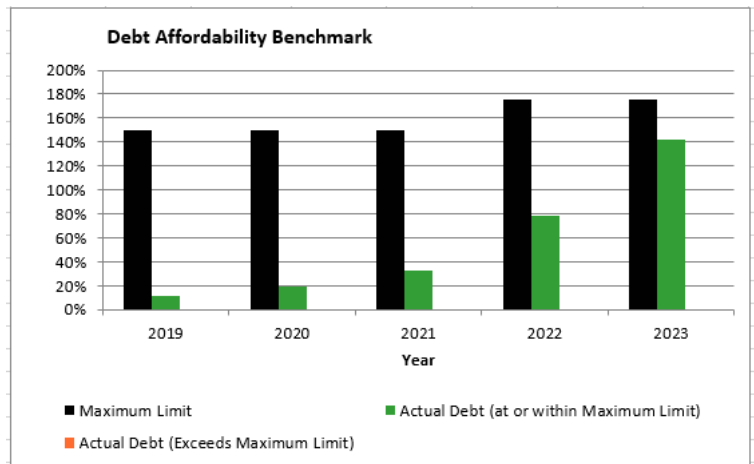


Council rates has exceeded the percentage increase limit set due additional separately used or inhabited parts (SUIPS) being identified.

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.

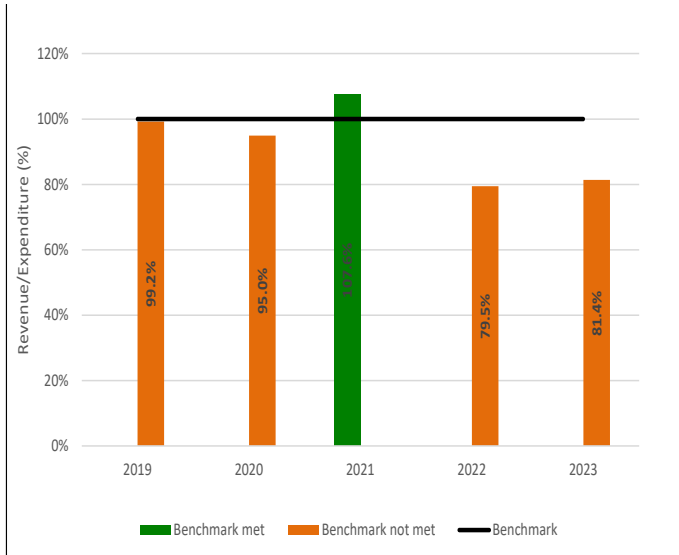


Council now has external public debt and has complied with its debt affordability benchmark.

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).

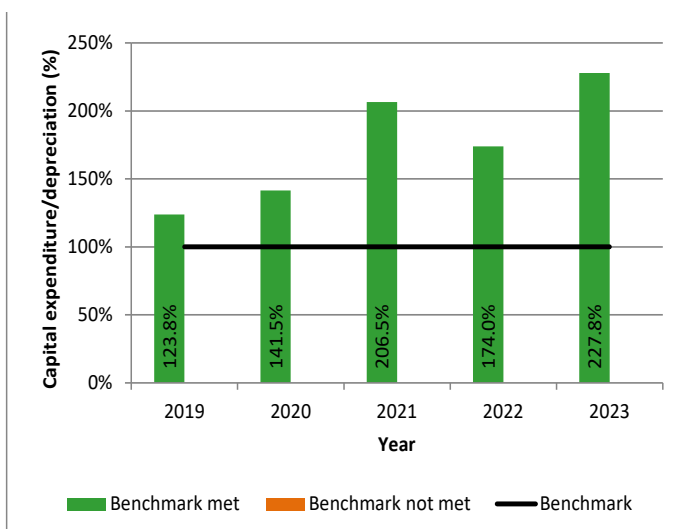
Council meets this benchmark if its revenue equals or is greater than its operating expenditures.



The 2023 benchmark has been affected by an additional grant to the Clutha Community Hub and additional consultant costs in the three waters area.

ESSENTIAL SERVICES BENCHMARK

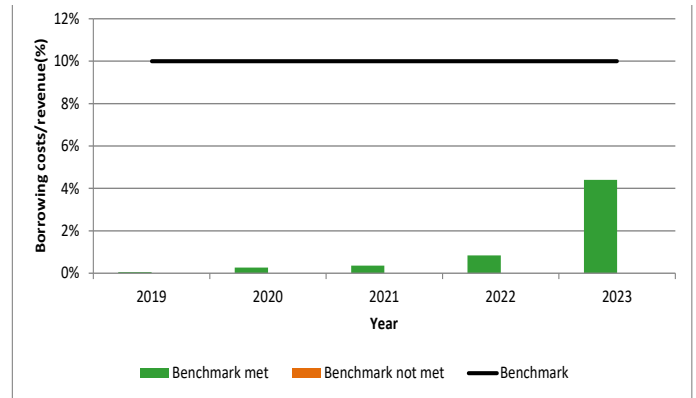
The following graph displays Council's capital expenditure on network services as a proportion of depreciation on network services. Council meets this benchmark if its capital expenditure on network services equals or is greater than depreciation on network services. Network services means infrastructure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



DEBT SERVICING BENCHMARK

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

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



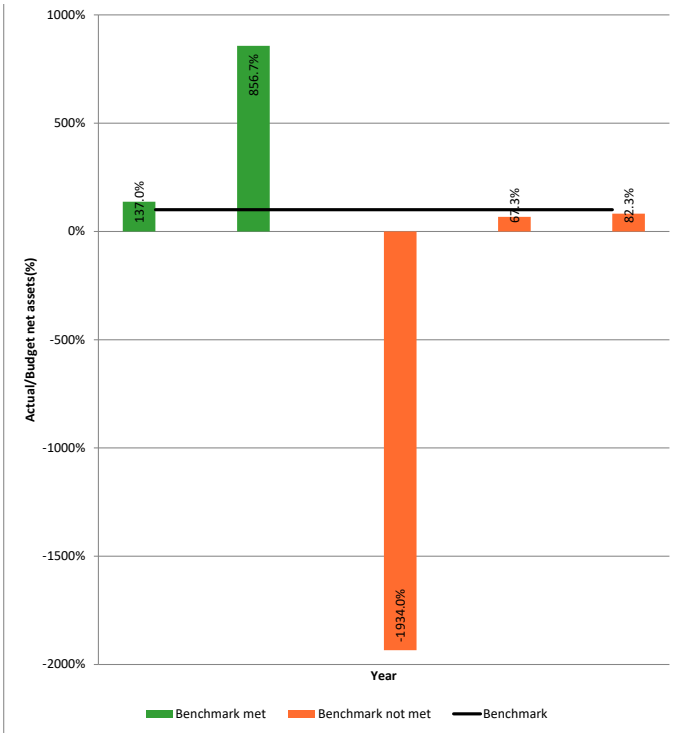
Council now has external public debt.

DEBT CONTROL BENCHMARK

This benchmark is intended to report Council’s performance in relation to net debt, which is defined in the regulations as financial liabilities less financial assets (excluding Trade and Other Receivables).

Council is in a net asset position because its financial assets exceed its financial liabilities. For that reason, the benchmark has been inverted to report Council’s performance on a net assets basis.

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



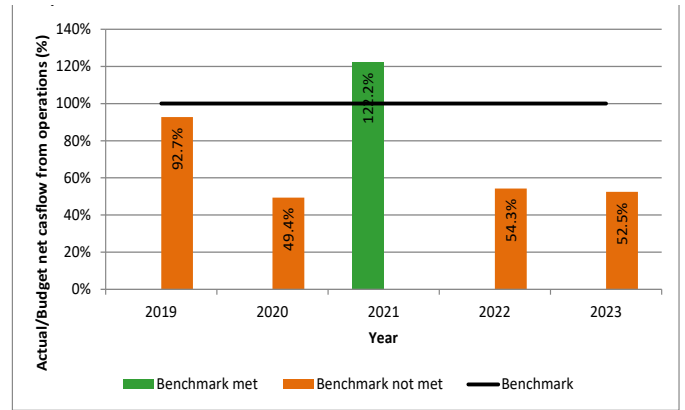
Council has not met this benchmark due to not borrowing as much as planned.

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.



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