



Clutha District Council



Annual Report
2013/14

Table of Contents

Introduction	3
<i>Word from the Mayor</i>	4
<i>Chief Executive's Summary</i>	5
<i>Council's Community Outcomes</i>	9
<i>Auditor's Report</i>	12
Statement of Service Performance	16
<i>Community Leadership</i>	19
<i>Roading</i>	28
<i>Water Supply</i>	34
<i>Sewerage</i>	39
<i>Stormwater</i>	43
<i>Solid Waste Management</i>	46
<i>Community Services</i>	50
<i>Regulatory & Emergency Services</i>	57
Financial Information	63
<i>Statement of Compliance & Responsibility</i>	64
<i>Funding Impact Statement</i>	65
<i>Statement of Financial Performance</i>	66
<i>Statement of Comprehensive Income</i>	67
<i>Statement of Changes in Equity</i>	67
<i>Statement of Financial Position</i>	68
<i>Cashflow Statement</i>	69
<i>Notes to the Financial Statements</i>	70

introduction

1



Photo: C Bopp



Photo: f Marechal

From the Mayor

This is the fourth annual report I've had the privilege of introducing. I appreciate the growing awareness in our district for the need to have input into the direction our council is taking. The annual report provides information and trends that help with Council's forward direction, while challenging us to critically scrutinise how well Council is functioning.

The past year identified a slowdown in the number of discretionary projects at the same time as we grappled with legislative requirements from central government. These requirements continue to stretch and challenge us.

Coming up there will be compulsory upgrades within the 'three waters' areas and new funding arrangements for our large roading network - a possible drop in our subsidy from 61% to 52% over the next nine years.

In seeking to meet the challenges these changes present us we will need to intensify our focus on efficiencies and emphasize collaboration with neighbouring councils. Because over the next 10 years, much of our projected rate increases revolve around meeting central government compliance costs.

Some of the highlights of the year include:

- The 2013 triennial elections, held on 12 October, saw two new faces round the Council table: Jo-anne Thomson (Balclutha ward) and Selwyn Wilkinson (Bruce ward)
- Ongoing participation in the 'Shared Services - Southland and Beyond' forum. As part of this Council has worked collaboratively with others in respect of building consents and sharing resources and knowledge for information technology services with Environment Southland, Invercargill City and Southland District Councils.
- The ongoing development of plans and engagement for the Balclutha streetscape upgrade.
- Continuing partnerships with community groups to progress community projects, for example, Owaka Moving Forward who provides a positive example of communities working with Council to realise community ambitions.

The past year has also provided its share of challenges. Pounawea sewerage costs and problems at the Balclutha swimming pool are two examples. Not only must we acknowledge these issues; we must provide assurance that our systems are robust enough to minimise these kinds of problems in future.

But the most important job from a leadership point of view this year was the search for a new chief executive, after we farwelled Charles Hakkaart after many years of valuable service to our organisation. Shortly before the year end in June, we welcomed Steve Hill to the district and to the helm. The fact we were able to attract a candidate of his calibre, with the skills and enthusiasm for the task that lies ahead is great for our district and organisation.

This 2013/14 year has been both busy and challenging. I've no doubt that more challenging times await us as we move together into the future.

Bryan Cadogan

Mayor

Date:



19th October 2014



Chief Executive's Summary

I am pleased to present information about Council's finances for the 2013/14 financial year.

I find Clutha in sound shape at the close of a year that has seen a number of changes, for both the local government sector and for Clutha District Council itself.

Council's Financial Position

After forecasting a \$1.6 million deficit in 2013/14, Council recorded a surplus of \$849,000.

One of the main reasons this non cash surplus came about was due to changes in timing for Lawrence's Tuapeka Aquatic Centre project. Council has committed \$1.35 million towards this community project. This amount was not released in 2013/14 as budgeted, as the project had not reached the point when funding could be drawn down upon. Council has carried this forward into the 2014/15 year. The \$1.35 million will be internally loan funded from Council reserves and paid back via rates over a 25 year period. This deferral also means the project will not impact on rates until 2015/16.

Revenue was approximately \$500,000 less than budgeted. This was mainly due to the fact that rates levied on Council-owned properties are no longer accounted for, and forecast income for Kaitangata forestry wasn't received, as trees weren't felled during 2013/14 as initially planned.

After forecasting \$16.2 million worth of capital works in 2013/14, a total of \$9.9 million went through the books this year. This was primarily due to the changes in timing for major projects, such as Balclutha streetscape improvements and water treatment upgrades.

Council has no external debt and continues to fund activities internally. Due to the change in timing for several large projects referred to above, internal debt decreased from \$22.6 million to \$22.0 million, rather than increasing to \$27.5 million as forecast. Consequently internal debt now sits at \$1,284 per capita. Our other measure of internal debt is interest costs as a percentage of rates revenue, which is currently 4.91%. These are well within Council's self-imposed limits set in the financial strategy of \$1,500 per capita and 10% of rates revenue to service internal debt.

A flow on effect of less reserve funds being committed to internal borrowing, contributed to an increase in investments, from \$18.5 million to \$21.9 million. In fact this was \$11.0 million higher than the drop to \$10.9 million forecasted in the 2013/14 Annual Plan.

Fixed assets were also higher than budgeted by \$7.6 million. This was principally due to the revaluation of roading at the end of June 2014 being one year earlier than budgeted.

The overall rates change from 2012/13 to 2013/14 was 3.77%. This was slightly down on the 3.87% forecast in the 2013/14 Annual Plan and within the parameters set in our 2012/22 Financial Strategy for 2013/14.

This year marked the beginning of reporting against Local Government (Financial and Prudence) Regulations 2014. Council was within the parameters set for these, with the exception of the essential services benchmark. However, given the extent of our roading and water infrastructure, at this point we are comfortable that we are taking a prudent approach.



Council's Non-Financial Performance

Council has structured its activities into eight groups which comprise a total of 24 activities. Council's non-financial performance is reported in the Statement of Service Provision section of the Annual Report. Overall, of the 69 performance targets, Council met 51 (74%) of them. Again this is a solid result.

Projects and Aspects of Note

Shared Services

Council continued to work with the local authorities from the Clutha District south, as part of what is known as 'Shared Services - Southland and Beyond'. The main aspects Clutha is directly involved in include being part of the shared services agreement with Ngai Tahu based on a charter of understanding; shared resources and knowledge for information technology (IT) services with Environment Southland, Invercargill City Council and Southland District Council; and building consent authorities working collaboratively.

Economic Development

Clutha Development Trust, Council's newly established economic development contractor, completed its first full year of service in 2013/14. Highlights of the year have included:

- Establishing a primary production sector database, an important first step in being able to effectively communicate with the sector and target future services. This involved contact with over 900 farmers throughout the district.
- Working in conjunction with the Otago Regional Council (ORC) and farmers to improve water quality and environmental sustainability in the district. This is particularly important in light of the ORC's upcoming water management changes in Plan 6A.
- Initial stages of the 'Living and Working in the Clutha District' project, which involved investigative work around the motivators and economic implications of people who work in the district but live elsewhere. This project will help direct future areas of work for the Trust into 2014/15 and beyond.
- Continuing to encourage and facilitate the link between businesses, education providers and individuals looking to undertake apprenticeships e.g. the 4 Trades programme.
- Establishment of Destination Clutha as a Regional Tourism Organisation.
- Development of the Clutha Visitor Strategy.

Clutha District Youth Council

The Youth Council began the year in full-swing with two days of intensive team building at River Ridge Retreat in late January. Other Youth Council highlights included:

- Promoting Clean Up Clutha Country alongside the annual Keep New Zealand Beautiful week.
- Hosting Motivational speakers "That Blind Woman" Julie Woods and John Marrable.
- Delivering the first stage of the Balclutha Skate Park Graffiti Art Project.
- Staging the highly successful "By Youth 4 Youth" series.

Clutha District Youth Development Programme

Clutha District Council has contracted the Malcam Charitable Trust to deliver the programme, the main objective being to provide Clutha District youth between 12 and 24 with the opportunity to build self-esteem and confidence, build leadership skills, and increase their connection with, and participation within their communities. Delivery of the programme will take place in the 2014/15 year.

New Zealand Small Town Conference

In September 2013 the Clutha District hosted the three-day New Zealand Small Town Conference. The goal of Clutha's conference was: "To empower people to make a difference in communities and to create a small town legacy for generations to come". The positive feedback received from delegates from other parts of the country affirmed that we fulfilled the vision for the New Zealand Small Town Conference, to give small towns in New Zealand the opportunity to come together annually to share ideas, gain inspiration and promote their own communities.

Clydevale Bridge Upgrade

Much needed bridge strengthening work was originally scheduled for 2012/13. After delays in gaining NZTA funding, and retendering to get a better price, work took place in 2013/14. The final cost was \$755,000, of which Council's share was \$234,000. During the upgrade, the Tuapeka Mouth Ferry that lies approximately 10km upstream, was utilised. The upgrade means the bridge can now take standard Class 1 (44 tonne) vehicles without a permit.

Balclutha Streetscape Upgrade

During the year Council invited feedback on the Balclutha Streetscape Upgrade. Submitters raised a number of issues. The most prominent concerned whether the Memorial Hall should remain an area of focus for the town, resurfacing of footpaths and parking concerns were also raised.

Further consultation was undertaken in June to determine the main focal point of town. Options were between John Street, Elizabeth Street, or a combination of both. Council decided that Elizabeth Street would be the town focal point. Construction is expected to be completed during the 2014/15 year.

Water Treatment Plant Upgrades

Following investigations into what work is required to meet protozoa and bacterial compliance, Council proposed a number of upgrades throughout rural schemes in order to meet new water drinking standards. The upgrade work has now been split into two stages. The first stage undertaken during 2013/14 involved work to gain a clear understanding of the quality of incoming water, for example, identifying seasonal variations and the effect of extreme weather on raw water quality. This approach has also meant budgets for stage two, involving the physical part of the upgrades, have been carried forward into the 2014/15 year. This is a significant and complex project, and it is important to do this investigative work up front to help inform these upgrades.

Clydevale-Pomahaka Rural Water Scheme Upgrade

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was included in 2013/14 budgets. The upgrade will enable additional supply of approximately 180 units of water to support further land use intensification and dairy expansion on the Pomahaka side of the scheme, which is currently running at capacity. The budget has been carried forward into the 2013/14 year. At this stage this project is still in the investigation phase and is being discussed with the Rural Water Scheme Committee.

Sewage Treatment Plant Upgrades

Heriot, Waihola and Kaitangata sewage treatment plants all had applications with the Otago Regional Council to renew sewage discharge resource consents granted during 2013/14. Council decided to take advantage of the economies of scale to be gained by 'bundling' together the necessary upgrades at the three plants.

Following the appointment of a successful contractor, work is scheduled to take place during the next three years. Council has until February 2018 to complete this work.

Pounaweia Sewerage Scheme

In late 2012, Council committed to construct a sewerage system in Pounaweia at a cost of \$310,000. During 2013/14 Council worked through addressing the implications of a cost overrun for this project of \$277,000. This was a result of increasing the coverage of the system to provide reticulation beyond the area first committed to. The funding shortfall will come mainly from reserves (approximately \$155,000) and endowment interest (\$95,000) with the remainder coming from a district-wide rate (\$27,000).

Balclutha Pool

Ongoing temperature fluctuations caused issues throughout the year for Balclutha pool. This resulted in a number of short (one to two day) closures during the year and two week-long closures in May and June 2014. A number of improvements planned for during the pool's annual maintenance shutdown aimed to sort out these problems.

Balclutha's Carnegie Library

The 100th anniversary celebrations of Balclutha Library as a Carnegie Library were held in May 2014. Balclutha is one of only two Carnegie libraries left in New Zealand.

Emergency Management

Following an earthquake in the Solomon Islands last April, Council activated its Emergency Operations Centre. This was in response to a potential tsunami. Due to the low level of threat to New Zealand, the warning was quickly lifted. The activation was a good opportunity to test coastal warning systems.

Whilst I have only been with Council since the closing stages of this Annual Report period, working through this process has given me a good feel for the position of the organisation in a financial and non-financial sense.

I am confident Council is in a sound position overall, and is well positioned to improve further.

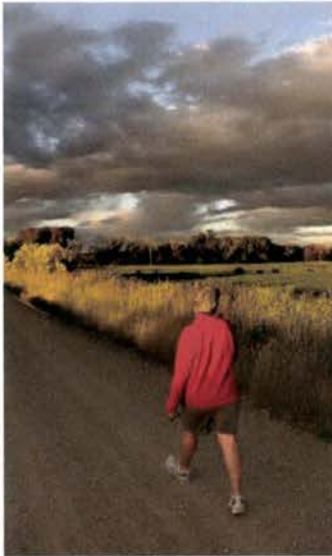
Steve Hill
Chief Executive
Date:



23 October 2014

Council Community Outcomes

In the 2012/22 Long Term Plan, Council committed to monitoring and reporting on the below Council community outcomes. As per this commitment, the below information is included in the Annual Report 2013/14.



Community Outcome 1

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

Why it is important

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

Monitoring results for this outcome in 2013/14

- 72% of residents were satisfied that they had an opportunity to participate in decision-making and planning processes.
- 51% of eligible voters voted in the October 2013 triennial elections.



Community Outcome 2

Roading infrastructure that sustainably supports the community and economy

Why it is important

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

Monitoring results for this outcome in 2013/14

- 61% of residents were satisfied that local roads were appropriate for their travel needs.



Community Outcome 3

Water services that sustainably support the community and economy

Why it is important

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

Monitoring results for this outcome in 2013/14

- 73% of urban customers and 53% of rural customers were satisfied with the taste and cleanliness of their water supply.
- 97% of customers were satisfied with sewerage services.
- 76% of customers were satisfied with stormwater services.



Community Outcome 4

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

Why it is important

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

Monitoring results for this outcome in 2013/14

- 86% of residents were satisfied with community facilities (overall average).
- 53% of residents used a Council-operated facility during the past 12 months (overall average).



Community Outcome 5

A sustainable environment that promotes and clean, green image

Why it is important

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

Monitoring results for this outcome in 2013/14

- 515kg of waste per resident went into Mt Cooee Landfill.
- 39kg of waste per resident was diverted from Mt Cooee Landfill.
- 74% of residents were aware of at least two ways to reduce the waste they produce.
- 92% of resource consent conditions for Council's activities were met.



Community Outcome 6

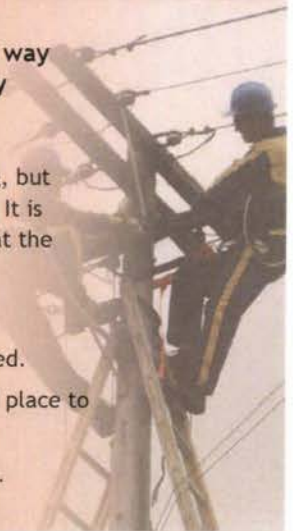
An economic environment that encourages growth in a way which sustainably supports and protects the community

Why it is important

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

Monitoring results for this outcome in 2013/14

- Just under \$35 million of building consents were processed.
- 88% of residents agreed that the Clutha District is a good place to make a living.
- \$30.68 per resident was spent on economic development.





Community Outcome 7

A safe and supportive community

Why it is important

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

Monitoring results for this outcome in 2013/14

- 95% of residents agreed that there is a great sense of community where they live.
- 97% of residents agreed that the Clutha District is a safe place to live.
- 44 community groups and organisations were provided with financial assistance.
- \$11.35 per resident was spent on community grants.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF CLUTHA DISTRICT COUNCIL'S ANNUAL REPORT FOR THE YEAR ENDED 30 JUNE 2014

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

- the financial statements of the Council that comprise:
 - the statement of financial position as at 30 June 2014 on page 68;
 - the statement of financial performance, statement of comprehensive income, statement of changes in equity and cash flow statement for the year ending 30 June 2014 on pages 66 to 67 and 69; and
 - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 70 to 118;
- the funding impact statement of the Council on page 65;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Council on pages 16 to 62;
- the statement of service provision of the Council on pages 16 to 62 and the funding impact statements in relation to each group of activities of the Council on pages 16 to 62; and
- the disclosures of the Council that are required by the Local Government (Financial Reporting and Prudence) Regulations 2014 on pages 120 to 127.

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

- information about:
 - internal borrowing;
 - reserve funds on page 99-105;
 - each group of activities carried out by the Council on pages 16 to 62;
 - remuneration paid to the elected members and certain employees of the Council on page 111 to 112;
 - employee staffing levels and remuneration on page 112; and
 - severance payments on page 111;
 - rating base units on page 118; and
 - insurance of assets on page 119;
- a report on the activities undertaken by the Council to establish and maintain processes to provide opportunities for Maori to contribute to the Council's decision-making processes on page 23; and

- a statement of compliance signed by the Deputy Mayor of the Council, and by the Council's chief executive on page 64.

Opinion

Audited information

In our opinion:

- the financial statements of the Council on pages 66 to 118:
 - comply with generally accepted accounting practice in New Zealand; and
 - fairly reflect:
 - the Council's financial position as at 30 June 2014; and
 - the results of its operations and cash flows for the year ended on that date.
- the funding impact statement of the Council on page 65, fairly reflects the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's annual plan.
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Council on pages 16 to 62, fairly reflects by each group of activities the capital expenditure spent as compared to the amounts budgeted and set out in the Council's long-term plan or annual plan.
- the Council Activities of the Council on pages 16 to 62:
 - complies with generally accepted accounting practice in New Zealand; and
 - fairly reflects the Council's levels of service for the year ended 30 June 2014, including:
 - the levels of service as measured against the intended levels of service adopted in the long-term plan; and
 - the reasons for any significant variances between the actual service and the expected service.
- the funding impact statements in relation to each group of activities of the Council on pages 16 to 62, fairly reflects by each group of activities, the amount of funds produced from each source of funding and how the funds were applied as compared to the information included in the Council's long-term plan.
- the disclosures on pages 120 to 127 represent a complete list of required disclosures and accurately reflects the information drawn from Council's audited information.

Compliance with the other requirements of schedule 10

In our opinion, which is not an audit opinion, the Council's annual report complies with the *Other Requirements* of schedule 10 that are applicable to the annual report.

Our audit was completed on 23rd October 2014. This is the date at which our opinion is expressed.

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

Basis of Opinion

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

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

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

An audit also involves evaluating:

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

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

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

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

Responsibilities of the Council

The Council is responsible for preparing:

- financial statements and Council Activities that:
 - comply with generally accepted accounting practice in New Zealand;
 - fairly reflect the Council's financial position, financial performance and cash flows;

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

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

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

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on, the information we are required to audit, and whether the Council has complied with the *Other Requirements* of schedule 10, and reporting that opinion to you. Our responsibility arises under section 15 of the Public Audit Act 2001 and section 99 of the Local Government Act 2002.

Independence

When carrying out this audit, which includes our report on the *Other Requirements*, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board. Other than this audit, which includes our report on the *Other Requirements*, we have no relationship with, or interests, in the Council.



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

statement of service provision

2



Photo: Q Alani



Photo: P Slattery



Table: Linking Council Activities with Council's Community Outcomes

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

Key
 Council Outcome the activity primarily contributes to
 Council Outcome the activity makes a secondary contribution to



2013/14 in Detail

This section of the Annual Report includes detail about Council's achievements and performance in 2013/14 (referred to as Statement of Service Provision). It also includes commentary about the main achievements in each of Council's eight strategic areas referred to as Community Leadership, Rooding, Water Supply, Sewerage, Stormwater, Solid Waste Management, Community Services, and Regulatory and Emergency Services.

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

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

- What we do for each area, and why we do it.
- A wrap up of what happened in each area in the 2013/14 year.
- How we performed and whether we met our performance targets.
- What it cost, whether we met budgets, and an explanation for variances.

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

Community Leadership

What we do

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

GOVERNANCE involves:

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

ECONOMIC DEVELOPMENT involves services orientated towards:

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

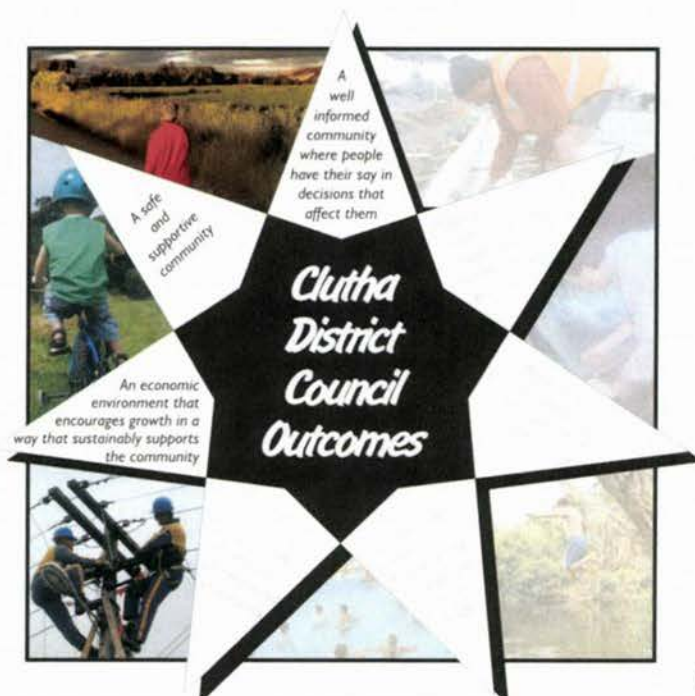
COMMUNITY DEVELOPMENT involves:

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

Why we do it

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

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



Governance

Triennial Elections

Ahead of the 2013 triennial elections, the Clutha District Council Chief Executive issued the first Pre-Election Report, intended to provide information for candidates and voters so as to promote informed debate.

The elections themselves were held on 12 October last year. Two new Councillors were elected: Jo-anne Thomson (Balclutha ward) and Selwyn Wilkinson (Bruce ward). There were two new faces on the West Otago Community Board in Antony Robertson and Bruce Robertson, while Brent Taylor, Malcolm MacLeod and Liz Forbes were new additions to the Lawrence-Tuapeka Community Board. The overall voter turnout in the Clutha District was 51%, which while lower than last time around (59%) was still considerably higher than many other areas in New Zealand.

Council reviewed its committee structures and membership following the election. While there were no major changes, the Executive Committee, which is made up of the Mayor, Deputy Mayor and three standing committee chairs extended its scope and terms of reference to take on audit and risk committee functions.

New Chief Executive

Following the resignation of Charles Hakkaart from the role of chief executive on 10 January 2014, the Executive Committee was also responsible for overseeing the recruitment and recommending to Council the appointment of a new chief executive. Steven Hill took up office from Acting Chief Executive Alan Dickson, from 9 June 2014.

Shared Services

Council continued to work with the local authorities from south of Clutha District, as part of what is known as 'Shared Services - Southland and Beyond'. The forum is governed by an independently chaired committee and consists of members from Clutha District Council, Environment Southland, Gore District Council, Invercargill City Council and Southland District Council.

The main aspects Clutha is directly involved in include:

- Being part of the shared services agreement with Ngai Tahu based on a charter of understanding.
- Shared resources and knowledge for information technology (IT) services with Environment Southland, Invercargill City Council and Southland District Council.
- Building consent authorities working collaboratively.

Tuapeka Aquatic Centre Grant Carryover

The idea of a new swimming pool was raised by the Lawrence/Tuapeka Community in 2009, when the upcoming upgrades and maintenance work on the current Council-owned Lawrence Swimming Pool were being considered.

It was agreed that a new pool on a different site would be a better long term solution than spending money on an older structure that was nearing the end of its useful life.

Council has committed to providing a \$1.35 million rates-funded grant towards the new pool. The grant is to be repaid through rates over 25 years beginning a year after the grant is made. This will be predominantly by those in the Lawrence/Tuapeka Ward, Lawrence township, with a portion of funding coming from ratepayers throughout the district. This is a similar funding formula to the other pools in our district.

While the grant was budgeted in 2013/14, delays in the timing of the project meant the budget has been carried forward to 2014/15 and subject to final conditions e.g. building consent sign off and confirmation of construction costs. This also means the rates effect would not take place until 2015/16.

Economic Development

Clutha Development Trust, Council's newly established economic development contractor, completed its first full year of service in 2013/14.

This first full year saw a significant amount of work, across four main focus areas:

1. Primary production support and development. Highlights included:
 - Establishing a primary production sector database, an important first step in being able to effectively communicate with the sector and target future services. This was a significant undertaking involving contact with over 900 farmers throughout the district.
 - Working in conjunction with the Otago Regional Council (ORC) and farmers to improve water quality and environmental sustainability in the district. This is particularly important in light of the ORC's upcoming water management changes in Plan 6A. The Trust's work aims to support farmers to put in place best practice initiatives for water quality in their area.
 - The development of key relationships with potential partners that we can work together with for the benefit of the sector.
 - Being part of the rural development working group for the Koura Aquaculture Project. This project involves developing a best practice guide for freshwater crayfish (Koura) farming.
 - Being a member of the Southern Wood Council to promote, encourage and coordinate the sustainable economic development of the forest products industry.
 - Continuing to build relationships with industries/organisations and partner together on projects that have potential to support and grow the district's primary production sector, e.g. Red Meat Profit Partnership and Farm IQ.
2. Business support and development. Highlights included:
 - Continuing to provide one-on-one support to businesses throughout the district, including advice and support for new business ventures. It is worth noting that direct enquiries in this area were less than anticipated during 2013/14, a reflection that there are numerous tools to help businesses that are now readily accessible online, and the trend towards services being provided directly by the banking sector to their clients.
3. Workforce support and development. Highlights included:
 - Continuing to encourage and facilitate the link between businesses, education providers and individuals looking to undertake apprenticeships e.g. the 4 Trades programme. Although not quite at the numbers initially anticipated, a number of apprentices in building and construction, auto electrical, automotive engineering, joinery and plumbing were supported in the district throughout 2013/14.
 - Continuing to support and promote employment and training opportunities through the delivery of services such as "Work Ready" skills to secondary students, the Clutha Careers Expo and the Clutha Training and Development Awards.
 - Initial stages of the 'Living and Working in the Clutha District' project, which involved investigative work around the motivators and economic implications of people who work in the district but live elsewhere. This project will help direct future areas of work for the Trust into 2014/15 and beyond.
4. Destination marketing and tourism. Highlights included:
 - Establishment of Destination Clutha as a Regional Tourism Organisation.
 - Development of the Clutha Visitor Strategy
 - Investigating the feasibility of a proposed new museum near Milton.

Looking ahead to 2014/15, joint work between Council and the Trust will involve adapting the focus and services from the first year of operation, and assessing the best mix of initiatives and levels of service going forward.

Community Development

Community support and development advice during 2013/14 included contact with some 80 community groups and organisations. Ensuing support included facilitation and connection to leadership and skill building series, funding workshops, coordination of meeting procedures training, delivery of constitution development workshops, planning support and advice with funding applications, establishment of new groups and on-going support, the requirements of incorporation, scoping significant projects, setting up a trust and charities registration.

Clutha District Youth Council

The Youth Council started the year once again with orientation at River Ridge Retreat in late January. Two days of team building included identifying key operating values, expanding and developing team strengths, growing connection to the wider council as well as scoping the delivery of the "By Youth 4 Youth" 2014 series of Leadership and Skill Building workshop presentations.

Highlights for the Youth Council included:

- Promoting Clean Up Clutha Country alongside the annual Keep New Zealand Beautiful week
- Hosting Motivational speakers "That Blind Woman" Julie Woods and John Marrable
- Delivering the first stage of the Balclutha Skate Park Graffiti Art Project. Thank you to Creative NZ for their funding support for this project
- Staging the highly successful "By Youth 4 Youth" series.

By Youth 4 Youth

This programme was funded by South Otago Victim Support and The Ministry of Youth Development. Youth benefitted from the opportunity of experiencing first hand meaningful involvement in the sessions.

Learning why we do what we do and why others do what they do, demonstrated to all participants the value of individual difference and that attitude is everything in an empowering, enlightening way.

The realisation that we can choose the attitude we use each day and an increased understanding of what makes others tick is very useful. We can choose to see the traits of others as challenges or have increased understanding and can see them as valuable assets.

The outcome of working across the ages of 12 to 24 to connect youth and adults will give lifelong benefit of increased skills of listening and observing improving the leadership skills of all those who took part.

Clutha District Youth Development Programme

Clutha District Council has contracted The Malcam Charitable Trust to deliver the programme, the main objective being to provide Clutha District youth between 12 and 24 years with the opportunity to build self-esteem and confidence, build leadership skills, and increase their connection with, and participation within their communities. Delivery of the programme will take place in the 2014/15 year.

New Zealand Small Town Conference

In September 2013 the Clutha District hosted the three-day New Zealand Small Town Conference.

Vision: "That the conference gives small towns of New Zealand the opportunity to come together annually to share ideas, gain inspiration and promote their own communities"

Goal: "To empower people to make a difference in communities and to create a small town legacy for generations to come".

Clutha's conference theme of "Collaboration and Inclusiveness" was successfully delivered by our community led team of twenty dedicated Clutha District residents, who worked very efficiently over the three days of conference to deliver a high quality event. Clutha District demonstrated it has both the resource and the expertise to stage and deliver a national conference of a very high standard.

Clutha District Combined Museums Group

Community Development facilitated the connection between the district's six museums and the group to Council. Support was provided to establish best practices for meeting process, understanding the intent of the funding provided to them, building a functional team to operate unified delivery of heritage forward in Clutha District as well as encouraging equal contribution to the workload and outcomes.

Workshopping with key representatives of Clutha Districts Combined Museum group developed constitution draft, strategic plan draft and clarified steps in the decision making process.

Clutha District Settlement Support

The Community Support and Development Advisor facilitated the establishment of the Clutha District Settlement Support Group to address the challenges faced by migrants and newcomers when settling into the Clutha District.

Key areas of need were identified as being English language classes, improved access to services and information and support with employment issues. The group then went on to deliver Social English Conversational English Classes, a Pop Up Information Centre, NZ Drivers Licence tutorials, and to stage the Clutha District Multicultural Celebration.

Clutha District Council will continue to work in conjunction with Clutha District Settlement Support Group and Clutha Development Trust towards establishing a Clutha District 'Settling In' Initiative for the Clutha District.



Balclutha Skate Park Graffiti Art Project

Participation of Maori in Decision-Making

During 2013/14, along with other councils in Otago/Southland, Council participated in the Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. Council has acknowledged the local rununga Waikoau Ngai Tahu South Otago Runanga, and liaises with them on matters that might be of relevance.

Under these agreements Council has agreed to pay a share of the funding to resource Kaitahuki Otago and Te Ao Marama Incorporated to resource Maori to participate in various aspects of Council decision-making. Council has undertaken to review its Statement on Maori Participation in Decision-Making in partnership with them. Council is also relooking at its terms of engagement with KTKO and Te Ao Marama Incorporated for the review of the District Plan.

What we achieved in 2013/14

ECONOMIC DEVELOPMENT

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Provide one on one support to existing local businesses</i>	Number of businesses supported annually	N/A	≥150	46* Not achieved
<i>Provide one on one advice and assistance to new business ventures</i>	Number of potential new businesses assisted annually	N/A	≥15	9* Not achieved
<i>Facilitate, support and promote apprenticeship programmes in the District</i>	Number of new apprenticeships	N/A	10	3* Not achieved
	Number of apprentices supported in the district annually	N/A	20	13* Not achieved
<i>Undertake research and best practice projects that aim to enhance and strengthen productivity, diversity and sustainability of Clutha's primary production sector</i>	Number of projects undertaken	N/A	3	4 Achieved

* Demand for these services were lower than anticipated.

GOVERNANCE

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>For elected members to provide a high level of participation in the decision-making process</i>	Residents satisfied with decision-making, leadership and planning of elected members	45%	≥50%	83% Achieved
	Residents satisfied with overall performance of the Clutha District Council	62%	≥60%	82% Achieved
	Residents who see or read the 'Council News' newsletter	93%	≥90%	89% Achieved

Community Support Grants 2013/14

Council supported various community groups and organisations throughout the Clutha District in 2013/14. Recipients of these grants are listed below.

Table: Recipients of Community Grants Assistance 2013/14

	Amount (\$)		Amount (\$)
Museums and Information Centres	151,096	Reimbursement of Fees and Charges Scheme	8,855
Catlins Historical Society	17,250	Rosebank Primary School	251
Tuapeka Lawrence Community Company	31,744	Tapanui and Districts Toy Library	55
Milton Information Centre	10,844	Kristie Leonard	155
Tuapeka Goldfields Museum	14,458	Clutha Super Masters Games	155
Clutha District Combined Museum	76,800	Jessica MacPherson	155
Swimming Pool Grants	26,560	Tokomairiro Waiora Health	200
Owaka Swimming Pool	8,253	Tokomairiro Toy Library	200
West Otago Swimming Pool Inc	6,164	Clutha Ministers Association	235
Clinton School	3,523	Balclutha Garden Club	183
Clutha Valley Primary School	3,502	Tokomairiro A & P Society	162
Heriot Primary School	1,413	Tapanui Primary School PTA	55
Waiwera South School	921	Balclutha Bowling Club Inc.	2,000
Beaumont Swimming Pool Charitable Trust	696	Measley Beach Fishing Club	256
Taieri Beach School	696	South Otago Federation	68
Waitepeka Swimming Baths Committee	696	Catlins Search and Rescue	162
Waitahuna School	696	Clutha Valley Primary School	918
Rent Reimbursement Funding Scheme	8,187	Tapanui Presbyterian Church	280
Balclutha Scout and Guide	1,139	Lawrence Lions Club	149
Milton Playcentre	1,941	Balclutha Primary School	155
Balclutha Playcentre	1,424	South Otago High School	175
Balclutha Red Cross	1,208	Clinton Playcentre	130
Balclutha Pottery Group	475	Waitahuna Parent Teacher Association	450
		Owaka Playcentre	141
		Otago Shearing and Wool Handling	920

What it cost for Community Leadership in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	1,906	2,058	1,925
Targeted rates (other than a targeted rate for water supply)	59	106	186
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	26	27	27
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,991	2,191	2,138
Applications of operating funding			
Payments to staff and suppliers	(2,268)	(2,748)	(1,566)
Finance costs	(6)	(42)	(48)
Internal charges and overheads applied	(345)	(352)	(355)
Other operating funding applications	0	0	
Total applications of operating funding	(2,619)	(3,142)	(1,969)
Surplus (deficit) of operating funding	(628)	(951)	169
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	639	1,000	(93)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	639	1000	(93)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	0
Capital expenditure to replace existing assets	0	0	0
(Increase) decrease in reserves	(2)	(83)	(76)
(Increase) decrease of investments	(9)	34	0
Total applications of capital funding	(11)	(49)	(76)
Surplus (deficit) of capital funding	628	951	(169)
Funding Balance	0	0	

What it cost for Central Administration in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	409	419	505
Targeted rates (other than a targeted rate for water supply)	0	0	99
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	351	363	221
Internal charges and overheads recovered	3,607	3,685	3,621
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	4,367	4,467	4,446
Applications of operating funding			
Payments to staff and suppliers	(3,982)	(4,098)	(3,527)
Finance costs	(54)	(52)	(52)
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
Total applications of operating funding	(4,036)	(4,150)	(3,579)
Surplus (deficit) of operating funding	331	317	867
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(30)	(32)	(33)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other dedicated capital funding	0	0	0
Total sources of capital funding	(30)	(32)	(33)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	0
Capital expenditure to replace existing assets	(80)	(71)	(165)
(Increase) decrease in reserves	(92)	(108)	2,431
(Increase) decrease of investments	(129)	(106)	(3,100)
Total applications of capital funding	(301)	(285)	(834)
Surplus (deficit) of capital funding	(331)	(317)	(867)
Funding balance	0	0	0

Roading

What we do

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

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

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

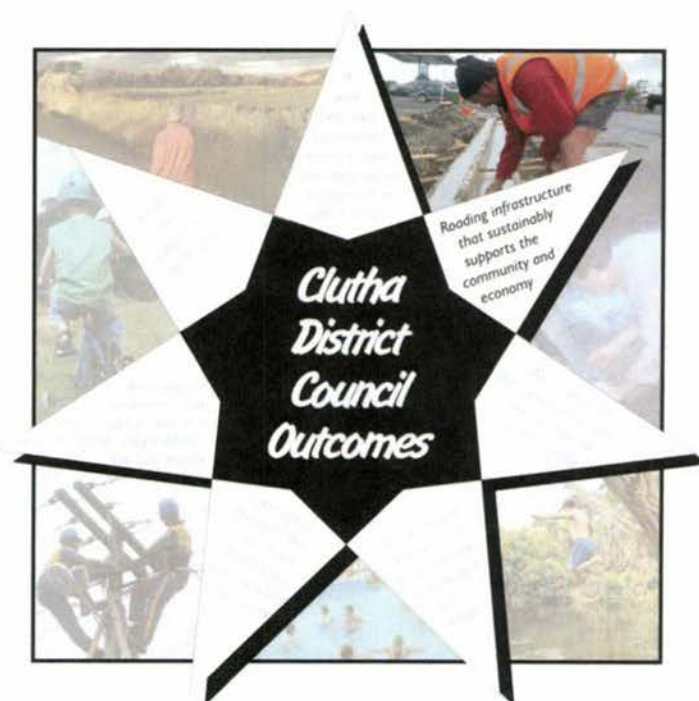
Main roading tasks include road, bridge and culvert maintenance and replacement; resealing and rehabilitating sealed roads; grading and metalling of unsealed roads; footpath maintenance and construction; car park maintenance and construction, street lighting and road safety improvement projects. The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

The majority of Council's roading activities are financially assisted by the NZTA. In 2013/14 the rate of assistance was 61%. This means that local ratepayers funded 39% of the costs of local roads. Design and maintenance standards are defined by the NZTA for subsidised roading work and are used, along with the Council's own guidelines, for non-subsidised work. In order for Council to qualify for financial assistance from NZTA these standards must be met.

Why we do it

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

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



Wrap up for Roding in 2013/14

Overview

Council spent \$15 million maintaining, and in some cases improving, Clutha's local roading network during 2013/14. Bigger ticket items included:

- \$2.4 million spent to maintain the district's 2,083km network of unsealed roads. As an overall average across the network, roads were graded 3.5 times and \$1.6 million worth of maintenance metalling and spot metalling was applied to these roads.
- The rebuilding of 5.7km of sealed roads as pavement rehabilitations, costing just under \$2 million. Work was done on Toko Mouth Road, Waipori Road, Wangaloa Road (North Clutha), Owaka Highway, part of Pounaweia Road (South Clutha), Moa Flat Road and Tuapeka West Road (West Clutha).

It should be noted that 2013/14 is the second of the three-year NZTA approved Land Transport Programme. All declared "unspent" funding can be carried forward to 2014/15 to supplement maintenance and renewal areas.

This is particularly important, as Council has had mixed results for 2013/14 with regard to good tender rates and incomplete projects resulting in potential carry over funding, as measured against the NZTA approved Roding Programme, as follows:

- Sealed Road Resurfacing - \$500,000
- Drainage Renewals - \$346,000
- Pavement Rehabilitation - \$348,000
- Structures Component Replacement - \$80,000

An overall cost saving of almost \$112,000 was obtained for the Clydevale Bridge Strengthening project. Unfortunately, these savings are not allowed to be used on other Improvement projects, with the NZTA's share of the funding declared as surplus. As Council's share is funded from depreciation, it does not impact on rates.

Balclutha Streetscape Improvements

Design work and consultation for the \$2.6 million budget to upgrade Balclutha's streetscape continued throughout 2013/14.

In September 2013 Council invited public submissions on the different components of the project. The most popular issues submitters raised included suggestions for improvements in Clyde Street, questions around whether the Memorial Hall area should remain an area of focus for the town and the resurfacing of footpaths. Some submitters raised the possibility of developing an empty section on Elizabeth Street into a town centre focus. Concerns were expressed about loss of parking spaces and trees. As a result of these concerns Council resolved to limit parking loss by reducing the total number of trees.

During 2013/14 Council purchased the empty section in Elizabeth Street, Balclutha, as a strategic investment in line with Council's endowment land policy. The purchase also gave Council another option to consult with the public towards the final design for the Balclutha streetscape upgrade. This further consultation took place in June 2014, where main focal point options were John Street, Elizabeth Street or a combination of both. Shortly afterwards, Council decided that Elizabeth Street would be the town focal point. Construction is expected to be completed in the 2014/15 year.



Clydevale Bridge upgrade

The Clydevale Bridge is one of three main bridges in the district that span the Clutha River (the other two bridges are on SH 1 at Balclutha and SH8 at Beaumont). Besides being a key crossing point, Clydevale is the only bridge of the three that can take over dimensional (or wide) loads. The bridge has been subject to speed and weight restrictions while longer term options for its renewal or replacement have been investigated. In 2011/12 it was determined that ultimately, the best option would be to strengthen the current bridge to Class 1 standards, extending its life for another 20 years. At that stage it is expected that a new bridge will be required, costing more than \$6 million.

The strengthening work was scheduled for 2012/13, subject to NZTA approval. After some delays in obtaining NZTA funding, and re-tendering to get a better price, the physical work took place in 2013/14. The cost is \$755,000, of which Council's share is \$234,000. The Tuapeka Mouth Ferry, approximately 10km up the river, was utilized and its hours of operation were extended during the upgrade.

The work means the bridge will be able to take standard Class 1 (44 tonne) heavy vehicles on a regular basis, rather than requiring a permit to be issued for a restricted term.



Clydevale Bridge

Three-year resealing programme

Resealing is one of Council's biggest ticket items. In a move to be more efficient, stimulate competition and gain better prices, Council tendered for a 3-year contract for Reseal and Preseal Repairs in 2012/13. In the past this work has been contracted out on an annual basis.

Changing to the new approach was successful and Council expects to save around \$600,000 over the three year period - 2012/13 to 2014/15.

At the end of the second year of the contract, Council had undertaken 62.2km of reseals. As a result of the good rates received for the contract, \$400,000 of the 2013/14 budget allocation will be carried forward to supplement the 2014/15 roading programme.

Funding Assistance Rate

CDC received an overall Financial Assistance Rate of 61% from the New Zealand Transport Agency (NZTA) in 2013/14, amounting to \$8 million. This funding is integral to providing and maintaining local roads in the Clutha District.

The NZTA is reviewing how it sets and applies funding assistance rates in the future. Currently, each local authority works out a specific subsidy with NZTA.

As things currently stand, CDC is likely to see a drop in the subsidy rate from NZTA from 61% to 52%, to be phased in during the next nine years. This has potentially serious implications for the future, as Council decides how best to absorb this shortfall.

Road Safety

A key goal for Council is working towards reducing the number of injury crashes in the district. For the third year in a row there were no fatalities on local roads in the Clutha District.

There were 38 reported injury crashes in 2013/14, which is an improvement on last year's number of 45. This meets our target of 39 or below. In addition to this, Council contracts road safety education services from Arai Te Uru Whare Hauora (ATUWH). Their work primarily focused on initiatives targeting high risk areas for our district: alcohol and speed.

Purakanui Falls Road Traction Seal

Council continued traction sealing Purakanui Falls Road, undertaking \$117,000 of work. Further work of nearly \$90,000 is scheduled for 2014/15. The road provides visitor access to the popular Purakanui Falls, and is also subject to heavy commercial vehicles from farming. \$100,000 of traction seal work was also carried out in Breakneck Road.



Purakanui Falls Road

Bridge Repairs

A tender for district-wide bridge repairs closed in January, with a contract awarded to Fulton Hogan. Significant bridge repair work was undertaken in Bruce (Toko Mouth Road, North Branch Road and Berwick Road), Catlins (Esplanade Road, the Bonnet Road and Owaka Valley Road), Clutha Valley (Clydevale Road - Kaitangata - Kaitangata Highway) and West Otago (Sheddan Road and Wilden Settlement Road).

Because of competitive rates for the contract, Council is able to carry out approximately \$300,000 of additional work in this area.

What we achieved for Roding in 2013/14

ROADING

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>To provide an effective and sustainable local roading network</i>	Residents satisfied local roads are an effective means of transport	56%	≥55%	61% Achieved
	Average number of times (unsealed) roads are graded	3.8	3.3	3.5 Achieved
	% of kilometres travelled on urban sealed roads that are considered to be smooth	90%	91%	90% Not achieved
	% of kilometres travelled on rural sealed roads that are considered to be smooth	99%	99%	99% Achieved
	Residents satisfied with footpaths	63%	≥40%	71% Achieved
<i>To monitor safety and invest in improving the roading network</i>	Average speed residents feel they can safely travel at on local sealed roads (km/hr)	87	80-90	95 Achieved
	Average speed residents feel they can safely travel at on local unsealed roads (km/hr)	68	60-70	65 Achieved
	Number of reported injury crashes (fatal, serious, minor) on local roads	45	≤39	38* Achieved

* While overall there were less injuries than last year, there was unfortunately an increase of four in serious injuries. See above narrative for more details.

Main Capital Projects 2013/14 - Progress Report for Roding

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Unsealed roading metalling	1,645,000	1,610,000	Complete
Sealed road resurfacing	2,237,000	2,760,000	Good tender rates resulted in savings
Drainage renewals	310,000	350,000	Complete
Pavement rehabilitation	1,944,000	2,210,000	The remainder of this project will be carried over to 2014/15
Structures components replacement	464,000	533,000	Good tender rates resulted in savings
Traffic services renewals	264,000	262,000	Complete
Footpath renewals	0	54,000	No renewals have been completed. Only \$42,000 has been spent on new footpaths, kerb and channel
Balclutha main street footpath renewal (main street)	0	550,000	Physical works have yet to start
Balclutha main street upgrade	105,000	1,803,000	Expenditure relates to consultancy fees for design work. Physical work yet to begin
Minor improvement projects	502,000	678,000	The remainder of this project will be carried over to 2014/15

What it cost for Roding in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	7,530	7,786	7,383
Subsidies and grants for operating purposes	2,644	2,804	3,003
Fees, charges and targeted rates for water supply	3	3	88
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	10,177	10,593	10,474
Applications of operating funding			
Payments to staff and suppliers	(4,944)	(5,243)	(5,467)
Finance costs	(201)	(313)	(278)
Internal charges and overheads applied	(1,380)	(1,411)	(1,064)
Other operating funding applications	0	0	0
Total applications of operating funding	(6,525)	(6,967)	(6,809)
Surplus (deficit) of operating funding	3,652	3,626	3,665
Sources of capital funding			
Subsidies and grants for capital expenditure	6,068	5,475	5,028
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	2,461	(142)	(178)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	8,529	5,333	4,850
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	
Capital expenditure to improve the level of service	(3,604)	(1,040)	(650)
Capital expenditure to replace existing assets	(8,677)	(7,778)	(7,496)
(Increase) decrease in reserves	(169)	(55)	(369)
(Increase) decrease of investments	269	(86)	0
Total applications of capital funding	(12,181)	(8,959)	(8,515)
Surplus (deficit) of capital funding	(3,652)	(3,626)	(3,665)
Funding balance	0	0	0

Water Supply

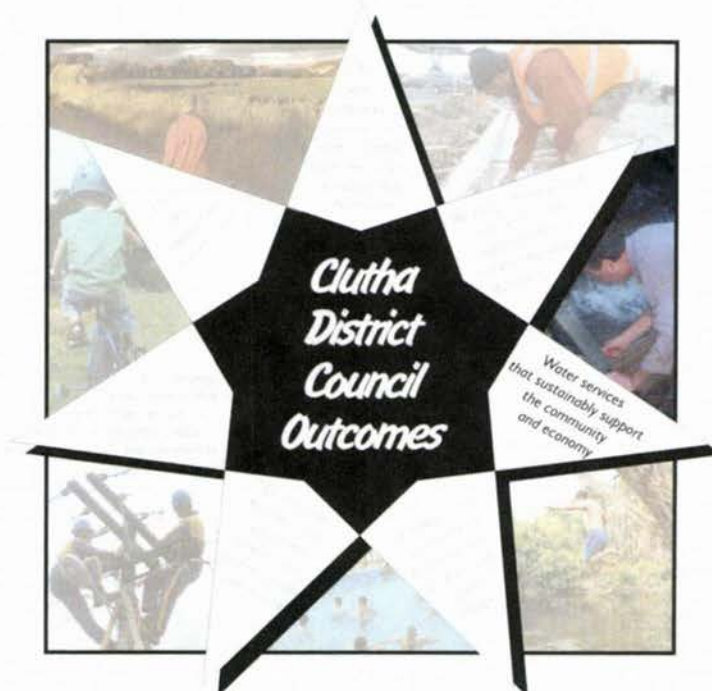
What we do

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

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

Why we do it

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



Clydevale Pomahaka Supply Storage Capacity Increase

In September Council commissioned an engineering consultancy firm to investigate increasing the water supply within the Clydevale Pomahaka rural water scheme. The upgrade will enable the supply of additional water to support further land-use intensification and dairy expansion on the Pomahaka side of the scheme.

A tender for the first part of the project has been issued. Work will continue through the 2014/15 financial year and the budget has been carried forward accordingly.

Water Treatment Plant Upgrades

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

During the year Council investigated what upgrade work was required to get district schemes up to current drinking water standards, for protozoa and bacteria compliance. Following meetings with rural water scheme committees, Council has proposed a number of upgrade works throughout the district schemes. These are to be carried out in two stages. The first stage involves gaining a clear understanding of the quality of incoming water; identify any seasonal variations and effect of extreme weather events on raw water quality. This first stage will also involve changing coagulant dosage types in a few treatment plants to address the variable raw water quality more efficiently.

The second stage involves the physical works associated with water treatment. These were scheduled to begin in December 2013. The sheer magnitude and complexity of this project means it will span across the 2013/14 and 2014/15 financial years. More details will be provided in the LTP.

Milton Water Treatment Plant

Since opening in 2008, the new Milton treatment plant has had some difficulty in producing enough treated water when the river is in flood. River conditions during flood events have been worse than was expected when the plant was designed, meaning that additional treatment may be required to enable the plant to produce sufficient volumes of water during these events. In addition to this, sludge produced from the membrane plant is currently being carted away to the Milton Sewage Treatment Plant, which is not very cost effective. A budget of \$259,000 has been carried forward from 2013/14 into 2014/15 for potential pre-treatment and to provide a cost effective solution for sludge handling.

Renewal Work on District Water Schemes

Approximately \$1m worth of renewal work identified in the 2013/14 Annual Plan was deferred, while Council did further work to update its capital forward works programme identified in the Water Asset Management Plan. Once the Asset Management Plan is complete, the renewal works identified will form part of the LTP renewals programme.

What we achieved for Water Supply in 2013/14

URBAN WATER SUPPLY

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Urban supplies provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	74%	72%	78% Achieved
<i>Provide a water supply adequate for firefighting</i>	Average number of properties per fire hydrant	5.8	5.8	5.8 Achieved
<i>Urban water schemes are managed efficiently and effectively</i>	% of customer requests for service resolved within specified timeframes**	84%	90%	95% Achieved
<i>Water from Council-provided schemes is safe to drink</i>	Urban consumers who receive water that meets* the NZ Drinking Water Standards 2005	100%	100%	100% Achieved
	Customer satisfaction with taste and cleanliness	56%	51%	73% Achieved

RURAL WATER SUPPLY

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Rural water schemes provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	65%	61%	76% Achieved
<i>Water from Council-provided schemes is safe to drink</i>	Customer satisfaction with taste and cleanliness	52%	51%	53% Achieved
	Rural scheme consumers who receive water that meets* the NZ Drinking Water Standards 2005	100%	100%	100% Achieved
	% of new water demand met units applied	100%	≥80%	96% Achieved
<i>Rural water schemes are managed efficiently and effectively</i>	% of customer requests for service resolved within specified timeframes**	91%	≥80%	91% Achieved

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

* "Meets" means either full compliance with the standards, or that 'all practicable steps' have been taken (i.e. that an approved Public Health Management Plan is in place). Refer to Section 69V of the Health (Drinking Water) Amendment Act 2007.

Main Capital Projects 2013/14 - Progress Report for Water Supply

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Increase capacity on the Clydevale-Pomahaka scheme	50,000	600,000	Deferred - to be completed in 2014/15. See commentary under 'Clydevale Pomahaka Supply Capacity Increase'.
Milton pre-treatment improvements	0	280,000	Deferred to 2014/15. See commentary under Milton water treatment plant'.
Glenkenich Rural Water Scheme - water treatment upgrade	0	280,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
Moa Flat Rural Water Scheme - water treatment upgrade	0	220,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
North Bruce Rural Water Scheme - water treatment upgrade	0	355,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
Richardson Rural Water Scheme - water treatment upgrade	24,500	316,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
Waitahuna Treatment Plant upgrade	7,000	211,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
Stirling Treatment Plant upgrade	0	182,000	Deferred until 2014/15. See commentary under 'Water Treatment Plant Upgrades'.
Lawrence Phoenix Dam Safety Programme	0	5,000	This work has been deferred while the final scope is confirmed.
Clinton Merrie Creek telemetry	5,000	11,000	It has been determined that this project should not go ahead because project costs cannot be justified. For example, \$11,000 for telemetry is considered too expensive for a pump that is only \$500.
Owaka - reservoir telemetry	7,000	15,000	Work in progress
South Bruce - Cherry Lane controls	0	17,000	Upon further investigation, Council officers discovered a lot of preliminary work which requires completion before this project can start. This will be addressed in the LTP.
Various renewal work on the 22 urban supplies and rural schemes throughout the district	0	1,005,000	This work has been deferred to 2014/15. See commentary under 'Renewal Work on District Water Schemes'.

What it cost for Water Supply in 2013/14

Funding impact statement for the year ended 30 June 2014

Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	5,722	6,038	6,025
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	164
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	5,722	6,038	6,189
Applications of operating funding			
Payments to staff and suppliers	(3,416)	(3,553)	(3,893)
Finance costs	(263)	(306)	(229)
Internal charges and overheads applied	(574)	(588)	(601)
Other operating funding applications	0	0	0
Total applications of operating funding	(4,253)	(4,447)	(4,723)
Surplus (deficit) of operating funding	1,469	1,591	1,466
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	770	165	(115)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	770	165	(115)
Applications of capital funding			
Capital expenditure to meet additional demand	(655)	0	(50)
Capital expenditure to improve the level of service	(1,119)	(1,040)	(269)
Capital expenditure to replace existing assets	(520)	(471)	(194)
(Increase) decrease in reserves	(95)	(1)	(838)
(Increase) decrease of investments	150	(244)	
Total applications of capital funding	(2,239)	(1,756)	(1,351)
Surplus (deficit) of capital funding	(1,469)	(1,591)	(1,466)
Funding balance	0	0	0



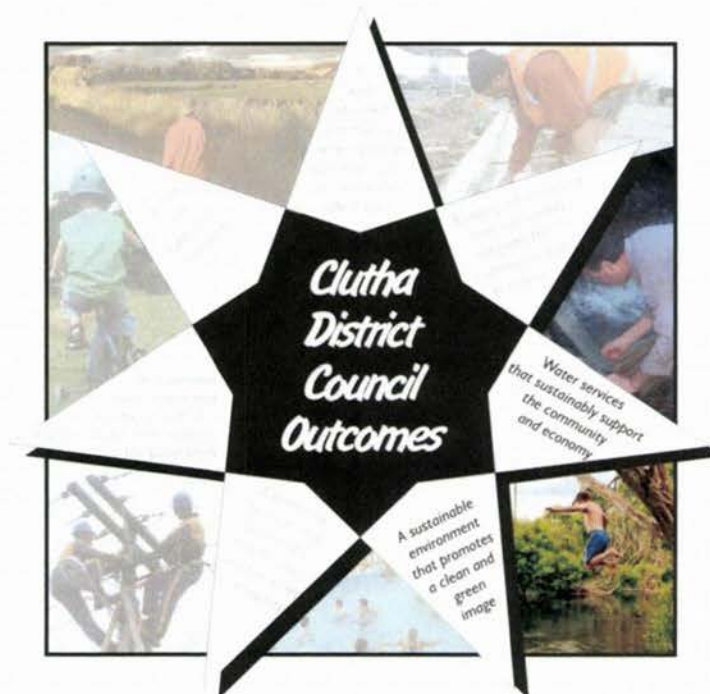
Sewerage

What we do

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

Why we do it

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



Wrap up for Sewerage in 2013/14

Lawrence Sewerage Pond Desludging

Council has completed desludging the Lawrence sewerage pond. The work was necessary to eliminate odour issues and to increase the pond depth to meet resource consent limits. This project was completed in the first week of July.

Sewage Treatment Plant Upgrades

Council lodged applications with Otago Regional Council to renew resource consents for sewage discharge from the Heriot, Waihola and Kaitangata Sewage Treatment Plants in December 2013. These treatment plants need upgrading in order to meet consent conditions. To benefit from the efficiencies gained from economies of scale, Council has decided to 'bundle' these upgrades together. Council will first seek expressions of interest from contractors across New Zealand. Following prequalification and final tender processes, it is expected that the successful service provider will be chosen during the 2014/15 financial year. Actual upgrade work is scheduled to begin in 2015/16, subject to final confirmation (both budget and timeline) in the 2015/2025 LTP. The preliminary budget is \$2,150,000: \$130,000 in 2014/15 and \$2,020,000 in 2015/16. The deadline for this work is February 2018.

Pounawea Sewerage Scheme

In August Council confirmed final funding arrangements for the Pounawea Sewerage Scheme.

In late 2012, Council committed to construct a sewerage system in Pounawea, pumping from the Pounawea Camping Ground to Owaka at an estimated cost of \$310,000.

In September 2013, Council informed the community of a significant overrun of costs. This was due mainly to increasing the coverage of the sewerage system to provide reticulation to most of Pounawea.

The final cost of the sewerage system will be approximately \$587,000. As the decision to extend the system was not consulted on with the community, and approval was not sought from the elected members, connection to the scheme will be voluntary. The funding shortfall is to come mainly from reserves (approximately \$155,000) and endowment interest (\$95,000) with the remainder coming from a district-wide rate (\$27,000).

What we achieved for Sewerage in 2013/14

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Meet sustainability/resource consent requirements</i>	% resource consent conditions met	100%	100%	92% Not Achieved
<i>Sewerage schemes are managed efficiently and effectively</i>	Customer requests for service resolved within specified timeframes*	85%	≥85%	94% Achieved
<i>Provide sewerage services that effectively collect and dispose of sewage</i>	Reported blockages/year/100km of sewer	10.3	≤14.0	13.1 Achieved
	Customer satisfaction	90%	≥85%	97% Achieved

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

Main Capital Projects 2013/14 - Progress Report for Sewerage

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Heriot - consent renewal and upgrade (Stage 1)	15,000	13,000	Consent renewed in 2013-14. See commentary under 'Sewerage Treatment Plant Upgrades'.
Kaitangata - consent renewal and upgrade (Stage 1)	13,500	52,000	Consent renewed in 2013-14 still in progress. See commentary under 'Sewerage Treatment Plant Upgrades'.
Waihola - improve discharge	13,000	177,000	Deferred - to be completed as part of the resource consent renewal. See commentary under 'Sewerage Treatment Plant Upgrades'.
Lawrence - desludge oxidation pond	39,000	104,000	Pond desludging in progress and scheduled to be completed in August 2014
Minor renewal work to various schemes	0	39,000	These works have been deferred until the Sewerage Asset Management Plan has been updated. Identified renewal works will form part of the LTP renewals programme.

What it cost for Sewerage in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,561	1,691	1,591
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	444	120	218
Internal charges and overheads recovered	200	88	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	2,205	1,899	1,809
Applications of operating funding			
Payments to staff and suppliers	(754)	(707)	(536)
Finance costs	(188)	(186)	(149)
Internal charges and overheads applied	(297)	(305)	(273)
Other operating funding applications	0	0	0
Total applications of operating funding	(1,239)	(1,198)	(958)
Surplus (deficit) of operating funding	966	701	851
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	735	17	(64)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	735	17	(64)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(1,271)	(94)	(94)
Capital expenditure to replace existing assets	(72)	(146)	(100)
(Increase) decrease in reserves	68	134	(593)
(Increase) decrease of investments	(426)	(612)	0
Total applications of capital funding	(1,701)	(718)	(787)
Surplus (deficit) of capital funding	(966)	(701)	(851)
Funding balance	0	0	0

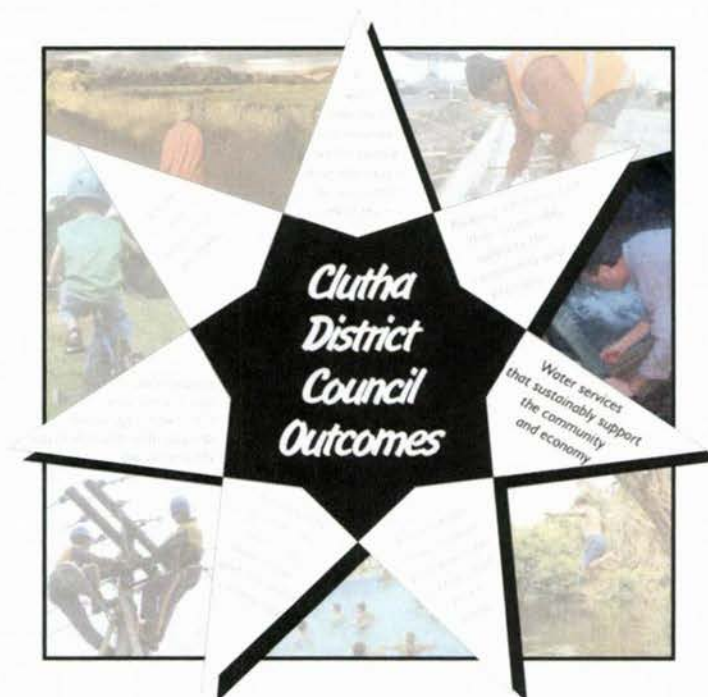
Stormwater

What we do

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

Why we do it

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



Wrap Up for Stormwater in 2013/14

Milton Stormwater Scheme Upgrade

Ongoing stormwater upgrade work at Milton aims to substantially reduce the amount of rural run-off entering the town during a large flood event. The 2013/14 Annual Plan included \$50,000 to allow Stage 2 of the works to be constructed. Staff changes and ongoing work to develop the most suitable design relating to adjacent landowners meant the timing for this work has been deferred to 2014/15. A total of \$82,000 plus GST has now been budgeted for this and construction is expected to be undertaken in the 2014/15 year following further discussions with landowners.

What we achieved for Stormwater in 2013/14

STORMWATER

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>By providing a level of protection against the effects of flooding in reticulated areas</i>	Customer satisfaction	72%	≥66%	76% Achieved
<i>By managing stormwater systems efficiently and effectively.</i>	Customer requests for service resolved within specified timeframes*	40%	≥80%	73% Not Achieved

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

Main Capital Projects 2013/14 - Progress Report for Stormwater

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Milton - completion of upgrade works	0	57,000	Project deferred. See commentary under 'Milton Stormwater Scheme Upgrade'.
Renewal works to various schemes	0	74,000	This work has been deferred until the Stormwater Asset Management Plan has been updated. Identified renewal works will form part of the LTP renewals programme.



What it cost for Stormwater in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	520	563	498
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	0
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	520	563	498
Applications of operating funding			
Payments to staff and suppliers	(91)	(95)	(22)
Finance costs	(38)	(36)	(28)
Internal charges and overheads applied	(188)	(193)	(174)
Other operating funding applications	0	0	0
Total applications of operating funding	(317)	(324)	(224)
Surplus (deficit) of operating funding	203	239	274
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(45)	(47)	(41)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	(45)	(47)	(41)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(15)	(52)	0
Capital expenditure to replace existing assets	(68)	(79)	(22)
(Increase) decrease in reserves	51	21	(211)
(Increase) decrease of investments	(126)	(82)	0
Total applications of capital funding	(158)	(192)	(233)
Surplus (deficit) of capital funding	(203)	(239)	(274)
Funding Balance	0	0	0

Solid Waste Management

What we do

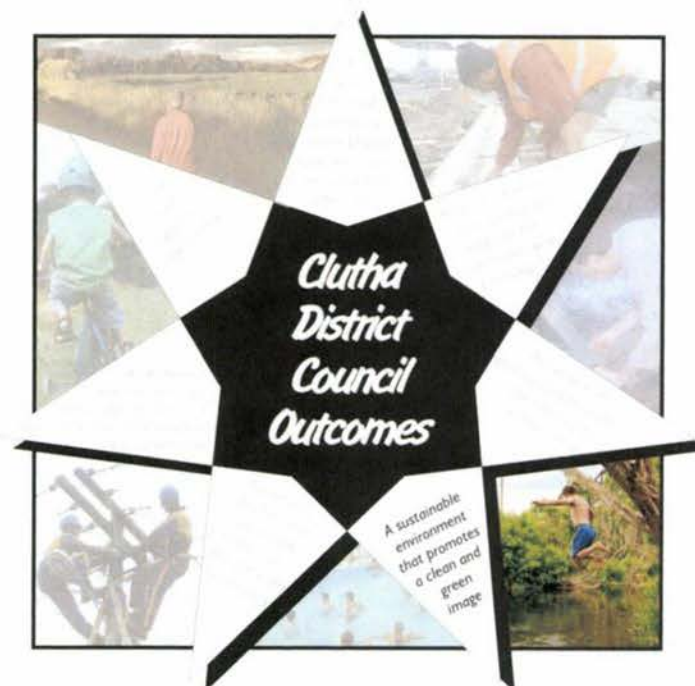
Council oversees the management and minimisation of solid waste within the district. These activities include:

- Operating a sanitary landfill and recycling drop-off depot for the district at Mt 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, Clydevale, Lawrence, Milton, Owaka, Tapanui and Taieri Mouth.
- Providing recycling drop-off facilities at Clinton, Lawrence, Milton, Owaka and Tapanui.
- Providing coin-operated “Jack Trash” bin at Papatowai.
- Providing a skip service at Maclennan that is collected on an as-needed basis.
- Monitoring and maintaining 19 closed tip sites throughout the district.
- Providing EnviroSchools (waste minimisation education) to schools throughout the district.

Why we do it

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

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



Mount Cooee Stormwater Pipeline Repair

CCTV footage indicated two significant sources of infiltration in the storm water pipeline at Mt Cooee Landfill, only one of which was deemed necessary for repair when the work was carried out in November. Ongoing issues have been discussed with the Otago Regional Council and an action plan to deal with them has been developed for the 2014/15 year. Most of the \$358,000 budget has been carried over to 2014/15 and will go towards implementing the action plan.

Enviroschools

Enviroschools is a programme that works towards creating a healthy, peaceful, sustainable world through people teaching and learning together. The number of Enviroschools continued to grow during the year. There are now eight schools signed up which constitutes 32% of all schools in the District.

Clutha 'my-waste' mobile app

Council recently launched a new mobile app about refuse and recycling for residents and visitors. It is understood the 'my-waste' app is a council first for New Zealand and was rolled out using funding received from the Ministry for the Environment under the Waste Minimisation Fund.

The app allows mobile device users to download a range of refuse and recycling information, including:

- Wheelie bin collection schedules
- Landfill and transfer station fees and operating hours
- A search function which lets users quickly find out whether or not an item is recyclable
- Settings for optional reminders for their wheelie bin day
- A geolocation function to find the closest drop off location, and
- 'Report-a-problem' function which allows residents to report problems such as a missed wheelie bin collection, damaged bins, illegal refuse dumping and even overflowing public refuse bins.

Council can now appoint an administration officer, to provide greater control over the app. This means we will be able to add and edit content and then push these changes. We also have access to more detailed usage information relating to the number of users who have opened the application and users who have reminders set.

Cloth Nappy Workshops

Nappy Lady workshops promote the benefits of cloth nappies over disposables, as well as providing basic education about waste-free parenting. Council ran the second Cloth Nappy Workshop in conjunction with The Nappy Lady in February 2014. The workshop was held in Lawrence and unfortunately this was not as well attended as the first. Feedback received in the lead up to the workshop suggested more people would have attended if it was held in Balclutha - this will be taken into consideration for the next workshops.

TV TakeBack Programme

From April 2013 Council took part in the national programme to encourage residents to responsibly recycle any unwanted televisions. With television going digital, this was part of a national programme that aimed to prevent obsolete sets ending up in landfills. This initiative ended in August, with a total of 454 unwanted televisions collected within the Clutha district since the initiative began.

What we achieved for Solid Waste Management in 2013/14

Solid Waste

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Provide a kerbside refuse and recycling collection service to townships and along service routes</i>	Resident satisfaction with the wheelie bin service	79%	≥80%	82% Achieved
	Tonnes of recyclables collected	700	500	645 Achieved
<i>Provide waste minimisation education</i>	% of schools who take part in the Enviroschools programme	28%	32%	32% Achieved
	% of residents aware of at least two things people can do to reduce the waste they produce	61%	75%	74% Not achieved
<i>Provide a facility in the district for the disposal of solid waste</i>	Resident satisfaction with Mt Cooee landfill	74%	≥55%	83% Achieved
	Tonne of waste to Mt Cooee landfill	8,807	≤11,200	8,704 Achieved
	Tonne of waste diverted from Mt Cooee landfill	805	≥650	665 Achieved

Main Capital Projects 2013/14 - Progress Report for Solid Waste Management

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Aftercare/renewal work to the district's closed landfills	22,770	22,000	
Mt. Cooee Landfill - stormwater pipeline remediation	8,709	358,000	See commentary under 'Mount Cooee Stormwater Pipeline Repair'.

What it cost for Solid Waste Management in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGC's, rates penalties	60	64	0
Targeted rates (other than a targeted rate for water supply)	850	922	921
Subsidies and grants for operating purposes	60	62	54
Fees, charges and targeted rates for water supply	444	576	502
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,414	1,624	1,477
Applications of operating funding			
Payments to staff and suppliers	(1,105)	(1,252)	(983)
Finance costs	0	0	0
Internal charges and overheads applied	(254)	(18)	(210)
Other operating funding applications	0	(257)	0
Total applications of operating funding	(1,359)	(1,527)	(1,193)
Surplus (deficit) of operating funding	55	97	284
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt ^(internal debt)	330	(7)	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	330	(7)	0
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(330)	(361)	0
Capital expenditure to replace existing assets	(21)	(22)	0
(Increase) decrease in reserves	4	333	(284)
(Increase) decrease of investments	(38)	(40)	0
Total applications of capital funding	(385)	(90)	(284)
Surplus (deficit) of capital funding	(55)	(97)	(284)
Funding balance	0	0	0



Community Services

What we do

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

Libraries, Service and Information Centres which involves:

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

Swimming Pools which involves:

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

Parks, Reserves, Sportsgrounds and Playgrounds which involves:

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

Halls and Community Centres which involves:

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

Public Conveniences which involves:

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

Cemeteries which involves:

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

Community Housing and other Property which involves:

- Owning and maintaining 98 one bedroom housing units located in Balclutha, Clinton, Kaitangata, Lawrence, Milton, Owaka, Tapanui and Waihola.
- Other property is owned and maintained by Council for storage of materials and equipment.
- Property which is retained for renting and leasing at market rates with the income offsetting rates.
- 400 hectares of plantation forestry which is managed as a long term investment.

Cross Recreation Centre which involves:

- Funding \$2.5 million towards the cost of constructing the multi-use Cross Recreation Centre in Balclutha, and providing an operating grant of \$20,000 in 2012/13.

Wrap up for Community Services in 2013/14

100 Years as a Carnegie Library

A highlight for Community Services this year was the centenary celebration for Balclutha's Carnegie Library. There has been a public library in Balclutha since before 1867. In 1888, after a petition and a public meeting, the Balclutha Borough Council took over operating the library. In 1913, the Council approached the Carnegie Foundation, and on 28 May 1914 the Carnegie Library in Balclutha was opened by Prime Minister Massey. Although there were many built in New Zealand, Balclutha is one of only two that remain in operation out of the original Carnegie funded building. The official celebration was held on Saturday 24 May.



Celebratory cake

Balclutha pool

Ongoing temperature fluctuations caused issues throughout the year for Balclutha pool. This resulted in a number of short (one to two) day closures during the year and two week-long closures in May and June. Typically, when temperatures drop it can take a few days for things to return to normal.

A report was commissioned at the start of 2014 on the main pool water services. It identified a number issues and solutions. These included reducing restrictions on the heating network, larger more efficient pipes to the heat exchangers and installation of a larger lint basket. These improvements were made during the annual maintenance closure, which was lengthened and slightly delayed to August 2014.

Community Housing Renewals

Council carried out a number of renewal projects on community houses throughout the district. Drainage issues at Clinton and Waiholo were addressed, though additional work and cable upgrades will need to be undertaken in 2014/15.

Wet floor showers were installed at Lawrence, Tapanui and Balclutha's Toshvale units. Feedback from tenants has been positive, especially in relation to more accessible bathrooms. In Tapanui new showers were budgeted for \$55,000 over a three year period. However, it was more economical to complete all the work in the 2013/14 financial year. The final cost of \$31,000 was well within budget.

All except two of the units at Naish Courts and Argyle Street have had their kitchens upgraded. The upgrades have improved kitchen areas and made them more user-friendly for tenants.

Improvements to Public Toilets in Balclutha

The main projects for public toilets in 2013/14 was the upgrade of the Balclutha toilets outside the town hall and the Warehouse. The upgrades had been put on hold while the future and location of the toilets were considered as part of the main street upgrade. However, it is decided that the toilets will remain where they are currently situated. The refurbishment was completed in May at a combined cost of \$65,000, with an end result that has seen the toilets looking and functioning as new.



Refurbished Toilets at the Balclutha Information Centre

Elizabeth Street in Balclutha

During 2013/14 Council purchased an empty section in Elizabeth Street, Balclutha, as a strategic investment in line with Council's endowment land policy. The purchase also gave Council another option to consult with the public towards the final design for the Balclutha streetscape upgrade.

Through the initial round of consultation last year on what the Balclutha Streetscape Upgrade should look like and include, some submitters raised the possibility of developing the current empty section into a town centre focus. After considering all of the submissions, Council agreed to develop options for enhancing Elizabeth Street.

Since that time, the opportunity arose for Council to purchase the currently empty section and adjacent building. The \$400,000 purchase would be paid for from Council's Land and Buildings Special Fund and Endowment Land Fund respectively, which meant no additional impact on rates. Refer to the Roading section for more information about this project.

What we achieved for Community Services in 2013/14

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui</i>	Customer satisfaction with libraries	97%	90%	99% Achieved
	Customer satisfaction with library opening hours	89%	80%	94% Achieved
	% of residents who have used a library within the past 12 months	54%	50%	52% Achieved
<i>Provide a library collection consisting of adult fiction, adult non-fiction, reference, children, young adult, large print, local history, newspaper, magazine, adult literacy, audio visual, talking books, media, jigsaw and electronic resource materials</i>	Customer satisfaction with the availability of books at the libraries	88%	80%	94% Achieved
<i>Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui</i>	Resident satisfaction with service centres	97%	≥90%	97%* Achieved
	% of residents who have used a service centre within the past 12 months	48%	50%	49% Not Achieved
<i>Provide Council-run information services in Balclutha, Owaka and Tapanui along with community contracted information</i>	Customer service (mystery shopper) survey of information services	99%	≥80%	Not Measured*
<i>Operate a safe, accessible and affordable district pool in Balclutha, along with summer pools in Kaitangata, Lawrence and Milton</i>	Number of swims	55,897	53,000	53,688 Achieved
	% of residents who have visited a Council pool during the past year	27%	≥27%	30% Achieved
	% customer satisfaction	66%	≥55%	59% Achieved
<i>Maintain 86 hectares of parks and reserves, and provide financial assistance for a further 19 hectares that are managed by local communities</i>	Resident satisfaction with parks and reserves	82%	≥80%	92% Achieved
	% of residents who visited a park or reserve during the year	67%	55%	67% Achieved
<i>Provide and maintain 18 playgrounds throughout the district</i>	Resident satisfaction with playgrounds	85%	≥80%	93% Achieved
	% of residents who visited a playground during the year	49%	40%	47% Not Achieved
<i>Provide and maintain sportsgrounds at Balclutha, Kaitangata, Milton and Owaka</i>	Resident satisfaction with sportsgrounds	83%	≥80%	93% Achieved
<i>Operate and maintain 6 urban and 8 rural cemeteries throughout the district</i>	Resident satisfaction with cemeteries	86%	≥80%	89% Achieved
	% of residents who had visited a cemetery during the year	57%	50%	57% Achieved
<i>Provide and maintain 24 public toilets throughout the district</i>	Resident satisfaction with toilets	57%	≥45%	64% Achieved
	% of residents who had used a public toilet during the year	44%	50%	49% Not Achieved
<i>Directly operate and maintain the Balclutha Town Hall, and help communities provide halls and centres in their respective communities</i>	Resident satisfaction with halls and community centres	84%	≥80%	90% Achieved
	% of residents who had used a hall/ community centre during the year	63%	55%	64% Achieved
<i>Provide and maintain 98 community housing units throughout the district</i>	Tenant satisfaction with housing units	98%	≥90%	97% Achieved

* This survey is not longer carried out as part of Visitor Information Network (VIN) accreditation, so this was not available in 2013/14.

Main Capital Projects 2013/14 - Progress Report for Community Services

Aspect	Actual (2013/14)	Budget (2013/14)	Progress
Balclutha library carpet/ interior renewals	55,000	31,000	Re-carpeting and internal painting was completed in the 2012/13 year. Council approved a budget of \$50,000 in 2012/13, which was carried forward to improve energy efficiency and heating effectiveness by installing heat pumps.
Library book renewals	112,000	111,000	Project completed within budget
Renewal work at Milton pool	14,000	7,000	This work was part of the 2012/13 year pool painting project.
Community housing renewals - Clinton	2,000	3,000	Completed within budget.
Community housing renewals - Lawrence	6,000	10,000	Completed within budget.
Community housing renewals - Tapanui	31,000	22,000	See Community Services Wrap-up for details.
Community housing renewals - Waihola	4,000	5,000	Completed within budget.
Community housing renewals - Milton	7,000	8,000	Exterior Painting completed within budget.
Community housing renewals - Balclutha (Toshvale)	19,000	37,000	Completed within budget.
Community housing renewals - Balclutha (Naish Courts)	40,000	67,000	Completed within budget.
Waihola camping ground - improvements to amenity block	5,000	7,000	Repairs to showers completed. Work completed within budget.
Balclutha service centre interior renewals	6,000	31,000	Renewal of carpet and wet area flooring completed within budget
Lawrence service centre renewals	0	2,000	Although this was budgeted for, it has since transpired that the work is not required.
Milton service centre refurbishment	1,000	92,000	Structural report completed. Carried forward to 2014/15.
Tapanui service centre interior renewals	0	22,000	To be completed in 2014/15
Glasgow Street (Balclutha) skatepark upgrade	0	71,000	The Skate Park project was to be developed in two stages. Stage 1 is completed. Stage 2 to be carried forward to 2014/15.
Glasgow Street (Balclutha) playground renewal	28,000	31,000	Currently underway. Playground upgrade to be completed in 2014/15.
Blair Atholl Walkway (Balclutha) access upgrade	0	26,000	Currently underway. Initial scoping and discussions with ORC completed. To be completed in 2014/15.
Moore Park (Milton) bike park redevelopment (community funded)	0	82,000	This is now a community based project with no funding involvement from Council.
Balclutha toilet replacement (outside town hall)	65,000	108,000	Project scope changed from a renewal to a refurbishment in conjunction with Streetscape Upgrade. The work also included the refurbishment of the toilet in the central service lane. Scope change meant expenditure was well below budget.
Balclutha cemetery roading resealing	0	20,000	Due to changes in the timing and order of the work at the cemetery.
Lawrence cemetery - construction of beams	1,500	2,000	Completed within budget
Owaka public toilets	0	133,000	Location and design to be confirmed in consultation through the District Assets Committee in conjunction with work proposed to the town centre. Funding has been carried forward to 2014/15.

What it cost for Community Services in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	2,198	2,337	2,062
Targeted rates (other than a targeted rate for water supply)	1,127	1,142	1,561
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,218	1,081	1,165
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	4,543	4,560	4,788
Applications of operating funding			
Payments to staff and suppliers	(3,542)	(3,023)	(3,084)
Finance costs	(564)	(595)	(323)
Internal charges and overheads applied	(437)	(447)	(504)
Other operating funding applications	0	0	0
Total applications of operating funding	(4,543)	(4,065)	(3,911)
Surplus (deficit) of operating funding	0	495	877
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	515	29	(95)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	515	29	(95)
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(238)	(124)	(402)
Capital expenditure to replace existing assets	(777)	(561)	(443)
(Increase) decrease in reserves	30	(1)	63
(Increase) decrease of investments	470	162	0
Total applications of capital funding	(515)	(524)	(782)
Surplus (deficit) of capital funding	0	(495)	(877)
Funding balance	0	0	0

Regulatory & Emergency Services

What we do

Resource Management which involves:

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

Animal Control which involves:

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

Environmental Health which involves:

- Registering and inspecting premises that prepare or sell food on a risk-rating frequency between 9 to 24 months.
- Registering and inspecting other controlled premises, such as hairdressers, offensive trades, funeral parlours and camping grounds.
- Responding to noise complaints.

Liquor Licensing, which involves:

- Controlling the sale and supply of liquor via the Sale and Supply of Alcohol Act 2012.
- Processing applications for on, off, club and special licenses, processing managers certificates and renewals, and monitoring licensed premises for compliance.
- Promoting the principle of host responsibility and the safe use of alcohol through seminars and customer liaison.

Building Control which involves:

- Providing advice and administering the Building Act 2004.
- 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.
- Issuing building warrants of fitness and compliance schedules.
- Investigating complaints related to unauthorised building work where necessary.

Rural Fire which involves;

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

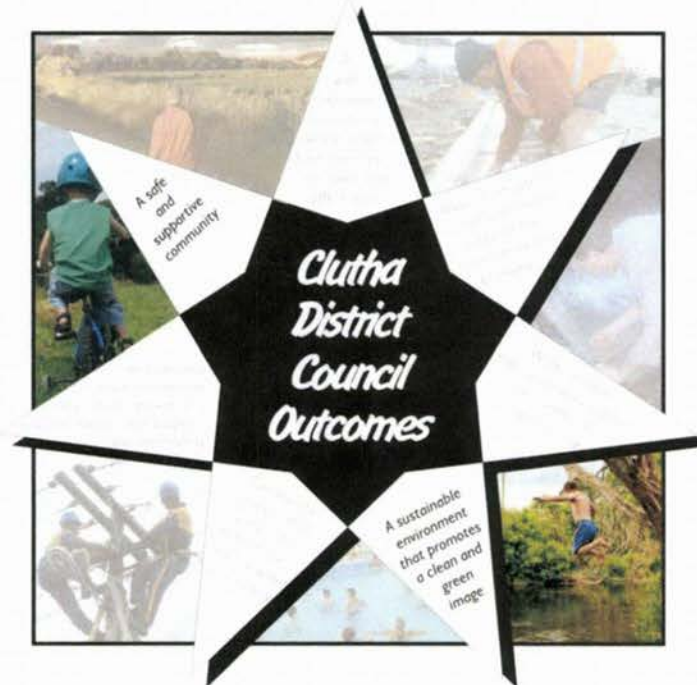
Civil Defence Emergency Management which involves;

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

Why we do it

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

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



Wrap up for Regulatory & Emergency Services in 2013/14

Resource consents

There was a large increase in the number of resource consents processed: 82 compared to 58 in 2012/13 and 46 in 2011/12. This was largely due to an increase in subdivision consents throughout the district.

Building control

During the year there were fewer building consent applications. This continues a declining trend, though one that appears to be slowing. In 2013/14 a total of 505 applications were processed, valued at just under \$35 million. This was only three less than 2012/13 with 508. However, the value of consents was around \$4 million higher than last year's \$31 million.

Also relating to Building Control, Council is required to comply with various regulations in order to maintain its accreditation as a Building Consent Authority. One of those (Regulation 18) came into force at the end of November, and requires that all technical staff and contractors must have, or be working towards, specified qualifications.

Until that change is made, IANZ (the accreditation authority) is required to enforce compliance with the regulation as it currently stands. They issued us with a Corrective Action Request requiring us to ensure that all specialist contractors meet the requirement. We advised IANZ that we will only use contractors who meet the regulation requirements. In late November 2013, IANZ issued the certificate of accreditation. The next review will be in January 2015.

Even though unopposed applications need only go to the Chair / Deputy Chair for a decision, this will still add significant extra steps to the process, and Council will need to monitor and review how this works to ensure that applications can be properly considered without undue delay.

Environmental Health

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

The Food Bill was passed by Parliament at the end of May and will become the Food Act 2014. The central feature of the new Act is a sliding scale where businesses that are higher risk from a food safety point of view will operate under more stringent food safety requirements and checks than lower risk food businesses. The new law recognises that each business is different and is a positive step forward from the old Act and its one-size-fits-all approach to food safety.

Higher-risk food businesses that prepare and sell meals or sell raw meat or seafood will be required to operate under a written Food Control Plan (FCP), in which businesses identify food safety risks and steps they need to take to manage these risks. Businesses that produce or sell medium risk foods (like non-alcoholic beverages) will come under National Programmes. There are three levels of National Programmes, which are based on the level of food safety risk. These premises will not have to register a written plan, but will have to make sure they are following the requirements for producing safe food that will be set out in regulations. This includes having to register their business details, keep minimal records and have periodic checks.

Unlike the old Act, the new Act provides a clear exemption to allow Kiwi traditions like fundraising sausage sizzles or home baking at school fairs to take place. The only rule will be that food that is sold must be safe. Growing food for personal use and sharing it with others, including 'Bring a plate' to a club committee meeting or a lunch for a visiting sports team or social group, is outside the scope of the Food Act. The Act only covers food that is sold or traded.

Changes to the Resource Management Act

The government passed the RMA Reform Act last year. The key points are:

- A six-month time limit on the council processing of medium-sized consents, with the calculation of this now considerably simplified as a response to submissions;
- A streamlined process for Auckland's first Unitary Plan;
- A requirement for proposed changes to district and regional plans to include a cost-benefit analysis, including assessment of impacts on economic growth and employment;
- Consent applications for major regional projects can be directly referred to the Environment Court more easily.

These changes are yet to have any significant impact on Council's planning activities, but the District Plan rolling review will be affected by some of the changes.

Emergency Services

Council hosted a very successful three days of Emergency Operations Centre (EOC) 3 training. Run by the Emergency Management Training Centre, the EOC 3 Training course was held at the Council offices in March 2014. The training put around 47 personnel from Police, Otago Regional, Dunedin City, Clutha and Waitaki District councils through their paces. Each day focused on a different function of the EOC - Planning and Intelligence, Operations, and Logistics - which gave participants the opportunity to better familiarise themselves with their role and those who they might be working most closely with in an event.

The Emergency Operations Centre was activated at a low level at the request of the Ministry of Civil Defence following an earthquake near the Solomon Islands earlier in April. The activation was for a potential tsunami, however, the warning was later lifted due to the low threat posed to New Zealand. The activation was a good opportunity to test our coastal warning system and the key contacts in our coastal settlements appreciated the liaison at the time.

Coastal flooding on the lower Clutha River (south of Kaitangata) was brought to our attention over Easter, however this was responded to by the Otago Regional Council and did not require our direct involvement.

Animal Control

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

Rural Fire

The Restricted Rural Fire season was imposed on 1 December 2013 and was lifted on 3 May 2014 following cooler and wetter weather lowering the fire danger indices.

What we achieved for Regulatory & Emergency Services in 2013/14

Level of Service	Performance Measures	Actual (2012/13)	Target (2013/14)	Actual (2013/14)
<i>To provide a consents service where consents are processed within statutory timeframes in an efficient manner</i>	Non-notified resource consents processed within 20 days (statutory timeframe)	97%	100%	94% Not achieved
	Non-notified resource consents processed within 10 days	52%	50%	43% Not achieved
<i>Animal control incidents are responded to in a prompt and efficient manner</i>	Incidents investigated within 48 hours of reports being received	98%	100%	98% Not Achieved
<i>Provide an environmental health inspection service that works towards safe and healthy living</i>	% noise complaints are responded to within 48 hours	100%	100%	100% Achieved
<i>To provide a liquor licensing service where licenses are processed within statutory timeframes in an efficient manner</i>	Unopposed liquor licenses and certificate renewals processed within 20 working days	100%	100%	99% Not achieved
<i>Provide a building consents service where consents are processed within statutory timeframes in an efficient manner</i>	Building consents and PIMs processed within 20 working days	100%	100%	99% Achieved
	LIMs processed within 10 working days	100%	100%	100% Achieved
<i>There is timely processing of fire permits</i>	% of fire permit applications processed within 5 working days	98%	100%	98% Not achieved
<i>Encouraging and promoting residents to be prepared for a Civil Defence emergency</i>	% of residents who have taken steps to personally prepare for a Civil Defence emergency	52%	61%	47%* Not achieved

* After trending upwards in recent years, this has been trending downwards in the last 2 years. We can only speculate on the likely causes for this, such as the time elapsed since the Canterbury earthquakes, no significant events in the Clutha District and less marketing of preparedness messages.

What it cost for Regulatory & Emergency Services in 2013/14

Funding impact statement for the year ended 30 June 2014

	2013 Long Term Plan (\$000)	2014 Long Term Plan (\$000)	2014 Actual (\$000)
Sources of Operating Funding			
General rates, UAGCs, rates penalties	355	366	449
Targeted rates (other than a targeted rate for water supply)	325	316	251
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	713	735	745
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipts	0	0	0
Total operating funding	1,393	1,417	1,445
Applications of operating funding			
Payments to staff and suppliers	(846)	(856)	(1,450)
Finance costs	(8)	(7)	(10)
Internal charges and overheads applied	(511)	(523)	(424)
Other operating funding applications	0	0	0
Total applications of operating funding	(1,365)	(1,386)	(1,884)
Surplus (deficit) of operating funding	28	31	(439)
Sources of capital funding			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contributions	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(5)	(5)	23
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
Other Dedicated Capital Funding	0	0	0
Total sources of capital funding	(5)	(5)	23
Applications of capital funding			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	(29)
Capital expenditure to replace existing assets	0	0	0
(Increase) decrease in reserves	(7)	(9)	445
(Increase) decrease of investments	(16)	(17)	0
Total applications of capital funding	(23)	(26)	416
Surplus (deficit) of capital funding	(28)	(31)	439
Funding balance	0	0	0

financial information

3



Photo: T Johnson



Photo: L Brown



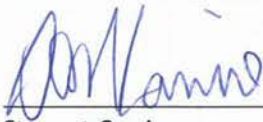
Statement of Compliance and Responsibility

Compliance

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

Responsibility

The Council and management of the Clutha District Council accept responsibility for the preparation of the annual Financial Statements and the judgements used in them. The Council and management of the Clutha District Council accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting. In the opinion of the Council and management of the Clutha District Council, the annual Financial Statements for the year ended 30 June 2014 fairly reflect the financial position and operations of the Clutha District Council.



Stewart Cowie
DEPUTY MAYOR

Date: 23rd October 2014



Steve Hill
CHIEF EXECUTIVE

Date: 23rd October 2014

Funding Impact Statement

For the Financial Year ended 30 June 2014

	2014 Actual	2014 Annual Plan	2013 Actual	2013 Long Term Plan
	\$	\$	\$	\$
Sources of Operating Funding				
General rates, UAGC's, rates penalties	4,557,550	4,519,000	4,304,361	4,267,000
Targeted rates (other than a targeted rate for water supply)	18,206,012	12,468,000	17,626,520	17,821,000
Subsidies and grants for operating purposes	3,003,463	2,597,000	2,886,024	2,644,000
Fees, charges and targeted rates for water supply	3,230,885	9,528,000	4,514,097	3,772,000
Interest and Dividends from Investments	136,696	465,000	74,051	633,000
Fuel tax, fines, infringement fees and other receipts	-	-	-	-
Total operating funding	29,134,606	29,577,000	29,405,053	29,137,000
Applications of Operating Funding				
Payments to staff and suppliers	20,582,207	23,637,000	21,220,526	22,429,000
Finance costs	-	-	-	-
Other operating funding applications	-	-	-	-
Total applications of operating funding	20,582,207	23,637,000	21,220,526	22,429,000
Surplus (deficit) of operating funding	8,552,399	5,940,000	8,184,527	6,708,000
Sources of capital funding				
Subsidies and grants for capital expenditure	5,028,245	5,591,000	4,716,123	6,068,000
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(3,445)	-	(1,003,226)	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
Other dedicated capital funding	-	-	-	-
Total sources of capital funding	5,024,800	5,591,000	3,712,897	6,068,000
Applications of capital funding				
Capital expenditure to meet additional demand	50,057	-	-	655,000
Capital expenditure to improve the level of service	1,444,004	-	-	5,455,000
Capital expenditure to replace existing assets	8,422,356	16,244,000	11,827,043	11,337,000
(Increase) decrease in reserves	560,782	(304,000)	220,381	212,000
(Increase) decrease of investments	3,100,000	(4,409,000)	(150,000)	(4,883,000)
Total applications of capital funding	13,577,199	11,531,000	11,897,424	12,776,000
Surplus (deficit) of capital funding	(8,552,399)	(5,940,000)	(8,184,527)	(6,708,000)
Funding Balance	-	-	-	-

Statement of Financial Performance

For the Financial Year ended 30 June 2014

	Notes	2014 \$	Budget \$	2013 \$
Income				
Rates revenue	2 (a)	22,763,562	22,940,640	21,930,881
Subsidies and grants	2 (a)	8,305,009	8,188,102	7,893,508
Other revenue	2 (a)	3,094,280	3,574,249	4,296,782
Other gains/(losses)	2 (b)	496,375	464,879	972,146
Total income	2 (h)	34,659,226	35,167,870	35,093,317
Expenditure				
Employee benefits expense	2 (c)	4,429,306	4,456,757	4,271,626
Depreciation and amortisation expense	2 (d)	13,228,231	13,219,131	12,417,511
Finance costs	2 (e)	210	225	311
Other expenses	2 (f)	16,152,691	19,180,170	16,948,589
Total operating expenditure	2 (h)	33,810,438	36,856,283	33,638,037
Surplus/(Deficit) for the year		848,788	(1,688,413)	1,455,280

The accompanying notes form part of these financial statements.

Statement of Comprehensive Income

For the Financial Year ended 30 June, 2014

	2014 \$	Budget \$	2013 \$
Surplus/(Deficit) for the year	848,788	(1,688,413)	1,455,280
Other Comprehensive Income			
Items that may be reclassified to profit or loss			
Available-for-sale financial assets valuation gain/(loss)	(1,887)	-	(3,843)
Items that will not be reclassified to profit or loss			
Gain/(loss) on property, plant and equipment revaluation	25,585,365	-	154,598
Total Other Comprehensive Income	25,583,478	-	150,755
Total Comprehensive Income for the year	<u>\$26,432,266</u>	<u>\$(1,688,413)</u>	<u>\$1,606,035</u>

Statement of Changes in Equity

For the Financial Year ended 30 June, 2014

	2014 \$	Budget \$	2013 \$
Equity at beginning of year	990,667,960	998,110,675	989,061,925
Total Comprehensive Income for the year	26,432,266	(1,688,413)	1,606,035
Equity at end of year	<u>\$1,017,100,226</u>	<u>\$996,422,262</u>	<u>\$990,667,960</u>

The accompanying notes form part of these financial statements.

Statement of Financial Position

As at 30 June, 2014

	Notes	2014 \$	Budget \$	2013 \$
Current assets				
Cash and cash equivalents	22 (a)	468,401	377,557	209,035
Trade and other receivables	5	3,852,292	3,944,784	2,924,571
Inventories - development property	6	12,802	12,802	12,802
Other financial assets	7	21,929,589	10,883,469	18,475,175
Total current assets		26,263,084	15,218,612	21,621,583
Non-current assets				
Trade and other receivables	5	934	2,571	1,827
Other financial assets	7	37,756	43,487	39,644
Property, plant and equipment	8	993,664,492	986,029,134	971,376,726
Finite Life Intangible assets	9	66,222	491,727	381,357
Forestry asset	10	2,863,212	1,868,112	2,726,675
Total non-current assets		996,632,616	988,435,031	974,526,229
Total assets		1,022,895,700	1,003,653,643	996,147,813
Current liabilities				
Trade and other payables	11	4,529,026	5,999,234	3,904,956
Employee entitlements	12	422,683	463,901	493,879
Borrowings	13	3,694	3,693	3,402
Total current liabilities		4,955,403	6,466,828	4,402,237
Non-current liabilities				
Borrowings	13	1,333	1,336	5,070
Provisions	14	782,378	663,775	969,162
Other liabilities		56,360	99,442	103,384
Total non-current liabilities		840,071	764,553	1,077,616
Total liabilities		5,795,474	7,231,381	5,479,853
Net assets		\$1,017,100,226	\$996,422,262	\$990,667,960
Equity				
Reserves	15	779,471,509	754,811,184	751,515,622
Retained Earnings	16	237,628,717	241,611,078	239,152,338
		\$1,017,100,226	\$996,422,262	\$990,667,960

The accompanying notes form part of these financial statements.

Cashflow Statement

For the Financial Year ended 30 June, 2014

	Notes	2014 \$	Budget \$	2013 \$
Cash flows from operating activities				
Receipts from customers		32,665,786	34,702,991	34,590,139
Interest received		136,696	464,879	74,051
Payments to suppliers and employees		(19,751,149)	(23,637,152)	(20,724,775)
Finance costs		(210)	-	(311)
Receipt from non-current receivable		893	-	744
Net cash inflow/(outflow) from operating activities	22 (c)	13,052,016	11,530,718	13,986,885
Cash flows from investing activities				
Proceeds from sale of property, plant and equipment		-	-	-
Purchase of property, plant and equipment		(9,642,181)	(16,243,857)	(13,814,226)
Purchase of intangible assets		-	-	(39,080)
(Purchase)/Sale of other financial assets		(3,100,000)	4,412,780	150,000
Net cash inflow/(outflow) from investing activities		(12,742,181)	(11,831,077)	(13,703,306)
Cash flows from financing activities				
Proceeds from borrowings		-	-	-
Repayment of borrowings		(50,469)	(3,401)	(999,283)
Net cash inflow / (outflow) from financing activities		(50,469)	(3,401)	(999,283)
Net increase/(decrease) in Cash and cash equivalents		259,366	(303,760)	(715,704)
Cash and cash equivalents at the beginning of the financial year		209,035	681,318	924,739
Cash and cash equivalents(overdraft) at the end of the financial year	22 (a)	\$468,401	\$377,558	\$209,035

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

For the Financial Year ended 30 June 2014

1 SUMMARY OF ACCOUNTING POLICIES

Reporting Entity

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

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

Statement of Compliance

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

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

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

Basis of Preparation

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

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Adoption of new and revised Standards and Interpretations

Standards and Interpretations Effective in the Current Year

There were no new or revised Standards or Interpretations effective in the current period that had a material impact on the annual report of the Council.

Standards and Interpretations on issue but not yet adopted

The Minister of Commerce has approved a new Accounting Standards Framework (incorporating a Tier Strategy) developed by the External Reporting Board (XRB). These standards are based on current International Public Sector Accounting Standards.

The XRB and New Zealand Accounting Standards Board (NZASB) are proposing changes to the accounting standards that apply, distinguishing between 'for-profit' entities, public benefit entities (PBEs) in the public sector and PBEs that are not-for-profit. The Council falls into the category of PBE.

The suite of standards (PBE International Public Sector Accounting Standards) were approved for PBEs on 23 May 2013 and will be applicable to the public sector for reporting periods beginning on or after 1 July 2014. Early adoption is not permitted to ensure consistency of reporting in the public sector. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements.

Although the new standards apply to reporting periods beginning on or after 1 July 2014, comparative information will be required which means an opening balance sheet will need to be established at 1 July 2013. In addition, budgeted information for the 2014/2015 year will need to be prepared by Council in accordance with the new standards ahead of 1 July 2014.

The Council is yet to assess the implications of the new Accounting Standards Framework at this time.

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

SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and GST.

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

Rates Revenue

Rates revenue is recognised when it is levied.

Other Revenue

Revenue from services rendered is recognised when it is probable that the economic benefits associated with the transaction will flow to the entity. The stage of completion at balance date is assessed based on the value of services performed to date as a percentage of the total services to be performed.

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Other Gains and Losses

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

Grant expenditure

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

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

Leasing

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

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

(a) The Council as Lessor

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

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

(b) The Council as Lessee

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

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

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

(c) Lease Incentives

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Taxation

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

Goods and Services Tax

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

Cash and Cash Equivalents

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

Financial Instruments

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

(a) Financial Assets

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

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

- Financial Assets at Fair Value Through Profit or Loss

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

- Available-for-Sale Financial Assets

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

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

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

- Loans and Receivables

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

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

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

Money Market Deposits are included within this classification.

Impairment of Financial Assets

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Financial Instruments cont

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

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

- Trade and Other Payables

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

- Borrowings

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

(c) Derivative Financial Instruments

From time to time the Council enters into certain derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Further details of derivative financial instruments are disclosed in Note 27 to the financial statements.

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

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

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

There were no derivative financial instruments held by Council at 30 June 2014 or 30 June 2013.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Financial Instruments cont

Fair Value Estimation

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

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

Inventories

Development Properties

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

Property, Plant and Equipment

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

(a) Operational Assets

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

(b) Infrastructural Assets

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Cost/Valuation

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

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

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

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

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

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

Additions

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

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

Accounting for revaluations

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Property, Plant and Equipment cont

Depreciation

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Disposal

An item of property, plant and equipment is derecognised upon disposal or recognised as impaired when no future economic benefits are expected to arise from the continued use of the asset.

Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the Statement of Financial Performance in the period the asset is derecognised.

Borrowing Costs

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

Forestry assets

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

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

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

Finite life intangible assets

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

(a) Software acquisition and development

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

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

Amortisation

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

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

Computer Software	3 - 5 years	33%
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NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Impairment of Non-Financial Assets

At each reporting date, the Council reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Council estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the asset's ability to generate net cash inflows and where the entity would, if deprived of the asset, replace it's remaining future economic benefits or service potential. In assessing value in use for cash-generating assets, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

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

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but only to the extent that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised in the Statement of Financial Performance immediately, unless the relevant asset is carried at fair value, in which case the reversal of the impairment loss is treated as a revaluation increase.

Provisions

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

Landfill Post-Closure Costs

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Employee Entitlements

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

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

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

Cash Flow Statement

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

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

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

Equity

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

Reserves and Council Created Reserves

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

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

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

The Council's objectives, policies and processes for managing capital are described in Note 27.

Budget Figures

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

Allocation of Overheads

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Emission Trading Scheme Accounting Policy

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

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

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

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

Critical accounting estimates and assumptions

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

- Infrastructural assets

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

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

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

- Forestry

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

SUMMARY OF ACCOUNTING POLICIES cont

Critical Judgements

Management has exercised the following critical judgements in applying the Council's accounting policies for the period ended 30 June 2014:

- Classification of Property

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

Legislative Breach

When Council set the rates resolution on 21 June 2012 for the year beginning 1 July 2012, it contained an error in respect to the Sewerage Loan Rates for Benhar and Tokoiti.

The factors set out in the rates resolution to identify the categories of rateable land on which the rates were struck did not exist at 1 July 2012. This error had been identified before the rates were struck but not rectified.

The rates resolution was amended on 26 July 2012 to reflect the correct intent to rate those properties within the defined "Sewerage Capital Rating Areas" for Benhar and Tokoiti who intended to connect to the new sewerage schemes.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	Notes	2014 \$	2013 \$
2 SURPLUS FROM OPERATIONS			
(a) Revenue			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		8,978,665	8,721,200
Targeted rates (i)		13,907,395	13,319,808
Rates Penalties		187,291	194,159
Internal Rates		(309,789)	(304,286)
		<u>\$22,763,562</u>	<u>\$21,930,881</u>
 (i) Targeted Rates attributable to activities:			
Governance and Planning		186,054	126,761
Central Administration		98,744	70,567
Roading		2,775,434	2,807,264
Water		6,025,425	5,660,914
Stormwater and Wastewater		2,089,690	1,948,479
Sanitary Services		920,728	965,879
Community Services		1,560,701	1,523,209
Regulatory Services		250,619	216,735
		<u>\$13,907,395</u>	<u>\$13,319,808</u>
 <u>Subsidies and Grants:</u>			
Government grants - LTNZ subsidy		8,031,702	7,602,142
Other grants and subsidies		273,307	291,366
		<u>\$8,305,009</u>	<u>\$7,893,508</u>
 <u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		538,470	794,142
Permits and licences		419,417	367,490
Other fees		620,161	685,067
		<u>1,578,048</u>	<u>1,846,699</u>
 Rental Revenue:			
Operating lease rental revenue		868,632	846,590
		<u>868,632</u>	<u>846,590</u>
 Interest Revenue:			
Bank deposits		-	-
Other loans and receivables	2(g)	136,696	74,051
		<u>136,696</u>	<u>74,051</u>
 Dividend Revenue:			
Available-for-Sale-Investments		-	-
		<u>-</u>	<u>-</u>
 Other revenue			
		<u>510,904</u>	<u>1,529,442</u>
		<u>\$3,094,280</u>	<u>\$4,296,782</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	Notes	2014 \$	2013 \$
(b) Other Gains / (Losses)			
Vested assets		42,245	-
Gain / (loss) on disposal of property, plant and equipment		(36,821)	(23,793)
Gain on changes in fair value of financial assets at fair value through profit or loss	2 (g)	354,414	137,376
Gain on changes in fair value of forestry asset	10	136,537	858,563
		<u>\$496,375</u>	<u>\$972,146</u>
(c) Employee Benefits Expense			
Salaries and wages		4,329,594	4,200,730
Kiwisaver		99,712	70,896
		<u>\$4,429,306</u>	<u>\$4,271,626</u>
(d) Depreciation and Amortisation Expense			
Depreciation of property, plant and equipment	8	13,157,195	12,268,061
Amortisation of intangible assets	9	71,036	149,450
		<u>\$13,228,231</u>	<u>\$12,417,511</u>
(e) Finance Costs			
Interest on loans carried at amortised cost	2 (g)	210	311
		<u>\$210</u>	<u>\$311</u>
(f) Other Expenses			
Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		36,244	42,457
Grants		484,294	1,691,462
Roading repairs and maintenance		6,809,495	6,358,729
Other expenses		8,822,658	8,855,941
		<u>\$16,152,691</u>	<u>\$16,948,589</u>

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

Audit fees are disclosed in Note 4.

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	Notes	2014 \$	2013 \$
2. SURPLUS FROM OPERATIONS			
(g) Financial Instruments			
Surplus/(deficit) for the year includes the following income and expenses arising from financial instruments classified as:			
<u>Loans and receivables:</u>			
Interest revenue	2(a)	136,696	74,051
<u>Financial assets at fair value through profit or loss:</u>			
Change in fair value of financial assets classified as held for trading	2 (b)	354,414	137,376
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2 (e)	210	311

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	2014	2013
	\$	\$
2. SURPLUS FROM OPERATIONS cont		
(h) Summary Cost of Services By Activity		
Income		
Community Leadership - Governance	27,000	27,000
Roading	8,119,782	7,697,554
Water Services - Water	163,612	498,432
Water Services - Sewerage	217,673	831,926
Sanitary Services - Waste Management	555,795	608,805
Community Services - Library/Service Centre/Information Centre	72,043	74,934
Community Services - Swimming Pools	86,587	285,813
Community Services - Parks/Reserves/Sportsgrounds	5,470	19,910
Community Services - Halls & Community Centres	106,779	108,678
Community Services - Other Council Property	807,461	832,849
Community Services - Cemeteries	86,954	82,533
Community Services - Public Conveniences	-	144
Regulatory Services - Resource Management	41,607	61,321
Regulatory Services - Animal Control	188,740	178,681
Regulatory Services - Environmental Health	19,798	20,037
Regulatory Services - Building Control	413,283	344,929
Regulatory Services - Liquor Licensing	45,539	50,301
Regulatory Services - Other	-	6
Emergency Services - Civil Defence	-	-
Emergency Services - Rural Fire	36,135	56,096
Total activity income	\$10,994,258	\$11,779,949
Add		
Rates (refer Note 2(a))	22,763,562	21,930,881
Other Gains/(Losses)(refer note 2(b))	496,375	972,146
Petrol Tax	182,801	202,432
Other Income	222,230	207,909
	23,664,968	23,313,368
Total Income	\$34,659,226	\$35,093,317

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	2014	2013
	\$	\$
Expenditure		
Community Leadership - Governance	882,506	1,808,141
Community Leadership - District Development	526,915	585,655
Community Leadership - Community Support	511,814	492,733
Roading	16,043,542	14,951,591
Water Services - Water	6,156,411	6,115,685
Water Services - Stormwater	528,731	524,288
Water Services - Sewerage	1,736,302	1,860,285
Sanitary Services - Waste Management	1,214,947	1,141,875
Community Services - Library/Service Centre/Information Centre	1,173,210	1,176,045
Community Services - Swimming Pools	962,104	793,739
Community Services - Parks/Reserves/Sportsgrounds	523,209	741,908
Community Services - Halls & Community Centres	392,348	343,516
Community Services - Other Council Property	609,220	568,763
Community Services - Public Conveniences	290,228	274,900
Community Services - Cemeteries	127,581	154,322
Regulatory Services - Resource Management	461,530	197,944
Regulatory Services - Animal Control	198,475	193,723
Regulatory Services - Environmental Health	134,317	156,281
Regulatory Services - Building Control	625,408	516,155
Regulatory Services - Liquor Licensing	38,673	39,878
Emergency Services - Civil Defence	161,128	180,807
Emergency Services - Rural Fire	278,330	301,645
Total activity expenditure	33,576,929	33,119,879
<u>Add</u>		
Additional Depreciation	304,274	355,423
Forestry Expenses	17,254	104,760
Finance Costs (refer note 2(e))	210	311
Other Expenditure	221,560	361,950
Internal Rates	(309,789)	(304,286)
	233,509	518,158
Total Operating Expenditure	\$33,810,438	\$33,638,037

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

3. KEY MANAGEMENT PERSONNEL COMPENSATION

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

	2014	2013
	\$	\$
Short-term employee benefits	986,265	965,542
	<u>\$986,265</u>	<u>\$965,542</u>

4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	97,720	95,100
Audit fees for assurance and related services	-	15,000
	<u>\$97,720</u>	<u>\$110,100</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	2014 \$	2013 \$
5. TRADE AND OTHER RECEIVABLES		
Trade and other receivables (i)	394,511	831,321
Rates receivables	894,508	884,647
Allowance for doubtful debts (ii)	(75,000)	(75,000)
	<u>1,214,019</u>	<u>1,640,968</u>
Prepayments	485,149	-
LTNZ Subsidy	2,154,058	1,285,430
	<u>\$3,853,226</u>	<u>\$2,926,398</u>
Disclosed in the financial statements as:		
Current	3,852,292	2,924,571
Non-current	934	1,827
	<u>\$3,853,226</u>	<u>\$2,926,398</u>

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

The Council does not provide for any impairment on rates receivables as it has various powers under the Local Government (Rating) Act 2002 to recover any outstanding debts. Ratepayers can apply for payment plan options in special circumstances. Where such payment plans are in place, debts are discounted to the present value of future repayments.

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

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

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

	2014 \$	2013 \$
Past due 1 to 3 months	277,902	565,402
Past due 3 to 6 months	211,070	236,964
Past due 6 to 9 months	203,902	204,922
Past due 9 to 12 months	203,901	204,921
Past due > 12 months	60,000	50,000
	<u>\$956,775</u>	<u>\$1,262,209</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

(ii) Movement in the allowance for doubtful debts:

	2014	2013
	\$	\$
Balance at Beginning of year	75,000	75,000
Amounts written off during the year	-	-
Amounts recovered during the year	-	-
Increase/(decrease) in allowance recognised in Statement of Financial Performance	-	-
	<hr/>	<hr/>
Balance at end of Year	\$75,000	\$75,000

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

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

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

	2014	2013
	\$	\$
6. INVENTORIES		
Development property (at cost)	12,802	12,802
	<hr/>	<hr/>
	\$12,802	\$12,802

The carrying amount of inventories pledged as security for liabilities is \$Nil (2013: \$Nil).

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June 2014

	2014	2013
	\$	\$
7. OTHER FINANCIAL ASSETS		
<i>At fair value through profit or loss:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
ANZ Investments - NZ Government Stock	7,570,950	8,052,406
ANZ Investments - NZ Local Authority Bonds	560,115	654,519
ANZ Investments - NZ Corporate Bonds	3,011,596	3,266,738
ANZ Investments - NZ State Owned Enterprises	186,247	189,533
ANZ Investments - NZ Floating Rate Notes	251,079	249,194
ANZ Investments - NZ Dollars	21,507	22,735
ANZ Investments - NZ Discounted Securities	3,378,095	2,190,050
	<hr/>	<hr/>
	14,979,589	14,625,175
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	37,756	39,644
<u>Current</u>		
Money Market Deposit	6,950,000	3,850,000
	<hr/>	<hr/>
	\$21,967,345	\$18,514,819
Disclosed in the financial statements as:		
Current	21,929,589	18,475,175
Non-current	37,756	39,644
	<hr/>	<hr/>
	\$21,967,345	\$18,514,819
	<hr/>	<hr/>

There are no impairment provisions for other financial assets.

NOTES TO THE FINANCIAL STATEMENTS cont
For the Financial Year ended 30 June, 2014

8. PROPERTY, PLANT AND EQUIPMENT

2014

	Cost /Valuation 1 July 2013	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2014	Accumulated depreciation and impairment charges 1 July 2013	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2014	Carrying amount 30 June 2014
Operational Assets													
At Cost													
Land	2,869,632	223,891	-	-	-	3,093,523	-	-	-	-	-	-	3,093,523
Buildings	13,601,568	324,908	-	9,625	-	13,936,101	(2,888,488)	-	(270,749)	-	(3,159,237)	10,776,864	
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	1,261,015	
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	116,125	
Buildings - restricted (i)	2,970,929	4,841	-	-	-	2,975,770	(1,024,437)	-	(59,521)	-	(1,083,958)	1,891,812	
Furniture and equipment	2,288,140	154,910	-	-	-	2,443,050	(1,758,388)	-	(129,542)	-	(1,887,930)	555,120	
Plant and Motor vehicles	3,160,118	156,273	(82,442)	10,900	-	3,244,849	(1,278,504)	-	(299,838)	74,796	(1,503,546)	1,741,303	
Library Books	2,365,320	112,065	-	-	-	2,477,385	(2,069,046)	-	(107,904)	-	(2,176,950)	300,435	
Work in progress	20,525	63,114	-	(20,525)	-	63,114	-	-	-	-	-	63,114	
Total Operational Assets	28,653,372	1,040,002	(82,442)	-	-	29,610,932	(9,018,863)	-	(867,554)	74,796	(9,811,621)	19,799,310	
Infrastructural Assets													
Roads - Formation	520,170,476	547,810	-	-	12,522,441	533,240,727	-	-	-	-	-	-	533,240,727
Roads - Pavement (sealed)	148,279,141	3,899,658	-	-	(790,202)	151,388,597	(3,945,288)	-	(4,143,317)	-	8,088,605	151,388,597	
Roads - Pavement (unsealed)	79,774,041	1,645,936	-	-	(1,785,365)	79,634,612	(2,522,587)	-	(3,016,891)	-	5,539,478	79,634,612	
Roads - Other roading assets	41,134,779	382,063	-	-	892,445	42,409,287	(1,028,407)	-	(1,037,211)	-	2,065,618	42,409,287	
Roads - Other	6,268,616	304,098	-	-	(353,812)	6,218,902	(440,869)	-	(459,760)	-	900,629	6,218,902	
Roads - Bridges	47,174,640	1,218,565	-	-	(1,846,056)	46,547,149	(845,620)	-	(854,947)	-	1,700,567	46,547,149	
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	7,833,222	
Stormwater	10,527,280	22,351	(9,350)	14,338	(241,514)	10,313,105	(545,017)	(296,153)	6,166	835,004	-	10,313,105	
Wastewater	38,357,172	114,246	(58,755)	1,372,272	(2,246,272)	37,538,663	(1,539,974)	(819,330)	52,015	2,307,289	-	37,538,663	
Water	63,334,237	228,349	(84,157)	631,895	(6,748,641)	57,361,683	(3,128,026)	-	(1,662,032)	44,905	4,745,153	57,361,683	
Work in Progress	2,884,400	513,339	-	(2,018,505)	-	1,379,234	-	-	-	-	-	1,379,234	
Total Infrastructural Assets	965,738,004	8,876,415	(152,262)	(0)	(596,976)	973,865,180	(13,995,768)	-	(12,289,641)	103,086	26,182,343	973,865,181	
Total Property, Plant and Equipment	994,391,376	9,916,417	(234,704)	(0)	(596,976)	1,003,476,113	(23,014,651)	-	(13,157,195)	177,882	26,182,343	(9,811,621)	993,664,492

Total Property, Plant and Equipment



NOTES TO THE FINANCIAL STATEMENTS cont
For the Financial Year ended 30 June, 2014

PROPERTY, PLANT AND EQUIPMENT cont

2013

	Cost /Valuation 1 July 2012	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2013	Accumulated depreciation and impairment changes 1 July 2012	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal	Accumulated depreciation reversed on revaluation	Accumulated depreciation and impairment charges 30 June 2013	Carrying amount 30 June 2013
Operational Assets													
At Cost													
Land	2,844,623	25,009	-	-	-	2,869,632	-	-	-	-	-	-	2,869,632
Buildings	10,494,094	65,774	-	3,041,700	-	13,601,568	(2,678,357)	-	(210,131)	-	-	(2,888,488)	10,713,080
Land - restricted (i)	1,261,015	-	-	-	-	1,261,015	-	-	-	-	-	-	1,261,015
Land under forests	116,125	-	-	-	-	116,125	-	-	-	-	-	-	116,125
Buildings - restricted (i)	2,970,929	-	-	-	-	2,970,929	(964,924)	-	(59,513)	-	-	(1,024,437)	1,946,492
Furniture and equipment	2,157,895	130,245	-	-	-	2,288,140	(1,612,978)	-	(145,410)	-	-	(1,758,388)	529,752
Plant and Motor vehicles	1,886,114	237,922	(88,780)	1,124,862	-	3,160,118	(1,143,373)	-	(218,689)	83,558	-	(1,278,504)	1,881,614
Library Books	2,257,504	107,816	-	-	-	2,365,320	(1,963,525)	-	(105,521)	-	-	(2,069,046)	296,274
Work in progress	4,166,562	20,525	-	(4,166,562)	-	20,525	-	-	-	-	-	-	20,525
Total Operational Assets	28,154,861	587,291	(88,780)	-	-	28,653,372	(8,363,157)	-	(739,264)	83,558	-	(9,018,863)	19,634,509
Infrastructural Assets													
Roads - Formation	519,548,957	621,519	-	-	-	520,170,476	-	-	-	-	-	-	520,170,476
Roads - Pavement (sealed)	143,957,459	4,321,682	-	-	-	148,279,141	-	-	(3,945,288)	-	-	(3,945,288)	144,333,853
Roads - Pavement (unsealed)	78,408,989	1,365,052	-	-	-	79,774,041	-	-	(2,522,587)	-	-	(2,522,587)	77,251,454
Roads - Other roading assets	40,188,891	945,888	-	-	-	41,134,779	-	-	(1,028,407)	-	-	(1,028,407)	40,106,372
Roads - Other	5,984,932	283,684	-	-	-	6,268,616	-	-	(440,869)	-	-	(440,869)	5,827,747
Roads - Bridges	46,527,612	647,028	-	-	-	47,174,640	-	-	(845,620)	-	-	(845,620)	46,329,020
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	-	7,833,222
Stormwater	10,487,933	38,227	(18,295)	19,415	-	10,527,280	(251,664)	-	(295,483)	2,130	-	(545,017)	9,982,263
Wastewater	36,400,341	1,395,572	(85,952)	647,211	-	38,357,172	(760,249)	-	(795,740)	16,015	-	(1,539,974)	36,817,198
Water	59,409,361	742,037	20,987	3,161,852	-	63,334,237	(1,502,630)	-	(1,654,804)	29,408	-	(3,128,026)	60,206,211
Work in Progress	5,872,895	839,963	-	(3,828,478)	-	2,884,400	-	-	-	-	-	-	2,884,400
Total Infrastructural Assets	954,620,592	11,200,672	(83,260)	-	-	965,738,004	(2,514,543)	-	(11,528,798)	47,553	-	(13,995,788)	951,742,216
Total Property, Plant and Equipment	982,775,453	11,787,963	(172,040)	-	-	994,391,376	(10,877,700)	-	(12,268,062)	131,111	-	(23,014,651)	971,376,725



NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

PROPERTY, PLANT AND EQUIPMENT cont

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

ADDITIONAL INFORMATION CONCERNING CORE ASSETS

		Closing Book Value 30 June 2014 \$,000	Additions constructed by Council \$,000	Additions transferred to Council \$,000	Estimated replacement cost \$,000
Water supply	Treatment plants and facilities	18,457	777	-	31,483
Water supply	Other assets (such as reticulation systems)	38,904	40	42	67,571
Sewerage	Treatment plants and facilities	13,242	1,508	-	16,595
Sewerage	Other assets (such as reticulation systems)	24,295	21	-	42,905
Stormwater drainage		10,313	36	-	21,471
Roads & Footpaths		859,439	7,998	-	1,014,618

NOTES TO THE FINANCIAL STATEMENTS cont
For the Financial Year ended 30 June, 2014

9. FINITE LIFE INTANGIBLE ASSETS

	Computer Software
	\$
Gross carrying amount	
Balance at 1 July 2012	1,090,114
Additions	-
Transfer from Work In Progress	39,080
Disposals	<u> </u>
Balance at 1 July 2013	1,129,194
Additions	-
Transfers from Work In Progress	-
Disposals	-
Intangibles expensed during the year	<u>(326,674)</u>
Balance at 30 June 2014	<u>\$802,520</u>
Accumulated amortisation and impairment	
Balance at 1 July 2012	598,387
Amortisation expense (i)	149,450
Disposals	<u> </u>
Balance at 1 July 2013	747,837
Amortisation expense (i)	71,036
Disposals	-
Amortisation reversed on intangibles expensed during the year	<u>(82,575)</u>
Balance at 30 June 2014	<u>\$736,298</u>
Net Book Value	
As at 30 June 2013	<u>\$381,357</u>
As at 30 June 2014	<u>\$66,222</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

10. FORESTRY ASSET

	2014 \$	2013 \$
Balance at beginning of year	2,726,675	1,868,112
Increases due to purchases		
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	267,984	164,922
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	(131,447)	693,641
Decreases due to harvest	-	-
Balance at end of year	<u>\$2,863,212</u>	<u>\$2,726,675</u>

The Council owns 366.2 hectares (2013: 366.2 hectares) of Pinus radiata, Macrocarpa and Douglas fir forest, which are at varying stages of maturity ranging from 0 to 39 years.

Independent registered valuers PF Olsen and Company Limited have valued forestry assets as at 30 June, 2014 (30 June 2013). A post-tax discount rate of 7% (2013:7%) has been used in discounting the present value of expected cash flows.

Financial Risk Management Strategies

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

	2014 \$	2013 \$
Trade & sundry payables (i)	3,795,356	3,142,630
Rates in advance	225,166	205,467
Deposits and retentions	386,602	405,720
Goods And Services Tax (GST) Payable	121,902	151,139
	<u>\$4,529,026</u>	<u>\$3,904,956</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

12. EMPLOYEE ENTITLEMENTS

Salary & Wage Accrual	127,578	120,711
Annual leave	238,048	316,476
Long service leave	8,341	7,975
Retirement gratuities	48,716	48,716
	<hr/>	<hr/>
	\$422,683	\$493,879
	<hr/>	<hr/>

13. BORROWINGS

(a) External Borrowing

Secured - at amortised cost

Bank borrowings (i)

Other borrowings (i), (ii)

	-	-
	5,027	8,472
	<hr/>	<hr/>
	\$5,027	\$8,472
	<hr/>	<hr/>

Disclosed in the financial statements as:

Current

Non-current

	3,694	3,402
	1,333	5,070
	<hr/>	<hr/>
	\$5,027	\$8,472
	<hr/>	<hr/>

(i) The Council loans are secured over either future general rates of the district or Council assets. Interest is charged on a daily basis. At balance date the current weighted average effective interest rate on the Bank borrowings is 3.91% (2013: 3.50%). Refer Note 27 for maturity profile.

(ii) Rural housing loans are included in Council debt. The value of these loans at 30 June 2014 is \$934 (2013: \$1,827). Interest is charged on a fixed rate basis. The current weighted average effective interest rate on the other borrowings is 5.69% (2013: 5.69%).

(b) Internal Borrowing

	Amount Payable to Council 30 June 2014 \$	Total Funds Borrowed During the Year \$	Total Funds Repaid in the Year \$	Interest Paid in Year \$
Administration	1,023,936	-	32,396	52,215
Community Services	6,413,566	100,000	195,326	322,562
Governance	880,225	-	92,775	48,277
Water	4,527,243	50,000	164,679	229,040
Sewerage	2,962,125	46,145	110,581	149,276
Stormwater	540,512	-	41,400	28,327
Regulatory	222,090	33,272	10,208	9,763
Roading	5,449,755	-	177,784	278,078
	<hr/>	<hr/>	<hr/>	<hr/>
	22,019,452	229,417	825,149	1,117,538
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

	2014	2013
	\$	\$
14. PROVISIONS		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	969,162	1,037,574
Unwinding of discount and effect of changes in the discount rate	(186,784)	(68,412)
Balance at end of year	<u>\$782,378</u>	<u>\$969,162</u>

(i) Provision for landfill aftercare costs.

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

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

The cash outflows for Council's closed landfills are expected to occur between 2012 and 2026. The long-term nature of the liability means that there are inherent uncertainties in estimating costs that will be incurred. The provision has been estimated taking into account existing technology and using a discount rate of 6% excluding inflation.

Other assumptions made in the calculation of the provision are:

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

15. RESERVES

Available-for-sale revaluation reserve (a)	(39,442)	(37,554)
Asset revaluation reserve (b)	747,599,489	722,014,124
Trust Funds (c)	365,669	372,677
Reserves (d)	31,545,793	29,166,376
	<u>\$779,471,509</u>	<u>\$751,515,622</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

	2014 \$	2013 \$
15. RESERVES cont		
(a) Available-for-Sale Revaluation Reserve		
Balance at beginning of year	(37,554)	(33,711)
Valuation gain/(loss) recognised		
– Equity securities	(1,888)	(3,843)
Balance at end of year	<u>\$(39,442)</u>	<u>\$(37,554)</u>

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

(b) Asset Revaluation Reserve

Balance at beginning of year	722,014,124	721,859,528
Revaluation increase / (decrease)		
– Roothing revaluation	26,934,344	9,194
– Stormwater revaluation	593,490	(5,093)
– Wastewater revaluation	61,017	20,205
– Water revaluation	(2,003,486)	130,290
	<u>25,585,365</u>	<u>154,596</u>
Balance at end of year	<u>\$747,599,489</u>	<u>\$722,014,124</u>

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

Reconciliation of Revaluation Reserve

	<u>Roothing</u> \$	<u>Stormwater</u> \$	<u>Wastewater</u> \$	<u>Water</u> \$	<u>Total</u> \$
Balance at 30 June 2012	\$658,456,262	\$5,609,102	\$24,927,113	\$32,867,051	\$721,859,528
Revaluation increase /(decrease)	9,194	(5,093)	20,205	130,290	154,596
Balance at 30 June 2013	<u>\$658,465,456</u>	<u>\$5,604,009</u>	<u>\$24,947,318</u>	<u>\$32,997,341</u>	<u>\$722,014,124</u>
Revaluation increase /(decrease)	26,934,344	593,490	61,017	(2,003,486)	25,585,365
Balance at 30 June 2014	<u>\$685,399,800</u>	<u>\$6,197,499</u>	<u>\$25,008,335</u>	<u>\$30,993,855</u>	<u>\$747,599,489</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

(c) Trust Funds (restricted)

Balance at beginning of year	372,677	371,814
Transfer from/(to) retained earnings		
- Transfer from retained earnings	5,103	22,330
- Transfer to retained earnings	(12,111)	(21,467)
Balance at end of year	<u>\$365,669</u>	<u>\$372,677</u>

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

(d) Reserves

Balance at beginning of year	29,166,376	23,514,875
Transfer from/(to) retained earnings		
- Transfer from retained earnings	5,628,422	7,887,784
- Transfer to retained earnings	(3,249,005)	(2,236,283)
Balance at end of year	<u>\$31,545,793</u>	<u>\$29,166,376</u>

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

(e) Reserve Funds

Fund	Type/ Purpose	Opening Balance as at 1 July 2013 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2014 \$
Community Leadership					
Election Fund	Spec	7,957	239	5,000	3,196
Lawrence/Tuapeka Community Board	Spec	11,462	10,007	-	21,468
West Otago Community Board	Spec	55,675	16,544	-	72,219
Tuapeka Bursary	Spec	38,931	1,638	3,181	37,388
Economic Development	Spec	20,457	897	-	21,354
Clutha Gold Grail	Spec	22,286	11,442	-	33,728
Education Fund	Spec	13,137	-	-	13,137
Opportunities Fund	Spec	56,635	2,023	21,000	37,658
Welcome to Signage	Spec	3,288	144	-	3,432
West Otago Health	Spec	30,653	-	30,653	-
Central Administration					
Information Technology	Depn	350,373	134,694	37,269	447,798
Office Computer Equipment	Spec	69,011	3,026	-	72,037
Rosebank Terrace Main Office	Depn	562,751	35,542	20,949	577,345
Rosebank Terrace Main Office	Spec	295,958	11,695	58,539	249,114
Underground Insurance	Spec	-	52,323	-	52,323
Human Resources	Spec	25,800	-	25,800	-
Cars	Spec	257,835	133,326	124,873	266,288
Gratuities	Spec	58,040	2,545	-	60,586
Forestry	Spec	1	-	-	1
G.I.S.	Spec	66,080	2,898	-	68,978
District Assets Infrastructure	Spec	31,737	1,392	-	33,129
Policy & Communication	Spec	40,525	21,475	-	62,000
Roading					
Roading	Depn	3,927,344	477,821	424,149	3,981,016
Roading - Bridge Lights	Spec	33,060	1,450	-	34,510
Balclutha Main Street	Spec	44,710	1,961	-	46,671
Deferred Roothing		721,410	31,637	-	753,047
Water					
Balclutha Wastewater	Depn	228,196	179,924	53,699	354,421
Balclutha Township	Spec	224,826	9,311	25,000	209,138
Balmoral No. 1	Depn	226,473	34,732	1,484	259,721
Balmoral No. 1	Spec	236,137	9,215	52,000	193,352
Balmoral No. 2	Depn	184,722	63,144	2,544	245,323
Balmoral No. 2	Spec	375,991	14,121	108,000	282,111
Benhar	Depn	40,284	11,840	-	52,124
Clinton	Depn	158,842	22,270	2,000	179,112
Clydevale/Pomahaka	Depn	274,128	129,969	29,000	375,098
Glenkenich	Depn	319,838	112,838	67,421	365,255
Glenkenich Rural Water Scheme	Spec	39,472	1,731	-	41,203
Kaitangata	Depn	252,364	43,461	1,600	294,225

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

Fund	Type/ Purpose	Opening Balance as at 1 July 2013	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2014
		\$	\$	\$	\$
Kaitangata	Spec	70,728	3,020	3,748	70,000
Kaka Point	Depn	84,379	16,711	4,600	96,491
Kaka Point	Spec	15,127	663	-	15,791
Lawrence	Depn	45,914	59,189	29,346	75,757
Lawrence	Spec	1,437	-	1,437	-
Milton	Depn	4,367	205,386	203,417	6,335
Moa Flat	Depn	364,843	143,804	16,147	492,499
Moa Flat Rural Water Scheme	Spec	45,918	2,014	-	47,932
North Bruce	Depn	96,857	130,256	43,000	184,113
Owaka	Depn	138,508	28,388	17,619	149,277
Richardson	Depn	234,305	152,159	61,000	325,463
Richardson Rural Water Scheme	Spec	394,192	17,287	-	411,479
South Bruce	Depn	188,290	44,734	5,000	228,024
Stirling Township Water	Depn	116,530	18,905	-	135,435
Stirling Township Water	Spec	50,842	2,179	2,324	50,696
Tapanui	Depn	11,861	58,840	27,862	42,838
Tuapeka RWS	Depn	275,284	93,456	34,453	334,288
Tuapeka RWS	Spec	507,538	20,752	68,651	459,639
Waiholā	Depn	138,937	18,841	-	157,778
Waiholā	Spec	66,525	2,861	2,551	66,836
Waipahi	Depn	174,453	44,575	-	219,028
Waitahuna	Depn	24,483	289,987	-	314,470
Wangaloa	Depn	85,758	17,093	-	102,851
Stirling Treatment Plant	Depn	6,093	37,511	-	43,605
Stirling Water Treatment	Spec	228,216	10,008	-	238,224
Kaitangata Treatment Plant	Depn	734	41,497	-	42,231
Wangaloa Plant Renewal	Spec	12,158	533	-	12,691
Telemetry	Depn	261,576	64,560	-	326,137
Telemetry	Spec	132,137	5,795	-	137,932
Sewerage					
Balclutha	Depn	1,819,231	320,432	37,957	2,101,707
Balclutha	Spec	526,616	22,662	19,741	529,536
Benhar	Depn	6,818	299	-	7,117
Clinton	Depn	256,807	56,345	-	313,151
Heriot	Depn	6,288	276	-	6,564
Heriot (Pump)	Spec	18,686	437	17,431	1,692
Kaitangata	Depn	607,951	81,877	15,025	674,803
Kaitangata	Spec	61,151	2,626	2,519	61,258
Kaka Point	Depn	72,793	36,159	-	108,952
Kaka Point	Spec	66,187	2,903	-	69,090
Lawrence	Depn	3,696	48,957	38,000	14,653
Milton	Depn	1,222,461	260,541	21,004	1,461,998
Owaka	Depn	37,947	56,689	-	94,636
Stirling	Depn	7,542	28,919	4,676	31,785
Stirling (Plant)	Spec	2,324	102	-	2,426
Tapanui	Depn	247	71,221	4,837	66,631
Tapanui	Spec	8,113	178	8,113	178
Waiholā	Depn	328,958	52,420	(13,311)	394,689

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

Fund	Type/ Purpose	Opening Balance as at 1 July 2013	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2014
		\$	\$	\$	\$
Waihola	Spec	110,299	4,162	30,806	83,655
Stormwater					
Balclutha	Depn	486,153	117,696	41,000	562,849
Clinton	Depn	101,124	11,541	-	112,665
Kaitangata	Depn	97,670	13,989	-	111,659
Kaka Point	Depn	63,886	8,336	5,000	67,222
Lawrence	Depn	22,751	10,346	4,000	29,097
Milton	Depn	150,450	85,641	-	236,091
Milton	Spec	17,887	784	-	18,671
Owaka	Depn	147,192	13,613	-	160,805
Tapanui	Depn	196,845	32,432	-	229,277
Palmer Place	Depn	3,325	146	-	3,471
Rural	Depn	15,009	10,743	-	25,752
Waste Management					
Solid Waste	Depn	1,359,385	112,025	-	1,471,410
Community Services					
Libraries	Depn	29,740	112,073	112,065	29,748
Lawrence Service Centre	Depn	11,950	524	-	12,474
Milton Service Centre	Depn	43,148	1,892	-	45,040
Tapanui Service Centre	Depn	8,277	363	-	8,640
Owaka Service Centre	Depn	38,194	8,197	-	46,391
Service Centres	Spec	178,934	7,847	-	186,781
Balclutha Pool	Depn	71,515	49,342	61,515	59,343
Kaitangata Pool	Depn	124,155	24,332	-	148,487
Kaitangata Pool	Spec	63,701	2,794	-	66,495
Lawrence Pool	Depn	104,484	4,582	-	109,066
Lawrence Pool	Spec	36,034	1,580	-	37,614
Milton Pool	Depn	3,376	22,793	-	26,170
Reserve Contributions	Spec	43,376	4,493	-	47,869
Parks & Reserves	Depn	99,535	17,336	28,118	88,752
Sports Grounds	Depn	188,640	13,934	-	202,574
Grandstand 2000	Depn	121,334	5,226	4,316	122,244
Cemetery	Depn	63,789	21,657	-	85,446
Cemeteries	Spec	395,202	17,331	-	412,533
Kaitangata Cemetery	Spec	11,020	483	-	11,503
Lawrence Cemetery	Spec	22,626	992	-	23,618
Public Conveniences	Depn	175,937	51,034	64,112	162,859
Balclutha Town Hall	Depn	179,552	41,842	-	221,394
Balclutha Town Hall	Spec	135,751	5,953	0	141,705
Milton Civic Centre	Depn	11,318	496	-	11,814
Kaitangata Hall	Depn	11,587	10,699	-	22,286
Clinton Hall	Depn	22	1	-	22
Clutha Valley Hall	Depn	46,113	5,025	-	51,138

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

Fund	Type/ Purpose	Opening Balance as at 1 July 2013 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2014 \$
Community Services Continued					
Hillend Hall	Depn	14,645	1,774	-	16,419
Kaka Point	Depn	10,347	812	-	11,159
Lovells Flat	Depn	9,099	648	-	9,747
Moneymore	Depn	6,487	579	-	7,066
Owaka Hall	Depn	45,529	4,798	6,518	43,808
Waiholā Hall	Depn	2,532	382	-	2,914
Waipahi Hall	Depn	10,208	448	-	10,656
Waitahuna Hall	Depn	64,473	6,451	-	70,923
Waiwera Hall	Depn	3,937	739	-	4,676
Various Halls	Depn	124,903	5,817	-	130,720
Naish Park Camping Ground	Depn	8,328	768	2,285	6,811
Kaka Point Camping Ground	Depn	24,446	2,244	-	26,690
Taylor Park Camping Ground	Depn	41,051	2,933	-	43,983
Pounaweā Camping Ground	Depn	78,217	2,691	75,000	5,908
Waiholā Camping Ground	Depn	9,095	544	4,841	4,798
Community Housing	Depn	310,730	110,083	141,884	278,929
Endowment Land	Spec	867,836	28,967	414,616	482,187
Depots	Depn	274,396	12,033	-	286,429
Other Property	Depn	88,950	8,430	-	97,380
Dunrobin Recreation Reserve*	Spec	5,773	51,350	-	57,122
Parkhill Recreations Reserve Board*	Spec	3,694	162	-	3,856
Waikoikoi Domain Board*	Spec	12,902	566	-	13,467
Regulatory & Emergency Services					
Animal Control	Depn	-	2,302	-	2,302
Civil Defence & Emergency	Depn	15,742	6,352	-	22,094
Rural Fire	Depn	73,556	13,907	29,253	58,210
Funds Not Specifically Allocated to an Activity Group					
General Funds	Spec	3,930,014	176,639	281,961	3,824,692
Tapanui Domain Trust	Trust	12,474	174	-	12,648
Butler Trust	Trust	355	5	-	360
Milton Brass Band	Trust	549	8	-	556
O'Hara Sports Trust	Trust	1,382	19	-	1,401
JD Swan Estate	Trust	7,585	106	-	7,690
George Melville Estate	Trust	146,319	1,993	6,281	142,031
Kate Leslie Trust	Trust	105,103	1,422	5,830	100,695
Elderly Citizens Trust (Lawrence)	Trust	25,071	349	-	25,420
Clinton Endowment Land	Trust	73,840	1,028	-	74,868
		\$29,539,052	\$5,463,118	\$3,090,708	\$31,911,462

*Council holds funds on behalf of 3 Recreation Reserve/Domain Boards, these are included in special funds and total \$74,445 at year end.

NOTES TO THE FINANCIAL STATEMENTS cont
 For the Financial Year ended 30 June, 2014

	2014	2013
	\$	\$
16. RETAINED EARNINGS		
Balance at beginning of year	239,152,338	243,349,419
Net Surplus/(Deficit) for the year	848,788	1,455,280
Transfer from/(to)		
– Transfer from Reserves	3,249,005	2,236,283
– Transfer from Trust Funds	12,111	21,467
– Transfer to Reserves	(5,628,422)	(7,887,782)
– Transfer to Trust Funds	(5,103)	(22,330)
	<hr/>	<hr/>
Balance at end of year	<u>\$237,628,717</u>	<u>\$239,152,338</u>

17. COMMITMENTS

(a) Expenditure Commitments (Non cancellable contracts)

Not later than 1 year	3,417,000	2,704,302
Later than 1 year, less than 5 years	2,430,000	-
Later than 5 years	-	-
	<hr/>	<hr/>
	<u>\$5,847,000</u>	<u>\$2,704,302</u>

(b) Lease Commitments

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

18. CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Council entered into a contract with Lund South Ltd to refurbish the Balclutha Centennial Swimming Pool. Although the pool was opened in September 2012, the contract remains uncompleted. All payments required under the contract have been paid by Council. Lunds have asked for additional payments, but they have not been approved by the engineer to the contract. The Council has applied liquidated damages under the contract and is seeking payment from Lunds. Both issues remain unresolved at balance date.

19. LEASES

Disclosures for lessees

(a) Leasing Arrangements

Operating leases relate to photocopier equipment leases.

	2014	2013
	\$	\$
(b) Non-Cancellable Operating Lease Payments		
Not longer than 1 year	-	23,754
Longer than 1 year and not longer than 5 years	-	9,855
Longer than 5 years	-	-
	<hr/>	<hr/>
	\$-	\$33,609
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

20. RELATED PARTY DISCLOSURES

(a) Transactions with Related Parties

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

Mary Johnstone is a director in Johnstone Electrical and was a Councillor until the October 2013 election. During the financial period covered by this report, transactions valued at \$2,603 were entered into. (2013: \$16,976). No amount was outstanding at 30 June 2014 (2013: \$Nil).

Councillor Hilary McNab is involved with Telford Farm Training institute, Catlins Promotions and the Owaka Swimming Pool Committee, during the year transactions were entered into valued at \$1,215, \$1,035 and \$8,253 respectively. (2013: \$Nil)

(b) Other Transactions Involving Related Parties

There were no other transactions with related parties.

21. SUBSEQUENT EVENTS

There were no significant events subsequent to balance date.

22. NOTES TO THE CASH FLOW STATEMENT

(a) Reconciliation of Cash and Cash Equivalents

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

	2014	2013
	\$	\$
Cash and cash equivalents	468,401	209,035
Bank overdraft	-	-
	<hr/>	<hr/>
	\$468,401	\$209,035
	<hr/>	<hr/>

The total value of cash and cash equivalents that can only be used for a specified purpose as outlined in the relevant Trust deeds is \$56,360 (2013: \$103,384).

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

	2014	2013
	\$	\$

22. NOTES TO THE CASH FLOW STATEMENT cont

(b) Borrowing Facilities

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

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

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

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

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

Surplus/(Deficit) for the period	848,788	1,455,280
Add/(less) non-cash items:		
Depreciation and amortisation	13,228,231	12,417,511
(Gain) on fair value of forestry asset	(136,537)	(858,563)
(Gain)/Loss on sale of property, plant and equipment	36,821	23,793
Unrealised (gain) on revaluation of other financial assets to fair value	(354,414)	(137,376)
Vested Assets	(42,245)	-
	<u>12,731,856</u>	<u>12,900,645</u>
Movement in working capital:		
Trade and other receivables	(926,829)	1,020,957
Inventories - development properties	-	-
Trade and other payables	624,070	(2,094,279)
Employee entitlements	(71,195)	29,977
Provisions	(186,784)	(68,412)
	<u>(560,737)</u>	<u>(1,111,758)</u>
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	32,110	2,197,998
Net cash inflow from operating activities	<u>\$13,052,016</u>	<u>\$13,986,885</u>

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2013/14 budget are as follows:

Statement of Financial Performance

There was an operating surplus at year-end of \$0.849 million. Council had forecasted a loss of \$1.6 million. The variances from budget are explained below.

Total revenue was approximately \$0.509 million less than budget. The following major variances contributed to this:

- Rates are less than budgeted by \$0.177 million as rates levied on councils own properties have been removed from both income and expenditure.
- Fees, rents & miscellaneous income was behind budget by \$0.317 million. The major variance being that the budgeted income of \$0.235 million from Kaitangata Forestry was not received as the trees were not felled during the year.
- Land Transport New Zealand income was under budget by \$0.156 million. All target roading lengths were met in the year but Council obtained very competitive contact rates.
- Forestry was revalued upwards by \$0.136 million but investment income was under budget by \$0.493 million due to fixed interest bonds dropping in value.

Operating costs were \$3.05 million less than budgeted. The following major variances contributed to this:

- Community Leadership was under budget by \$1.085 million. The grant from the Lawrence Tuapeka Community Board to the Tuapeka Aquatic Centre for \$0.660 million has not been paid, and a budgeted grant of \$0.23 million was not paid to the Tuapeka Aquatic Centre from Community Support.
- Central Administration was under budget by \$0.051 million. Forestry expenditure was under budget by \$0.033 million.
- Community Services was under budget by \$0.557 million. Main variance in this activity was the grant to the Tuapeka Aquatic Centre for \$0.440 has not been paid.
- Roading was under budget by \$0.83 million. The main variance in this activity was depreciation was less than budgeted by \$0.82 million.
- Sanitary services were under budget by \$0.293 million. The main variance was landfill operation costs which were less than budget by \$0.142 million.
- Water services were over budget by \$0.177 million. The main variance was for non-routine expenditure.
- As discussed above rates levied on Councils own properties have been removed from both income and expenditure.

Statement of Financial Position

- Short term investments are higher than budgeted by \$11 million. Some of the variance related to internal loans which were not raised for the Tuapeka Aquatic Centre - \$1.230 million; Balclutha Main Street - \$1.8 million; Footpaths - \$0.550 million and Various Water and Sewerage Schemes - \$1.335 million.
- Fixed assets are higher than budgeted by \$7.6 million. This is principally due to the revaluation of roading at the end of June 2014 being one year earlier than budgeted.

Statement of Changes in Equity

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

Statement of Cashflows

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

24. SEVERANCE PAYMENTS

For the year ended 30 June 2014 Council made no severance payments to employees. (2013: \$7,000)

25. REMUNERATION

(a) Remuneration of Elected Members

During the year to 30 June, 2014, the total remuneration and value of other non-financial benefits received by or payable to the Mayor, other Councillors, Community Board members and Chief Executive of the Council were as follows:

<i>Elected Representatives</i>	2014	2013
	\$	\$
His Worship the Mayor B A Cadogan	82,969	85,880
Councillors		
Hamish Anderson	19,608	21,461
Geoff Blackmore	17,406	14,516
John Cochrane	20,494	21,506
Stewart Cowie	19,404	11,994
Ron Davis	15,445	11,904
Gaynor Finch	19,637	21,777
Bruce Graham	15,882	12,254
Chris Hargest	-	787
Mary Johnstone	4,496	13,215
Michelle Kennedy	17,607	13,602
Joanna Lowrey	4,758	9,478
Jeff McKenzie	17,698	15,332
Hilary McNab	18,642	15,102
Ken Payne	15,970	7,972
Jo-anne Thomson	11,740	-
Bruce Vollweiler	21,099	23,921
Selwyn Wilkinson	11,740	-
Lawrence/Tuapeka Community Board		
Roger Cotton	758	2,275
Geoff Davidson	4,637	3,700
Liz Forbes	1,779	-
Mel Kenny	758	2,275
Rochelle Langley	758	2,275
Malcolm MacLeod	1,779	-
Garry McCorkindale	2,442	2,275
Rowena Paterson	2,442	2,275
Brent Taylor	1,779	-
West Otago Community Board		
Lindsay Alderton	758	2,275
Barbara Hanna	4,637	3,700
John Herbert	2,442	2,275
Michael McElrea	758	2,275
Anthony Robertson	1,779	-
Bruce Robertson	1,779	-
Linda Roulston	2,442	2,275
Suzanne Wink	2,442	2,275

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

25. REMUNERATION cont

(b) Remuneration of Employees

At Balance Date Council employed 52 fulltime employees compared to 47 in 2013, with the balance of staff representing 15.5 full time equivalent employees. A full time employee is determined based on a 37.5 hour working week.

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

Salary Band	2014 Number of Employees	2013 Number of Employees
>60,000	60	64
60,000-80,000	18	15
80,000-100,000	5	8
100,000-160,000	6	-
220,000-240,000	1	-
100,000-260,000	-	5

Chief Executive

During the period covered by this report Charles Hakkaart was Chief Executive of the Council until 10 January 2014, during this time he received a salary of \$148,831. (2013: \$218,271).

From the 11 January 2014 until 8 June 2014 Alan Dickson was Acting Chief Executive, he earned \$20,440 for these additional duties.

From the 9 June 2014 Steven Hill was appointed the Chief Executive of the Council under Section 42 of the Local Government Act 2002, he has received a salary of \$12,623.

For the year ended 30 June 2014, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$192,063 plus FBT \$2,613 (2013: \$240,469). Charles Hakkaart \$160,984, Alan Dickson \$20,440 and Steven Hill \$13,252.

26. EMISSIONS TRADING SCHEME

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

Under the ETS liabilities can accrue as follows:

Pre 1990 Forests

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

27. FINANCIAL INSTRUMENTS

(a) Capital Risk Management

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

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

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

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

The Council has the following Council created reserves:

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

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

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

The Council's overall strategy remains unchanged from 2013.

(b) Significant Accounting Policies

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

FINANCIAL INSTRUMENTS cont

c) Categories of Financial Instruments

	2014	2013
	\$	\$
Financial Assets		
Cash and cash equivalents (AC)	468,401	209,035
Trade and other receivables - Loans and receivables (AC)	3,852,292	2,926,398
Other financial assets		
• Fair value through profit or loss - held for trading (FVTPL)	14,979,589	14,625,175
• Money market cash deposit (FVTPL)	6,950,000	3,850,000
• Available-for-sale financial assets (AFS)	37,756	39,644
Financial Liabilities		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	4,529,026	3,904,956
Borrowings (AC)	5,027	8,472
Other Liabilities (AC)	56,360	103,384

AC - Amortised cost; FVTPL - Fair sale through profit and loss; AFS - Available for sale

d) Financial Risk Management Objectives

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

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

e) Interest Rate Risk

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

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

f) Other Price Risks

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

FINANCIAL INSTRUMENTS cont

g) Credit Risk

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

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

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

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

h) Liquidity Risk Management

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

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

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

FINANCIAL INSTRUMENTS cont

Maturity Profiles of Financial Liabilities

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

2014	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
							0		
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	4,493	4,493
Borrowings	3.91	3	1	1	-	-	-	-	5
Other Liabilities	-	-	-	-	-	-	-	56	56
Total		3	1	1	-	-	-	4,549	4,554

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

2013	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing	Total
		Less than 1 year	1-2 Years	2-3 Years	3-4 Years	4-5 Years	5+ Years		
		\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
							0		
Financial liabilities:									
Trade and other payables	-	-	-	-	-	-	-	3,907	3,907
Borrowings	3.97	3	3	3	-	-	-	-	9
Other liabilities	-	-	-	-	-	-	-	103	103
Total		3	3	3	-	-	-	4,010	4,019

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

FINANCIAL INSTRUMENTS cont

(i) Fair Value of Financial Instruments

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

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

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

Fair value measurements recognised in the Statement of Financial Performance

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

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

	Level 1 NZ\$'000	Level 2 NZ\$'000	Level 3 NZ\$'000
Financial assets at FVTPL			
ANZ Investments - NZ Government Stock	7,571		
ANZ Investments - NZ Local Authority Bonds	560		
ANZ Investments - NZ Corporate Bonds	3,012		
ANZ Investments - NZ State Owned Enterprises	186		
ANZ Investments - NZ Floating Rate Notes	251		
ANZ Investments - NZ Dollars	22		
ANZ Investments - NZ Discounted Securities			3,378
Available for sale financial assets			
Equity Securities - Civic Assurance			38

(j) Currency Risk

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

NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2014

FINANCIAL INSTRUMENTS cont

(k) Sensitivity Analysis

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

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

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

- Surplus would decrease/increase by \$14,958 (2013: \$14,602). This is mainly attributable to the Council's exposure to interest rates on its investments within its managed funds held with ANZ Investments.
- Other equity reserves would remain unaffected.

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

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

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

- Surplus would remain unchanged.
- Other equity reserves would increase / decrease by \$40 (2013:\$43) as the equity investments are classified as available for sale investments.

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

28. RATING BASE INFORMATION

	2013/2014 Actual	Council 2012/2013 Actual	2011/2012 Actual
The number of rating units within the Clutha District at the end of the preceding financial year	12,052	12,017	11,989
The total capital value of rating units within the Clutha District at the end of the preceding financial year	\$6,189,798,600	\$6,146,769,100	\$6,661,239,500
The total land value of rating units within the Clutha District at the end of the preceding financial year	\$4,055,444,100	\$4,050,135,600	\$4,656,777,000

NOTES TO THE FINANCIAL STATEMENTS cont
 For the Financial Year ended 30 June, 2014

29. INSURANCE OF ASSETS

	2013/2014 Actual \$	Council 2012/2013 Actual \$	2011/2012 Actual \$
Total value of all assets of the local authority that are covered by insurance contracts	43,106,154	43,652,706	35,826,911
Maximum amount to which they are insured	90,495,534	76,782,447	74,514,034
Total value of all assets of the local authority that are covered by financial risk sharing arrangements	0	81,446,854	81,227,672
Maximum amount available to the local authority under those arrangements	0	109,000,000	225,601,223
Total value of all assets that are self-insured (<u>Underground Assets</u>)	80,236,043	0	0
Total value of funds maintained for self-insured assets (<u>Underground Assets</u>)	52,323	0	0

LOCAL GOVERNMENT (FINANCIAL REPORTING AND PRUDENCE) REGULATIONS 2014

Annual report disclosure statement for the year ending 30th June 2014

What is the purpose of this statement?

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

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

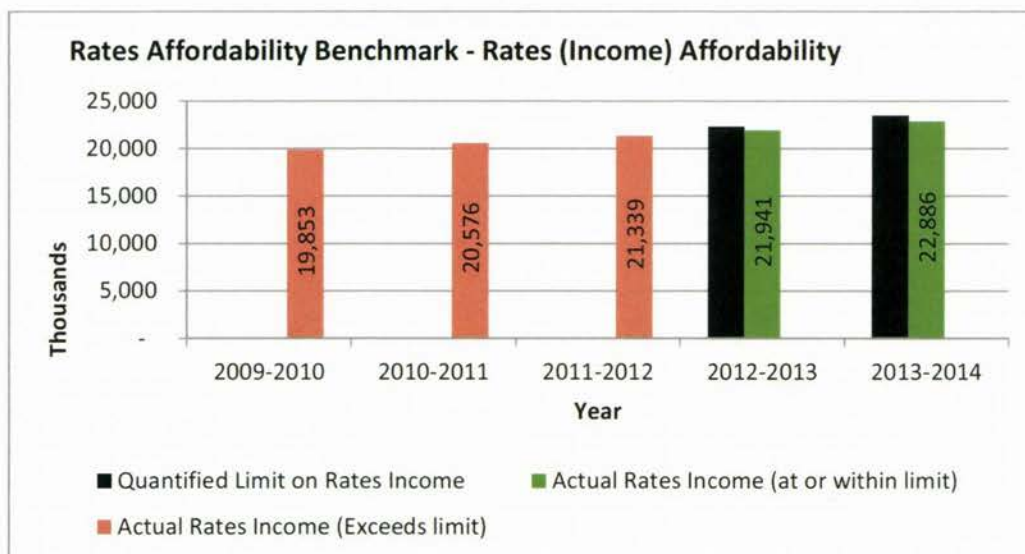
RATES AFFORDABILITY BENCHMARK

The Council meets the rates affordability benchmark if -

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

Rates (income) affordability.

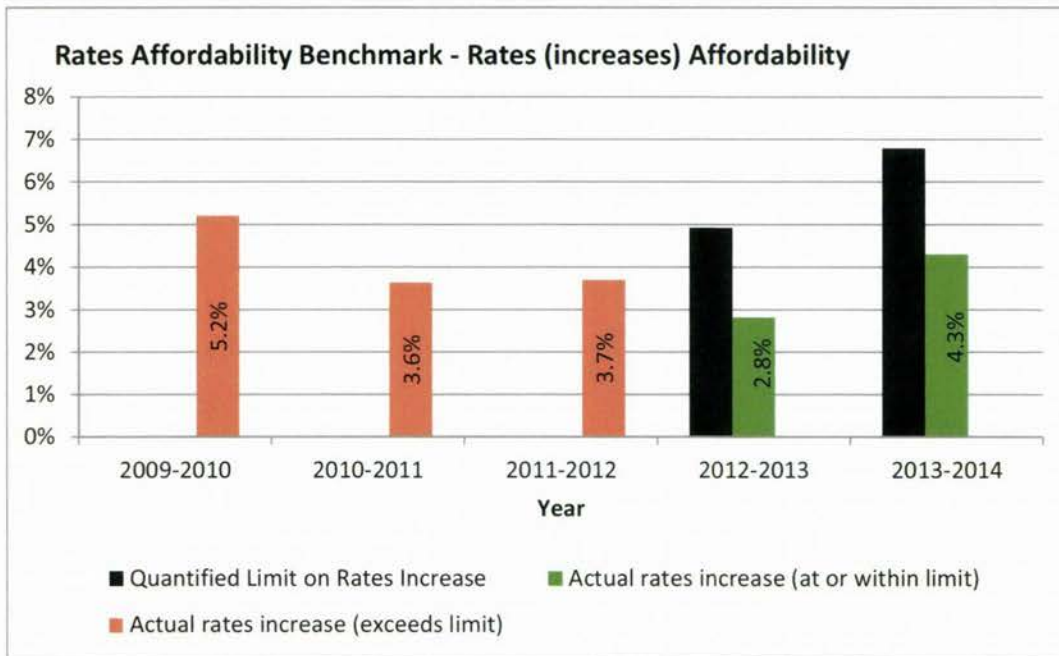
The following graph compares Council's actual rates income with a quantified limit on rates contained in the financial strategy included in the council's long term plan. The quantified limit is that total rates will not exceed 1.5% of budgeted rates.



As there were no rates limits set for the 2009-2012 periods Council did not meet the benchmark in these years. Since Council set a benchmark in the financial strategy in Council's long term plan in 2012, benchmarks have been met as Council rates have not exceeded the rates income limits set.

Rates (increases) affordability.

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

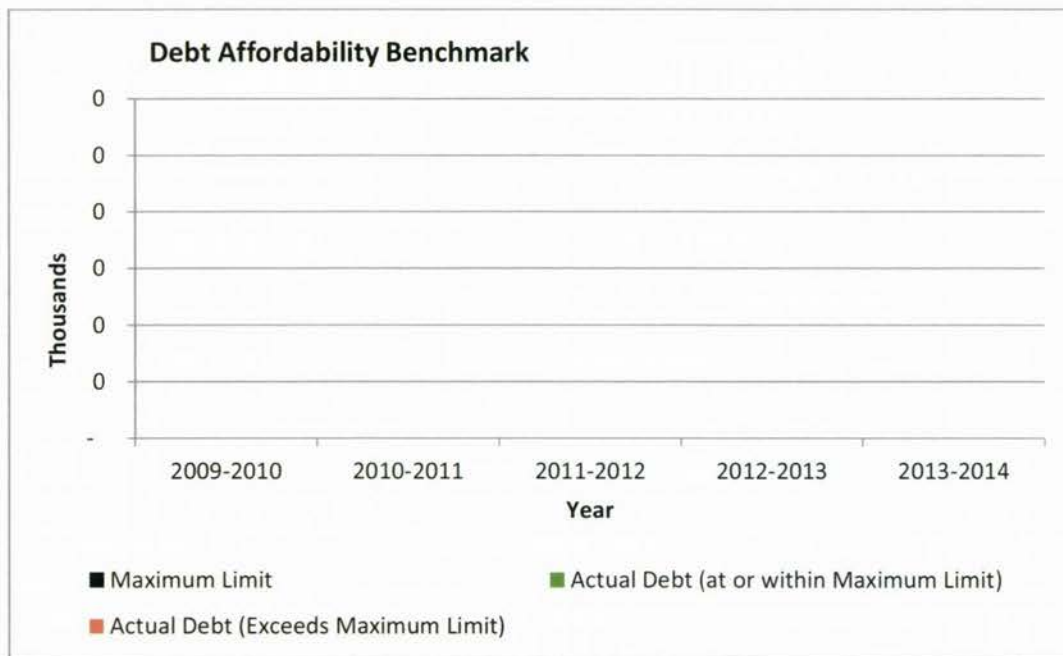


As there were no rates limits set for the 2009-2012 periods Council did not meet the benchmark in these years. Since Council set a benchmark in the financial strategy in Council's long term plan in 2012, benchmarks have been met as Council rates have not exceeded the percentage increase limits set.

DEBT AFFORDABILITY BENCHMARK

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

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

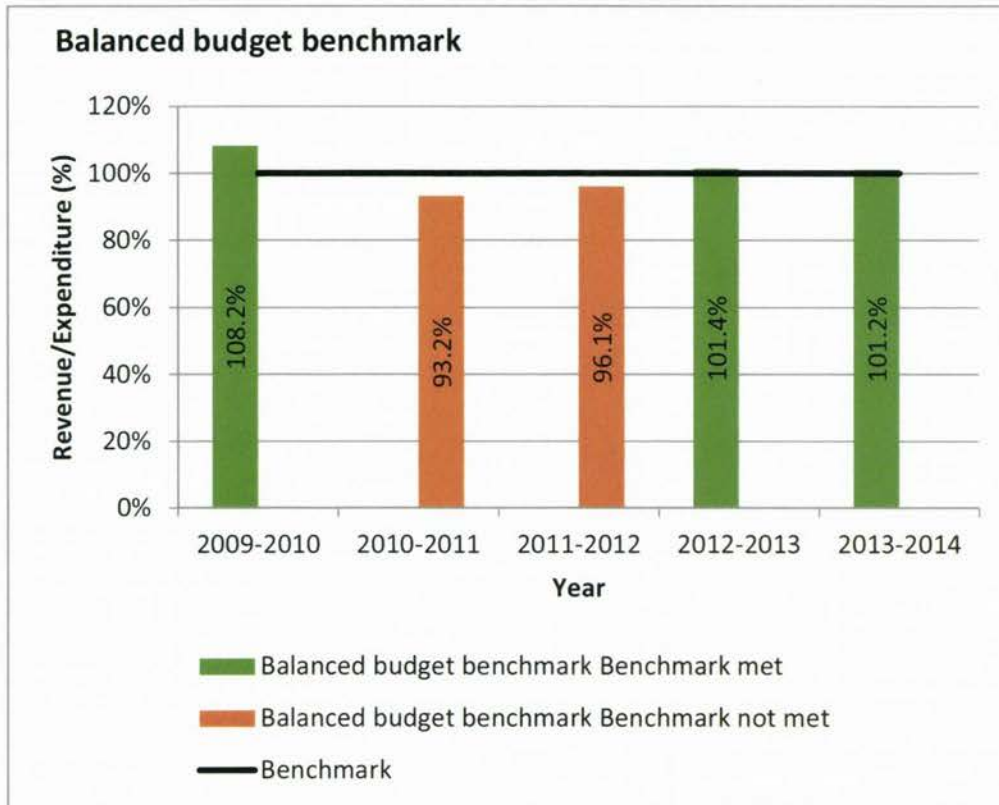


During the period 2009/10 to 2013/14, the Council has no external public debt, consequently the graph shows the net external debt as 0.

BALANCED BUDGET BENCHMARK

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

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

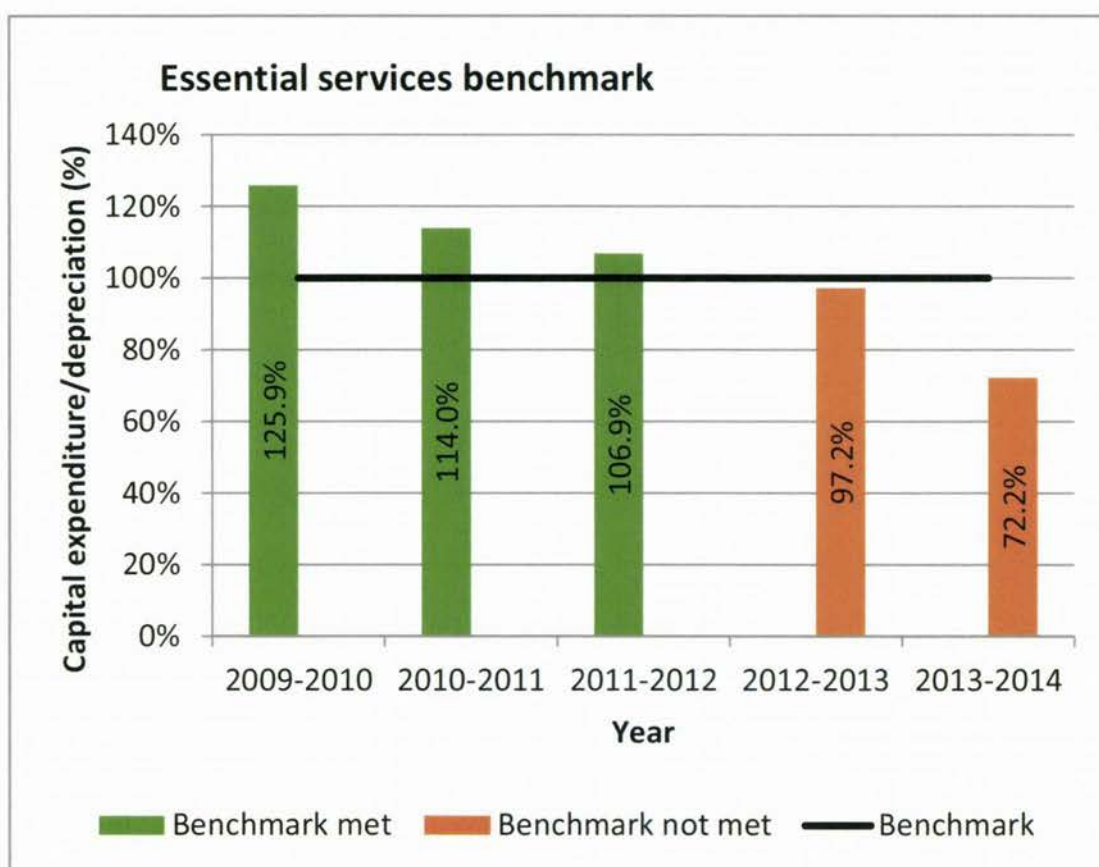


Council met this benchmark in three of the reported years as its revenue was greater than its expenses. In the years the benchmark was not met, roading depreciation cast was significantly higher than expected.



ESSENTIAL SERVICES BENCHMARK

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

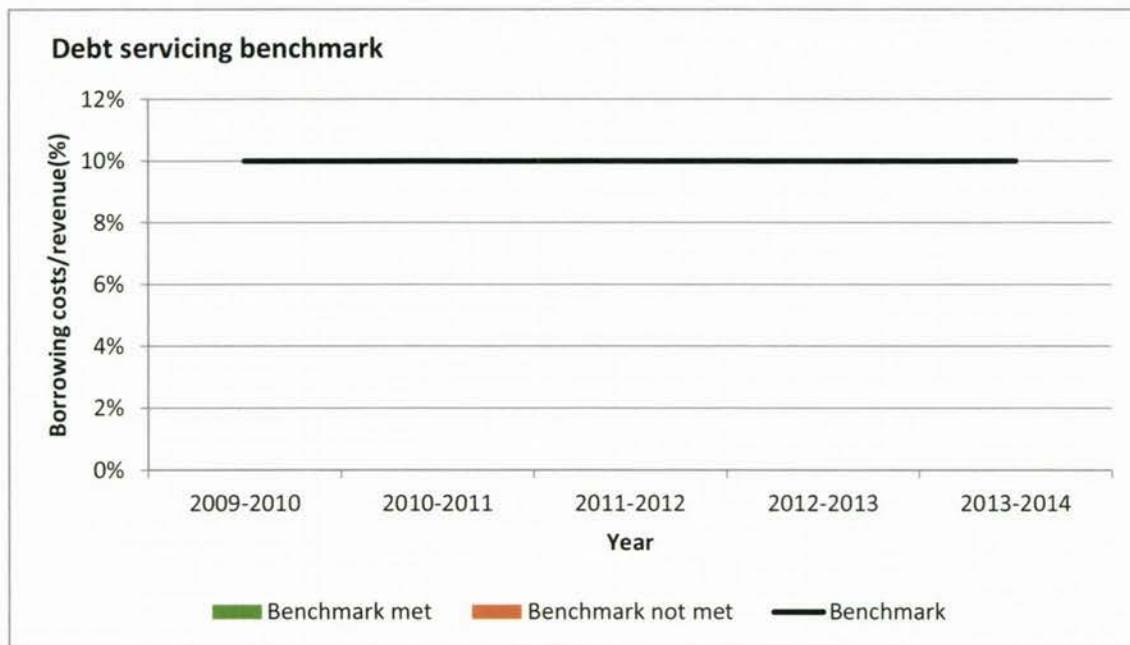


Council has not met this benchmark in the last two years due to capital expenditure not being as great as our depreciation expense.

DEBT SERVICING BENCHMARK

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

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

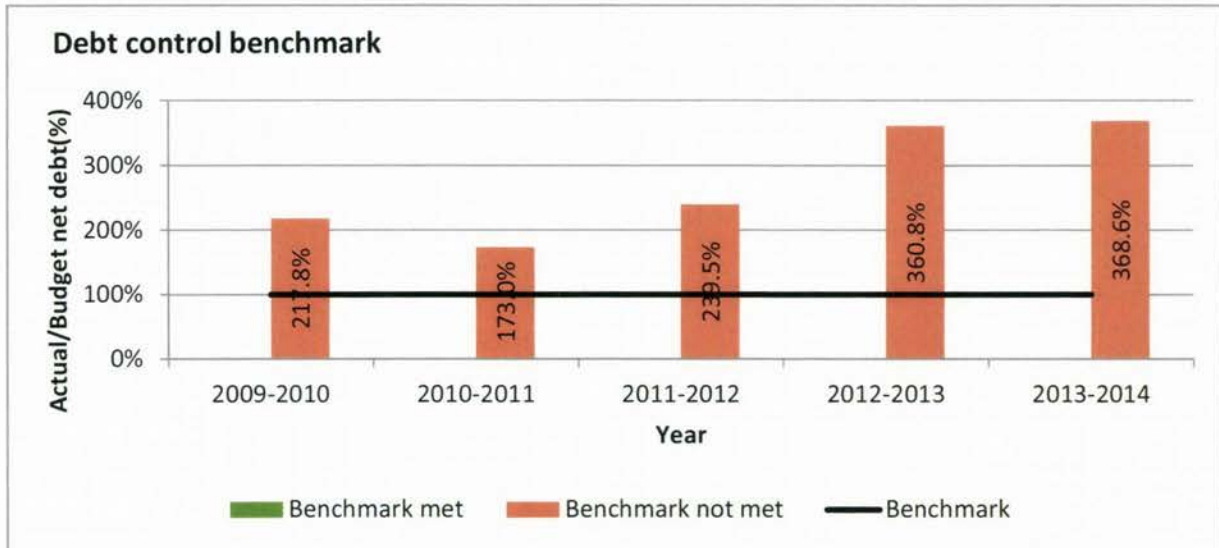


During the period 2009/10 to 2013/14, the Council has no external public debt, and consequently no borrowing costs.

DEBT CONTROL BENCHMARK

The following graph displays the Council's actual net debt as a proportion of planned net debt. In this statement net debt means financial liabilities less financial assets (excluding trade and other receivables).

The council meets the debt control benchmark if its actual net debt equals or is less than its planned net debt.

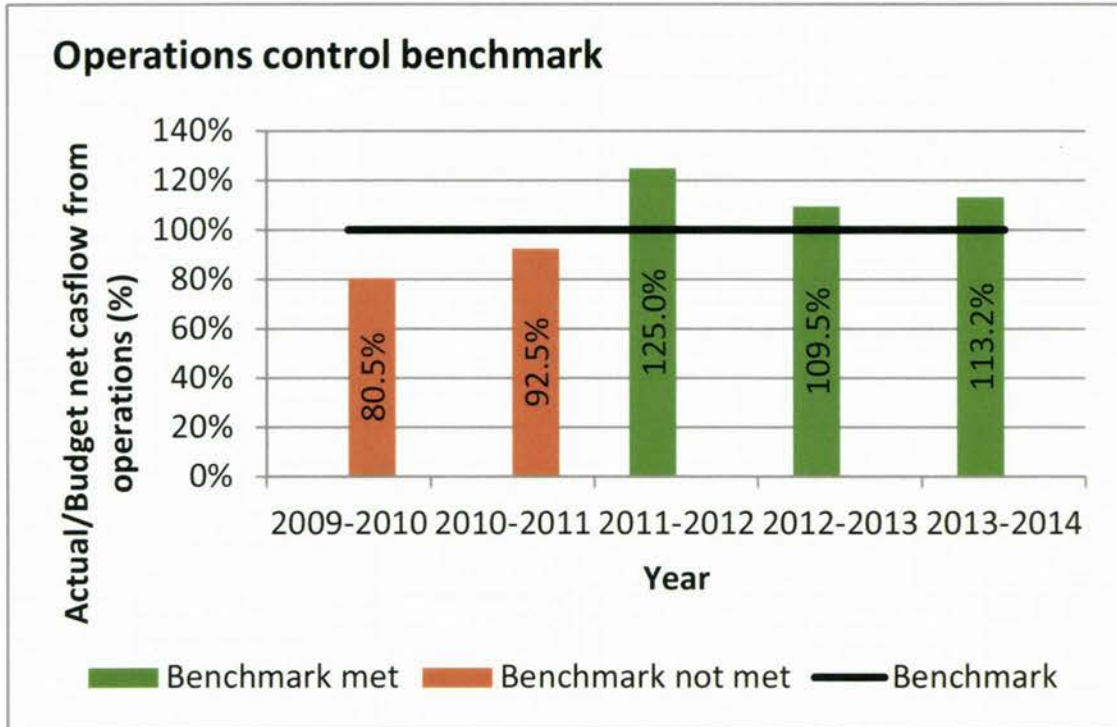


During the period 2009/2010 to 2013/2014, the Council appears to exceed this benchmark based on the computations mandated, however factually Council had no external public debt. As such this benchmark is recording actual net financial assets as a proportion of planned net financial assets. For the Council, the debt control benchmark is met if its actual net assets, financial assets (excluding trade and other receivables) less financial liabilities, equals or is more than its planned net assets.”

OPERATIONS CONTROL BENCHMARK

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

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



Council has met this benchmark in the last 3 years as its actual cashflow has been greater than that budgeted. In the first two years of this graph, Council did not meet the benchmark, this was mainly due to the interest received on investments being significantly less than that expected.

