



# Clutha District Council



**Annual Report  
2012/13**

# Table of Contents

<b>Introduction</b>	<b>3</b>
<i>Word from the Mayor</i>	4
<i>Chief Executive's Summary</i>	5
<i>Council's Community Outcomes</i>	11
<i>Outcomes Reporting</i>	12
<i>Auditor's Report</i>	15
<b>Statement of Service Performance</b>	<b>19</b>
<i>Community Leadership</i>	22
<i>Roading</i>	30
<i>Water Supply</i>	38
<i>Sewerage</i>	43
<i>Stormwater</i>	47
<i>Solid Waste Management</i>	49
<i>Community Services</i>	54
<i>Regulatory &amp; Emergency Services</i>	62
<b>Financial Information</b>	<b>68</b>

# introduction

# 1



Photo: M Venz



Photo: J Markham





# From the Mayor

Thank you for taking an interest in our Council's Annual Report for 2012/13. This is our chance to undertake an in-depth critical analysis of Council's performance over the last 12 months.

From my perspective, in many ways this year has heralded a new era, with many major projects instigated in the 2009-19 Long Term Plan coming to fruition. Examples of this would be the commissioning of the Benhar and Tokoiti sewerage schemes and Balclutha Swimming Pool early in the 2012/13 year, through to the handing over of Council's \$1 million grant for the new health facility at West Otago and consultation on the design of the Balclutha Streetscape upgrade.

Our district is now entering a time of consolidation; reflective of world and national economic conditions. Council's emphasis is on core service projects, with the dominant one of these as always being roading. Our response to the ever changing and challenging environment has been firstly to continue to fight for our share of funding for roading and then formulate how best we function under Central Governments 'flat lining' of their contributions. Currently Clutha's Financial Assistance Rate (FAR) - the amount Central Government contributes towards providing and maintaining our local roads - is 59%, the highest of anywhere in New Zealand. However, an ongoing review of the FAR by Central Government has taken the initial steps to structurally change the way we approach the issue.

Our Council has submitted to Central Government that any future funding model should align levels of service with the relative importance our district places on each road to provide a more equitable and fair system across our region, while we are also exploring beneficial collaborations with neighbouring authorities with new emphasis given to our southern neighbours.

Collaboration is also becoming a topical issue as the 'Forgotten South' has become more unified with the growing appreciation of the various areas where collective thinking benefits all parties. This year has seen a growing momentum of projects driven by

the Otago Mayoral Forum such as the moves towards combined rural fire developments. And there has also been the establishment of the South Island Strategic Alliance and the 'Stand Up Otago' group. I believe this year has seen a growing trend of collaboration that is already bearing fruit and this will only increase in the coming years.

Another area of increased collaboration and consultation has been with respect to Maori participation in council decision-making. During 2012/13 along with other councils in Otago/Southland Council entered into a formal agreement to participate in the Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. Under these agreements Council has agreed to pay a share of the funding to resource KTKO and Te Ao Marama to resource Maori to participate in various aspects of Council decision making. Council has acknowledged the local rununga Waikoau Ngai Tahu South Otago Runanga, and includes them along with the two agreements above.

Other important projects of note during 2012/13 include:

- The construction of a new sewerage pipeline from Pounaweia to Owaka to resolve a long-standing discharge problem from the Pounaweia Camping Ground.
- The restructuring of District Development services, where economic development and destination marketing services are now delivered under contract to Council by the independently governed Clutha Development Trust.
- The delivery of the Ready, Steady, Work programme where I worked with government agencies, community groups and local businesses to successfully reduce youth unemployment in our district.
- Securing Central Government funding for much needed strengthening work on the Clydevale Bridge.
- Council's involvement in helping Owaka to form a new community group and long term plan for the area as it heads towards its 150th anniversary in 2015.

As you can see, it has been another busy year for Council as we endeavour to maintain existing infrastructure and levels of service, while at the same time responding to requests for new, or improvements to, community facilities. Again this has been achieved while retaining a strong financial position with no external debt



*The Balclutha Swimming Pool upgrade was completed in 2012/13*

**Bryan Cadogan**  
**Mayor**

**Date: 10 October 2013**

# Chief Executive's Summary

I am pleased to present Council's Annual Report for the 2012/13 financial year. The Council remains in good shape having completed another busy and challenging year. I have outlined the main aspects of the report, beyond Council's business-as-usual, below.

## Community Leadership

**West Otago Health:** Council was pleased to be able to make the final sign-off and hand over its \$1 million grant for the new integrated health and aged care facility at Tapanui. The grant which is to be funded via a \$66.70 per year rate over the West Otago community was subject to conditions, in particular that all other funding to meet the full construction costs was to be contractually confirmed, and that other sources of funding would be either interest free loans or grants. The West Otago Community is to be congratulated for its efforts and we now look forward to the build being completed and the new facility opened.

**Tuapeka Aquatic Centre:** The grant has not been made as planned in the 2012/13 year as the project had not advanced enough to be able to confirm that conditions set by Council for the grant are in place. Council did agree to increase the funding grant for the Tuapeka Aquatic Centre to 57% of the construction costs, to a maximum of \$1.35 million. This meant an increase in the grant of \$213,000 to what Council had previously agreed to. It is expected that the grant will be made before the end of 2013.

**Economic and Community Development:** In 2012/13 Council confirmed its commitment to contributing to economic development services for the district, by agreeing to enter into a service contract with the Clutha Development Trust. The Trust was formed following a review of the structure of economic and community development functions. Previously Council, via the District Development Board, contracted the Enterprise Clutha Trust to provide much of the business development functions, and the Clutha Agricultural Development Board for support of the district's agricultural sector. After a thorough review, it was agreed that Council would disestablish the District Development Board and enter into an agreement with a newly formed trust to deliver economic development services for the district. As a result the Clutha Development Trust (CDT) was

established independent of Council to drive economic development in the district across a wide range of activities. The review also recommended bringing community development services in-house. This transition began at the start of 2013 where Council now employs a community support and development advisor for working with communities to provide activities and services in the district. The role also involves overseeing supporting the Youth Council, as well as Clutha Country promotional activity.

**Shared Services:** Clutha District Council is part of the Southland Shared Services Forum. The councils in the Forum - which is chaired by an independent Chair Jeff Grant - is committed to supporting and encouraging new and existing Shared Services which will provide benefit for ratepayers.

Along with Environment Southland, the Southland District, and Invercargill City councils, Council is working on a shared IT project which will enable a seamless approach across IT platforms. This shared service is seen as a very significant building block, opening the way to a number of other opportunities. Discussions are also being held considering a shared Building Control Authority service.

## Roading

Just over \$15.5 million was spent on maintaining, and in some cases improving, Clutha local roading network in 2012/13, including:

- \$2.1m spent maintaining the district's 2,000km network of unsealed roads. As an overall average across the network, roads were graded 3.8 times.
- \$2.3m spent resealing 62km of roads.
- \$2.0m rebuilding 8.4km of sealed roads as pavement rehabilitation.
- \$0.5m on a continuation on footpath renewals and upgrades.
- \$0.7m worth of safety improvements.

**Balclutha Streetscape Upgrade:** Council has been careful to include the community in its work throughout 2012/13 considering the design for the \$2.6 million upgrade of Balclutha's town centre. Public input is being sought on a range of aspects such as the priority of work areas and all aspects of the upgrade. After final designs are approved, construction is likely to begin between late 2013

through to early 2014, depending on feedback from people and businesses affected. Budgets have been carried through into the 2013/14 year accordingly.

**Clydevale Bridge:** Much needed bridge strengthening work was scheduled for this key piece of infrastructure in 2012/13, subject to New Zealand Transport Agency (NZTA) funding approval. NZTA funding was not immediately available and extra effort was needed to convince them the bridge was important to the district and also nationally. Initial tenders were well above budget and the work was retendered to get a better price. The physical work to strengthen the bridge will now take place in 2013/14.

**Resealing Contract:** In a move to be more efficient, stimulate competition and gain better prices, Council tendered a 3-year contract for Reseal and Preseal Repairs in 2012/13. In the past this work has been contracted out annually. Changing to the new approach was successful, and is expected to save Council over \$600,000 during the next three years.

**Footpath Upgrades:** Work progressed well in this area, with just under half a million worth of work being undertaken in 2012/13. The majority of the work involved the construction of new footpaths in Balclutha, Milton and Owaka. Council has made a significant multi-million dollar investment in the district's footpath network in recent years. As this multi-year programme draws to a close, resident satisfaction with footpaths rose significantly from 40% in 2011/12 to 63% in 2012/13.

## Water Supply

**Water Storage Capacity increases:** New reservoir tanks were installed for Balclutha, Lawrence, Milton and Tapanui, with all but Milton receiving Capital Assistance Programme (CAP) subsidy funding to help with this. The additional storage capacity will provide increased security of supply and operating flexibility. Council's aim was to provide at least one day's reserve storage (at average daily demand) for all supplies, and this has been achieved now that the new reservoirs are commissioned.

**Improving water quality:** The government requires Council to "take all practicable steps" to meet new

drinking water standards (DWS), introduced in 2000 and updated in 2005 and 2008. Council has been undertaking treatment upgrades to comply with the legislation. Upgrades on the Balclutha, Kaitangata, Lawrence and Tapanui water supplies have been undertaken in recent years, and further treatment upgrades are required across all of Council's other water supplies including rural water schemes. Budgets had been included in 2012/13 for rural water treatment plant upgrades to meet all practicable steps for Glenkenich, Moa Flat, North Bruce and Richardson supplies, and to the Stirling and Waitahuna Treatment Plants. However, Council has deferred this work while it re-examines what other work would be needed to bring all treatment plants to a level where they would achieve compliance with the Standards. The review will also help inform the forward works programme for treatment plants in terms of priorities across all Council-related supplies, with information and estimates to be discussed with rural water scheme committees and Council.

**Clydevale-Pomahaka Capacity Upgrades:** A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was included in 2012/13 budgets. At this stage this project is still in the investigation phase and is being discussed with the Rural Water Scheme Committee. The upgrade would 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.

## Sewerage

**Benhar & Tokoiti Extensions:** Both the Benhar and Tokoiti sewerage schemes were completed in 2012/13 and they now operate as extensions to the existing Balclutha and Milton schemes respectively. While the cost of the new schemes is not insignificant - \$1.3 million for Benhar and just under \$1 million for Tokoiti - financial support from other ratepayers and the adoption of a rates postponement policy for those in financial hardship has helped mitigate the financial impact.

**Pounawea:** Council also approved a proposal to pump sewage from the Pounawea Camping Ground to Owaka to solve a long-standing discharge problem. As part of this project, the Pounawea community and land/

property owners within Pounaweia and along the pumping main route were canvassed for voluntary connections to the new sewerage scheme. Owners of several properties have indicated a wish to fully connect and further property owners have indicated they want to purchase a connection, so that they have the ability to connect in the future. The majority of the construction was completed in 2012/13, with the new scheme becoming operational with the camping ground connected from July 2013. Further discussions with property owners who have indicated a willingness to connect will be undertaken during 2013/14.

## Solid Waste

**Kerbside Recycling Service:** After starting in April 2012, the two-bin kerbside wheelie bin collection continued throughout 2012/13. The service continues to alternate between collecting of green-lidded general refuse bins one week, and collection of new 240-litre yellow-lidded bins for recyclables (excluding glass) the following week. The new approach has seen a substantial increase in both the amount of recyclables collected, and the amount of waste being diverted from Mt Cooe. Targets were well exceeded in both these areas. But as predicted, satisfaction levels dropped (from 95% in 2011/12 to 79% in 2012/13) as residents adjusted to the change and extra responsibility of sorting their waste.

**Kaka Point Coastal Protection Work:** Since its closure in the early 1980s, an old dump site, near Kaka Point, had been uncovered by coastal erosion. This had resulted in old farm implements and metal being unearthed and deposited on the foreshore causing an unsightly nuisance, and elevated levels of contaminants in the soil. Although the site was never operated by Council or its predecessors, the majority of the site is on Council road reserve. As such, Council has had to assume responsibility to resolve the issues the site is facing. Good progress was made during 2012/13 with resource consenting granted, a contract for the remediation work awarded, and work starting later in the financial year. The work includes excavation, removal of waste from the most vulnerable area, and protection of the site by rock armouring of about 170m of foreshore. At just over \$245,000 this was the most effective option for addressing the problem.

## Community Services

**Balclutha Swimming Pool:** The extensive upgrade of the Balclutha pool was completed with the facility reopening in September 2012. The project included replacement of the old asbestos roof and walls, renewed heating and ventilation, reconfiguration of the learners' pool to create a toddler and shallow beach pool, and upgrades to the entrance and changing room areas. The new therapeutic pool began operating in November 2012. Much to the frustration of Council and the community the reopening was several months behind schedule after a range of issues, the more major included problems with the pool's heating system and water loss from the therapeutic pool. The project for the budget was also extended from \$3.9 million to \$4.3 million due to unforeseen issues including:

- Foundation enlargements and extensions for the upgraded changing rooms
- Straightening walls in the main pool to ensure a suitable finish to tilin
- Replacement of old concrete slabs due to pool tank movement
- Mechanical system refinement

The bulk of the increase in budget was funded from the operational surplus due to the pool remaining closed longer than expected, with the remainder coming from additional reserves and rates.

Overall the upgrade is providing a much improved experience for pool users and is an asset to the district. Resident satisfaction has increase from 43% to 66%, and is projected to increase again in the 2013/14 year.

**Libraries:** The Baclutha Library received a spruce up with the interior painted, new carpet laid, some new and refurbished furniture, and changes to the collection layout. The project resulted in a neutral décor, with more shelving capacity, more space in the children's and teens areas, easier access to talking books, magazines, jigsaws and DVDs, better signage and more appropriate disabled and wheelchair access. Libraries continue to be one of Council's most popular services with 97% resident satisfaction in 2012/13.



## Regulatory and Emergency Services

**Milton 2060:** This joint Otago Regional Council-Clutha District Council initiative was implemented during 2012/13, following consultation and community feedback. The strategy aims to help Milton residents understand and live with the effects of flooding. It will also guide land use development and redevelopment in the area so that flood risks do not increase, and existing risks are gradually reduced. The strategy, adopted by both councils will enable long-term sustainable occupation and development in Milton, which has a long history of flooding.

**District Plan Changes:** During 2012/13 Council continued its staged approach to updating the District Plan, with changes relating to Energy, Biodiversity and Natural Hazards. The first set of changes dealt with Electricity Generation and became operative in April 2013. They recognised the benefits of renewable generation and provide for a simpler, more focused consent process for renewable energy developments. The second set of changes affected rural landowners, as they relate to Biodiversity. The

changes increased the protection for indigenous vegetation and habitats.

**Civil Defence:** Considerable resources were put into meeting and liaising with various service, community and initial response groups throughout the district. There was considerable training for all Emergency Operations Centre (EOC) staff during 2012/13. Exercises this year included New Zealand Shakeout in August 2012 and the South Island-wide exercise Te Ripahapa in May 2013. The Clutha EOC activated on 20 June 2013 when a snow event affected Lawrence and surrounds, while Milton was affected by flooding simultaneously. Despite ongoing work in this area, the number of residents who had taken steps to personally prepare for a Civil Defence emergency dropped from 59% in 2011/12 to 52% in 2012/13 - 9% below target.

## Non-Financial Performance

How Council's performance in a non-financial sense is reported in the Statement of Service Performance. The overall pass rate was 80%, where 51 of 68 performance targets were met.

## Council's Financial Position

Of course the activities and services mentioned throughout this document need to be paid for and Council needs to make sure it is in a financial position to keep the services and activities available to its communities

The table to the right has some information on Council's financial performance for the 2012/13 year.

The first table below shows actuals against budget for 2012/13 and a net surplus of \$1.4 million. This non-cash surplus came about primarily because:

- Timing meant the \$1.1 million funding towards the building of the Tuapeka Aquatic Centre was not made in 2012/13. Funding for this community project will be internally loan funded and paid back via rates over a period of time after the funding is drawn down on.
- Roading costs were lower because the non-cash expense of depreciation was less than budgeted.

(\$000)	Budget	Actual	Difference	Notes
<b>Income</b>				
Rates	22,088	21,931	157	
Other Revenue	12,485	12,190	295	1
Other Gains / (losses)	632	972	(340)	2
<b>Total Income</b>	<b>35,205</b>	<b>35,093</b>	<b>112</b>	
<b>Expenditure</b>				
Employee benefits expens	4,267	4,272	(5)	
Depreciation and amortisation expense	13,527	12,418	1,110	3
Finance costs	0	0	0	
Other expenses	18,571	16,949	1,622	4
<b>Total operating expenditure</b>	<b>36,365</b>	<b>33,638</b>	<b>2,727</b>	
<b>Surplus / (Deficit)</b>	<b>(1,160)</b>	<b>1,455</b>	<b>(2,615)</b>	



1 Additional income due Capital Assistance Programme (CAP) upgrades funding previously included in 2011/12 budgets; financial contributions to the Benhar and Tokoiti sewerage schemes and community donation towards Balclutha pool upgrade.

2 An unbudgeted gain relating to the forestry revaluation was offset by reduced investment income.

3 Difference principally due to depreciation for roading being less than budgeted.

4 Majority of difference due to timing of the Tuapeka Aquatic funding (deferred to 2013/14) and operation of Mt Cooee Landfill being less than budgeted.

## Summary of Financial Indicators

The table below provides information on Council financial position compared to previous years and the forecast for the end of 2012/13 year. It also provides a report back for the 2012/13 year against the parameters Council set itself in its financial strategy in the 2012/22 Long Term Plan.

	Actual 2010/11	Actual 2011/12	Forecast 2012/13	Actual 2012/13	Difference	Notes
Total Assets	904,921	997,674	926,944	996,148	69,204	1
Total Liabilities	6,181	8,612	6,132	5,480	(651)	
Net Assets	898,740	989,062	920,812	990,668	69,855	
External Investments	20,109	18,488	9,169	18,475	9,306	
Rates Revenue	20,576	21,285	22,088	21,931	(28)	
Total Rates Cap	-	-	23,450	23,450	-	
Rates increase (year on year)	2.62%	3.71%	2.91	2.70%	-0.21%	
Capital expenditure	16,293	21,454	17,447	11,827	(5,620)	2
New (internal) loans	3,005	8,208	6,099	2,881	(2,954)	2
Debt (internal)	12,755	20,503	23,477	22,615	(862)	2
Debt (internal) as a % of total assets	1.41%	2.05%	2.53%	2.27%	(0.26%)	2
(Internal) debt per capita	\$744	\$1,192	\$1,369	\$1,319	(\$50)	2
% of rates revenue to service (internal) debt	3.10%	4.79%	5.35%	5.16%	(0.19%)	2

1 Difference due to roading revaluation.

2 Differences due to changes in timing for capital projects, such as rural water treatment upgrades and Balclutha streetscape construction.

What this table tells us is that net assets of Council have grown slightly and is above forecast mainly due to increase in the value of our roading. Our external investments have stayed much the same, where we had forecast a decrease. As you will see though our capital expenditure is down on forecast where some work wasn't progressed in the 12/13 year as expected and we didn't have to draw down on our investments. When this capital work is done in the future our external investment will decrease.

The rates revenue for 2012/13 remains below the cap set by Council for itself as does debt per capita (\$1,319 versus limit of \$1,500) and servicing debt as percentage of rates (5.15% versus limit of 10%).

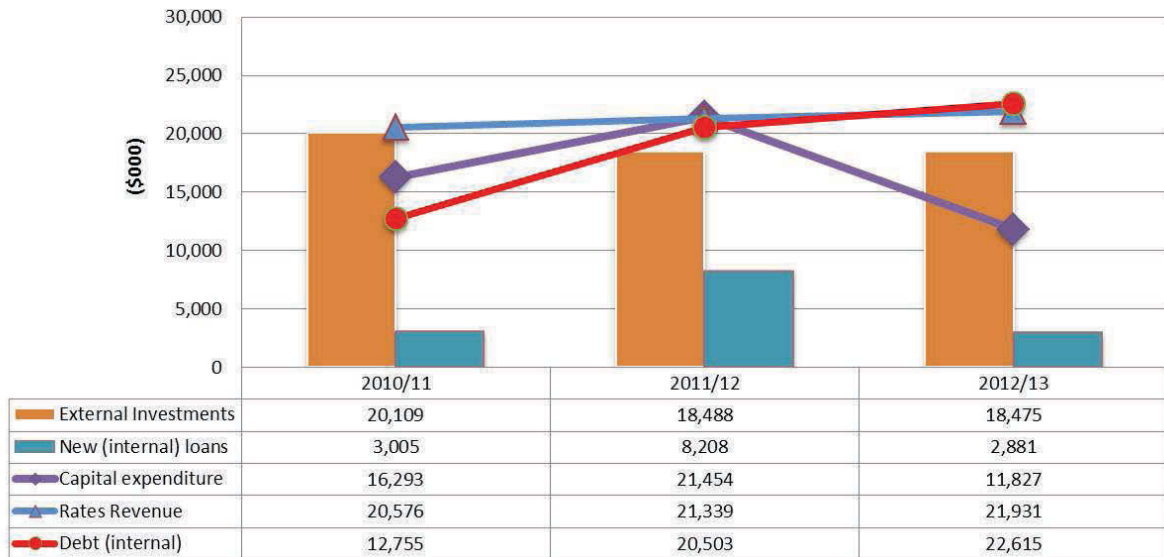
There were some internal loans raised in 2012/13, which are itemised below:

Aspect	Borrowing
Central administration - forestry	272
West Otago Health funding	973
Sewerage upgrades	1,127
District Plan renewal	40
Footpath renewal & upgrade programme	469
Total	2,881

## Borrowing, Debt, and Investments

The trend for borrowing debt and investment is shown in the following chart:

Figure: Three Year Trend - Rates, Internal Debt, Investments & Capital Expenditure (\$000)

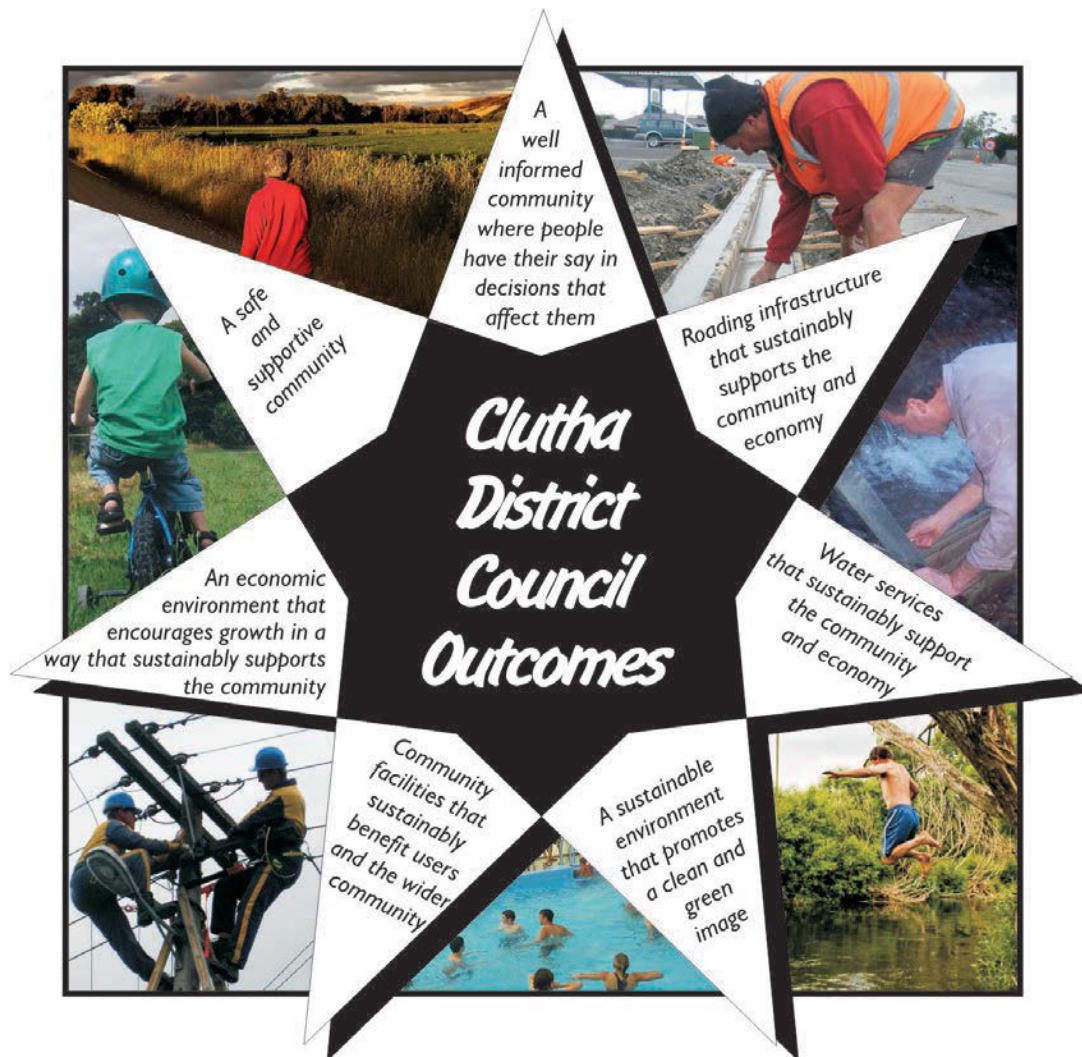


Overall I think this annual report shows that, although in some areas progress is not as quick as forecast, Council is making progress towards the outcomes it has established for itself. I want to thank those involved with the work and progress that has been made throughout 2012/13, as our focus now becomes the 2013-2016 triennium.

**Charles Hakkaart**  
**Chief Executive**  
**Date: 10 October 2013**

# Council's Community Outcomes

In 2005 as part of its requirement under the Local Government Act 2002, Council, community groups and the public identified a set of 'District Directions' which described the economic, social, environmental and cultural outcomes for the Clutha District. These aspirations were for the community as a whole, and Council was just one of many who were working towards them. A subsequent change to the legislation in 2010 meant Council was then required to identify specific community outcomes that it will work directly towards itself. The following outcomes are those that Council currently has as its overarching goals to work towards for the communities of the Clutha District, and confirmed in the 2012/22 Long Term Plan;



In the 2012/22 Long Term Plan, Council also committed to monitoring these outcomes. Previously this was an exercise done independently from annual reports. The 2010 changes referred to above now mean that the monitoring results are included in this report, and the results for the 2012/13 year are included on the following pages.

In December 2012, Parliament amended the Local Government Act 2002 once more. This brought with it a number of changes, including a change in the purpose statement for local government that removed all references to "social, environmental, economic and cultural wellbeing of communities". The new purpose of the Act is for local government "to meet the current and future needs of communities for good quality infrastructure, local public services, and the performance of regulatory functions in a way that is most cost effective for households and businesses".

Further legislative changes are expected in 2013, and triennial elections are to be held in October 2013. The existing outcomes remain as strategic objectives for the Council. Further review of strategic objectives, functions and services will be considered by the new council following the elections with any possible changes to be considered as part of the 2015/25 Long Term Plan.



# Outcomes Reporting



## 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 2012/13**

- 38% of residents were satisfied that they had an opportunity to participate in decision-making and planning processes.
- Voter turnout results (% of voting papers returned) will be available in 2013/14, following 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 2012/13**

- 56% of residents were satisfied that local roads were an effective means of transport.



## 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 2012/13**

- 65% of urban customers were satisfied with their water supply.
- 90% of customers were satisfied with sewerage services
- 72% of customers were satisfied with stormwater services
- 59% of rural customers were satisfied with the supply from their rural water scheme.



## Community Outcome 4

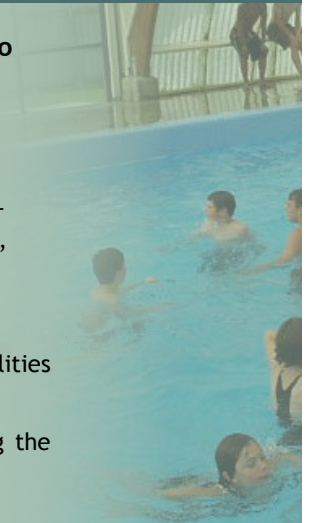
**Community facilities that sustainably provide benefits to users and the wider community**

### 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 2012/13

- 82% of residents were satisfied with community facilities (overall average).
- 51% of residents used a Council-operated facility during the past 12 months (overall average).



## Community Outcome 5

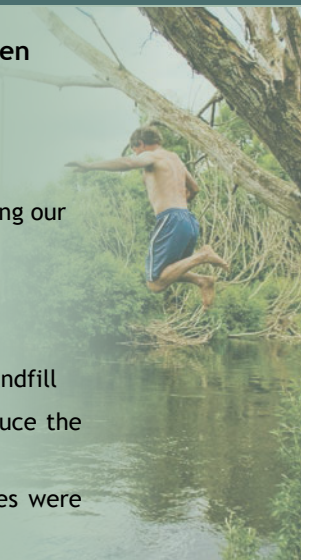
**A sustainable environment that promotes and clean, green image**

### 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 2012/13

- 513kg of waste per resident went into Mt Cooe Landfill
- 47kg of waste per resident was diverted from Mt Cooe Landfill
- 61% of residents were aware of at least two ways to reduce the waste they produce.
- 99% of resource consent conditions for Council's activities were met.



## Community Outcome 6

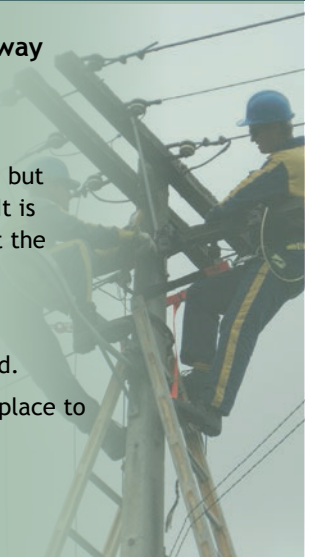
**An economic environment that encourages growth in a way which sustainably supports and protects the community**

### 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 2012/13

- Just under \$31 million of building consents were processed.
- 64% of residents agreed that the Clutha District is a good place to make a living.
- \$34.94 per resident was spent on economic development.







## Community Outcome 7

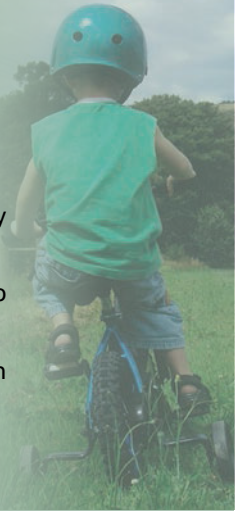
### A safe and supportive community

#### Why it is important

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

#### Monitoring results for this outcome in 2012/13

- 83% of residents agreed that there is a great sense of community where they live.
- 90% of residents agreed that the Clutha District is a safe place to live.
- 70 community groups and organisations were provided with financial assistance
- \$15.40 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 2013

The Auditor-General is the auditor of Clutha District Council (the Council). The Auditor-General has appointed me, P F Heslin, 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 2013 on page 73;
  - the statement of financial performance, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ending 30 June 2013 on pages 71, 72 and 74; and
  - the notes to the financial statements that include accounting policies and other explanatory information about the financial statements on pages 75 to 122;
- the funding impact statement of the Council on page 70;
- the statements about budgeted and actual capital expenditure in relation to each group of activities of the Council on pages 20 to 67;
- the statement of service performance of the Council on pages 20 to 67; and
- the funding impact statements in relation to each group of activities of the Council on pages 20 to 67.

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 on page 102;
  - reserve funds on page 106 to 109;
  - each group of activities carried out by the Council on pages 20 to 67;
  - remuneration paid to the elected members and certain employees of the Council on page 115 to 116;
  - employee staffing levels and remuneration on page 116; and
  - severance payments on page 115;
- 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 25; and
- a statement of compliance signed by the Mayor of the Council, and by the Council's chief executive on page 69.

## Opinion

### *Audited information*

In our opinion:

- the financial statements of the Council on pages 71 to 122:
  - comply with generally accepted accounting practice in New Zealand; and
  - fairly reflect:
    - the Council's financial position as at 30 June 2013; 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 70, 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 20 to 67, 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 statement of service performance of the Council on pages 20 to 67:
  - complies with generally accepted accounting practice in New Zealand; and
  - fairly reflects the Council's levels of service for the year ended 30 June 2013, 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 20 to 67, 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.

### ***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 10 October 2013. 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 the statement of service performance. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the information we audited. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the information we audited, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the 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 statement of service performance within the Council's framework for reporting performance; and
- the overall presentation of the information we audited.

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

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



# Deloitte.

- 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
- 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.



P F Heslin  
Deloitte  
On behalf of the Auditor-General  
Dunedin, New Zealand



# statement of service performance

# 2

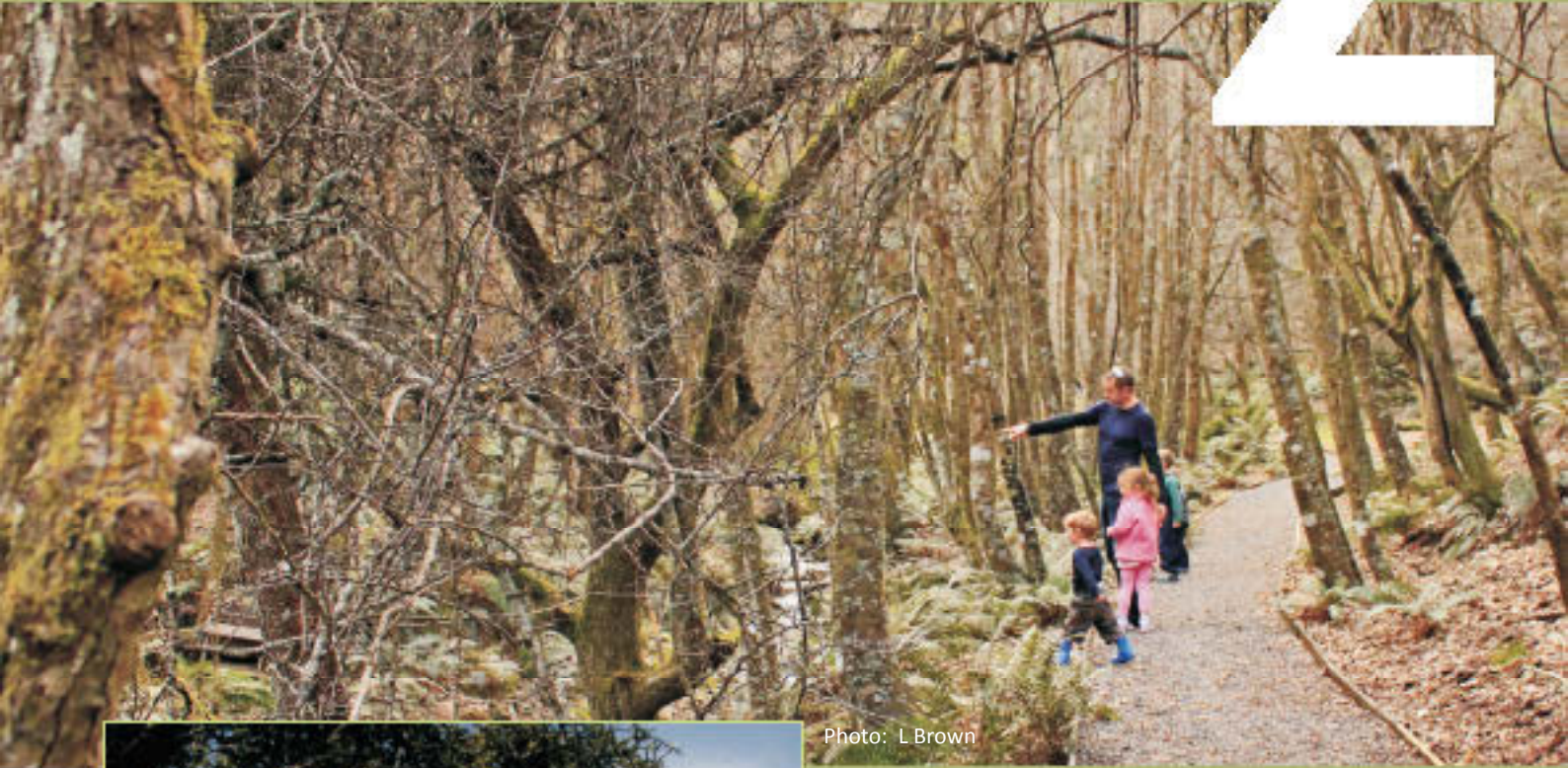


Photo: L Brown



Photo: K Sinclair



**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
<b>Community Leadership</b>							
Governance	Primary		Secondary	Secondary	Secondary	Secondary	Secondary
Economic Development						Primary	
Community Development				Secondary			Primary
<b>Roading</b>							
Roads & Footpaths		Primary					
<b>Water Supply</b>							
Urban Water Supply			Primary				
Rural Water Schemes	Secondary		Primary				
<b>Sewerage</b>							
Sewerage			Primary		Secondary		
<b>Stormwater</b>							
Stormwater			Primary		Secondary		
<b>Solid Waste Management</b>							
Solid Waste Management					Secondary		
<b>Community Services</b>							
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			
<b>Regulatory and Emergency Services</b>							
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



# 2012/13 in Detail

This section of the Annual Report includes detail about Council's achievements and performance in 2012/13 (referred to as Statement of Service Performance). It also includes commentary about the main achievements in each of Council's eight strategic areas referred to as Community Leadership, Roading, Water Supply, Sewerage, Stormwater, Solid Waste Management, Community Services, 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 2012/13 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** which involves services orientated towards:

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

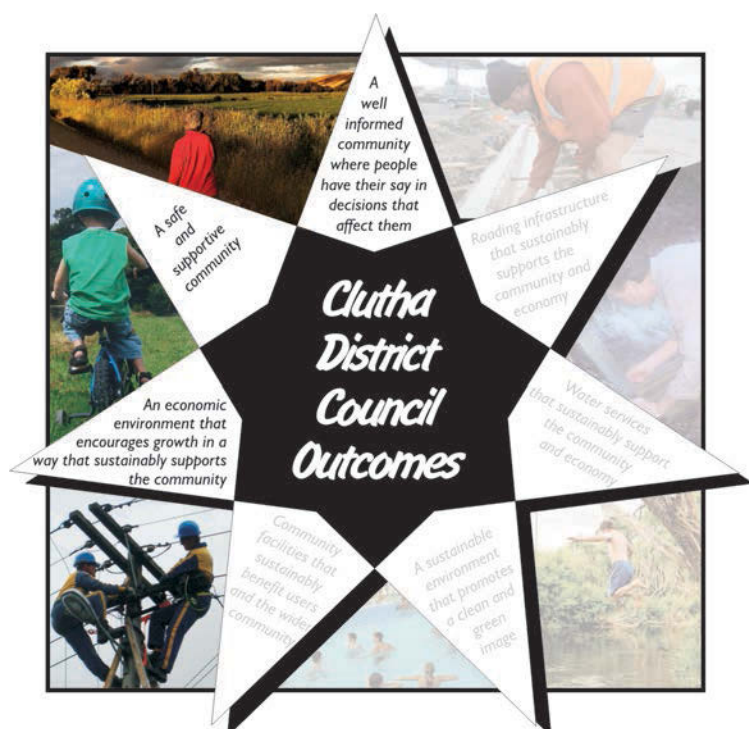
**COMMUNITY DEVELOPMENT** involves:

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

## Why we do it

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

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



# Wrap up for Community Leadership in 2012/13

Throughout the year, residents were kept informed of Council services and matters of interest via regular media releases and editions of the Council News. This publication continues to be well received, with 92% of resident survey respondents indicating they have seen or read it.

Council has continued to provide leadership and a voice for the Clutha District and its residents on a number of issues that affect us or have the potential to impact on us. Several submissions were made to central government and other agencies this year, some of which were as follows:

- Local Government Amendment Bill.
- Earthquake Prone Buildings (Building Seismic Performance, Ministry of Business, Employment & Innovation).
- Changes to Postal Delivery Services (New Zealand Post's Deed of Understanding with the Crown).
- Possible Investment in Tarras Water Ltd (Otago Regional Council).
- Inquiry into Local Government Regulation (New Zealand Productivity Commission).
- Possible Changes to Funding for Local Roding (New Zealand Transport Authority Financial Assistance Review).

## Shared Services

Clutha District Council is part of the Southland Shared Services Forum. The councils in the Forum - which is chaired by an independent Chair Jeff Grant - is committed to supporting and encouraging new and existing Shared Services which will provide benefit for ratepayers.

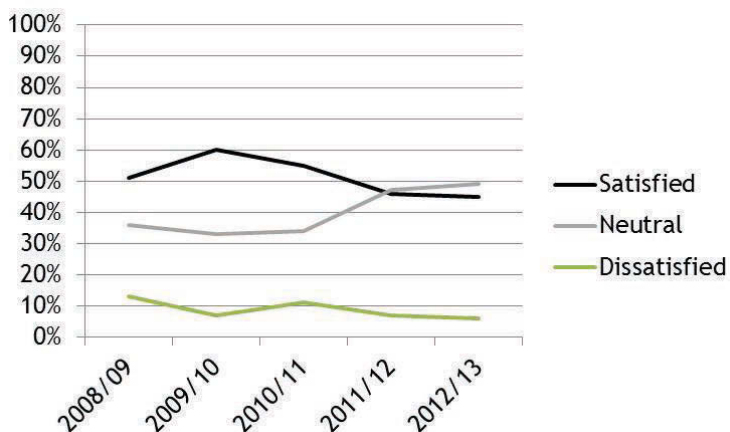
Along with Environment Southland, the Southland District, and Invercargill City councils, Council is working on a shared IT project which will enable a seamless approach across IT platforms. This shared service is seen as a very significant building block, opening the way to a number of other opportunities.

Discussions are also being held considering a shared Building Control Authority service.

## Resident Satisfaction

While the target for resident satisfaction with the overall performance of the Clutha District Council was achieved, the target for satisfaction with decision-making, leadership and planning by elected members was not. As shown in the graph below, the percentage of respondents satisfied declined to a neutral position, however the percentage of those dissatisfied also decreased a little improving to neutral

Figure 1: Resident satisfaction with decision-making, leadership & planning by elected members 2008/09 to





### **By-election for the Balclutha Ward**

The resignation of Chris Hargest from his role as one of the four Balclutha ward councillors meant a by-election in October 2012, won by Ken Payne.

### **West Otago Health**

West Otago Health's integrated health centre and aged care facility has been seen as key focus for the West Otago community for a number of years. While the need was clear, securing funding for the facility to go ahead had been an ongoing challenge. After consultation in 2010/11 with affected ratepayers, Council agreed to a ratepayer-funded grant of \$1 million for this new facility in Tapanui. The grant was subject to conditions, in particular that all other funding to meet the full construction costs were to be contractually confirmed, and that other sources of funding would be either interest free loans or grants. These conditions were met by the West Otago Health Trust in May 2013 and the grant was bought forward from the 2013/14 financial year and was made in June 2013.

The new medical centre will be built on the grounds of the former Tapanui Hospital on State Highway 90, and will include a 14-bed rest-home, offering the district's elderly residents a chance to stay in the town instead of in facilities in larger centres. It is expected to employ between 20 and 30 people providing health services to more than 2000 people in West Otago and outlying areas.

The grant to build a health centre will be loan-funded, to be repaid by ratepayers in the West Otago Health service area over 25 years, via an annual uniform charge. This will be \$66.70 and will begin being rated for from 1 July 2013.

### **Tuapeka Aquatic Centre**

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.

Through consultation for the 2012/22 Long Term Plan, Council committed to providing a loan-funded grant to Tuapeka Aquatic Centre Inc. of 55% of the cost of building the facility, up to \$1.1 million. This money was included in the 2012/13 budgets. This budget has been carried over to the 2013/14 year and Council has agreed to increase the grant to 57% of the cost of the new facility, up to \$1.35 million. The \$1.35 million of funding will be repaid through rates over a 25 year period, 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.

### **District Development**

In 2012/13 Council confirmed its commitment to contributing to economic development services for the district, by agreeing to enter into a service contract with the Clutha Development Trust. The Trust was formed following a review of the structure of economic and community development functions.

Previously Council, via the District Development Board, contracted the Enterprise Clutha Trust to provide much of the business development functions, and the Clutha Agricultural Development Board for support of the district's agricultural sector. After a thorough review, it was agreed that Council would disestablish the District Development Board and enter into an agreement with a newly formed trust to deliver economic development services for the district. As a result the Clutha Development Trust (CDT) was established independent of Council to drive economic development in the district across a wide range of activities. The Trust, established in November 2012, is governed and managed by an initial board made up of 12 members, including representatives from the agricultural, business and education sectors.

The review also recommended bringing community development services in-house. This transition began at the start of 2013 where Council now employs a community support and development coordinator for delivering community development activities, rather than contracting these services. The role also involves supporting the Youth Council, as well as Clutha Country promotional activity.

As part of the restructuring it was proposed Council would take over the employment of an existing Youth Coordinator who delivered a very successful programme for the District's youth. Council had previously part funded the position at \$42,000 per annum, while an additional \$40,000 was provided by charitable organisations and central government. Unfortunately the existing Youth Development Coordinator was not available to continue in the role. After exploring options Council decided to continue to contract out youth development services. Details of the service contract are to be confirmed and expected to begin again during 2013/14

The changes to the way economic and community development were to be delivered also saw the disestablishment of the District Development Manager role and the final ever meeting of the Clutha District Development Board held in November 2012. The input of those involved with District Development, past and present, including Board members and contractors is acknowledged.

Council believes the changes will refocus and strengthen its contribution towards supporting economic and community development in the district, along with getting the best value possible for ratepayers.

## **Community Development**

Community support and development advice during 2012/13 included contact with some 41 community groups and organisations. Ensuing support included facilitation of a series strategic planning workshops, coordination of meeting procedures training, planning support and advice with funding applications, the requirements of incorporation, and setting up a trust and charities registration.

## **Youth Council**

The Youth Council started the year with a new orientation concept. Held at River Ridge Retreat in late January, the two days included team building to identify key values, expanding and developing team strengths, growing connection to the wider council and brainstorming to identify key activities for 2013.

Highlights for the Youth Council have been:

- To work alongside National Youth Week to stage two successful Youth Week Blue Light Discos in Tapanui and Balclutha.
- Planning for the Balclutha Skate Park Graffiti Art project.
- Developing and establishing a series of leadership skill building and motivational learning opportunities. Clutha District successfully applied to both South Otago Victim Support and The Ministry of Youth Development for funding to run a series of training workshops and presentations.
- Staging a Friday Night Fives series at the Cross Recreation Centre.

## **Community Support Grants**

Council supported various community groups and organisations throughout the Clutha District in 2012/13. Just over a quarter of a million dollars was made in grants, payments and reimbursements. Recipients of these grants are listed later in this section.

## **Participation of Maori in decision-making**

During 2012/13 along with other councils in Otago/Southland Council entered into a formal agreement to participate in the Te Rōpu Taiao Otago and Te Rōpu Taiao Murihiku. Council has acknowledged the local rununga Waikoau Ngai Tahu South Otago Runanga, and includes them along with the two agreements above.

Under these agreements Council has agreed to pay a share of the funding to resource KTKO and Te Ao Marama 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.

# What we achieved in 2012/13

## GOVERNANCE

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<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	46%	≥50%	45% Not achieved
	Residents satisfied with overall performance of the Clutha District Council	63%	≥60%	62% Achieved
	Residents who see or read the 'Council News' newsletter	92%	≥90%	93% Achieved

### Notes

1- Closer analysis of the results from the Resident Survey show an increase in the number of residents who gave a neutral response when asked about decision-making and leadership rose in the 2012 survey.

Due to the restructuring of Economic and Community Development, measures for these activities are not included in this annual report. A number of measures have been introduced in the 2013/14 Annual Plan, to be reported in the 2013/14 Annual Report.



# Community Support Grants 2012/13

	Amount (\$)		Amount (\$)
<b>Museums &amp; Information Centres</b>	<b>142,194</b>	<b>Reimbursement of Fees and Charges Scheme</b>	<b>10,782</b>
South Otago Historical Society	38,848	Operation Owen	2,000
Catlins Historical Society	32,290	Rotary Club of Balclutha Inc	1,034
Tuapeka Lawrence Community Company	28,917	Otago Shearing & Woolhandling	901
Milton Information Centre	14,458	Romahapa School	630
Tuapeka Goldfields Musue	6,000	Clutha Ministers Association	566
West Otago Vintage Club	5,986	Lawrence Incorporated	400
Tokomairiro Historical Society	4,566	Clutha Dance	345
Kaitangata Black Gold Heritage	3,849	Waihola Yacht Club	318
Clutha District Combined Museums	8,000	Lawrence Lions Club	305
<b>Swimming Pool Grants</b>	<b>26,500</b>	Church on the Way	280
Owaka Swimming Pool	8,060	Milton Area Promotions	265
West Otago Swimming Pool Inc	6,020	West Otago Health Ltd	260
Clinton School	3,440	Measley Beach Fishing Club	244
Clutha Valley Primary School	3,420	Waitahuna Fuchsia Group	225
Heriot Primary School	1,720	Balclutha Catholic Parish	222
Waiwera South School	1,120	Balclutha Floral Art	210
Beaumont Swimming Pool Charitable Trust	680	Milton & District Senior Citizens	200
Taieri Beach School	680	Milton Primary Home & School Assn	200
Waitepeka Swimming Baths Committee	680	West Otago Junior Cricket	200
Waitahuna School	680	St Patricks Womens Fellowship	180
<b>Rent Reimbursement Funding Scheme</b>	<b>8,187</b>	Tapanui Volunteer Fire Brigade	180
Balclutha Bowling Club	2,000	Balclutha Garden Club	170
Balclutha Red Cross	1,208	S Moore (Steve Milosavljevic farewell)	160
Balclutha Playcentre	1,424	Tapanui Primary School PTA	160
Balclutha Scout & Guide Hall	1,139	Catlins Search & Rescue	159
Milton Playcentre	1,941	Tokomairiro A & P Society	159
Balclutha Pottery Group	475	West Otago Cavalcade 2013	159
<b>Other Long Term Plan Grants</b>	<b>74,500</b>	Balclutha Primary School	153
Sport Otago	43,000	Balclutha Scout Group	153
Gore Womens Refuge Inc	8,200	Clutha Super Masters Games	108
Kaka Point Life Saving Club	18,100	Tokomairiro High School	106
Heartland Life Education Trust	4,700	Moa Flat Branch Rural Women NZ	100
Clutha Super Masters Games	500	NZ Plunket Society - West Otago	30
<b>Reimbursement of Anzac Day Expenses</b>	<b>1,149</b>		
<b>Mayors Taskforce For Jobs</b>	<b>5,025</b>		
<b>Milton Area Promotions*</b>	<b>22,344</b>		

\*George Melville Trust grant towards funding the installation of a toilet at Moore Park in Milton.

# What it cost for Community Leadership in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	1,983	1,906	1,787
Targeted rates (other than a targeted rate for water supply)	0	59	127
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	26	26	27
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>2,009</b>	<b>1,991</b>	<b>1,941</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(3,248)	(2,268)	(2,557)
Finance costs	0	(6)	0
Internal charges and overheads applied	(374)	(345)	(330)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(3,622)</b>	<b>(2,619)</b>	<b>(2,887)</b>
<b>Surplus (deficit) of operating funding</b>	<b>(1613)</b>	<b>(628)</b>	<b>(946)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	1,618	639	973
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>1,618</b>	<b>639</b>	<b>973</b>
<b>Applications of capital funding</b>			
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	(3)	(2)	(27)
(Increase) decrease of investments	(2)	(9)	0
<b>Total applications of capital funding</b>	<b>(5)</b>	<b>(11)</b>	<b>(27)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>1,613</b>	<b>628</b>	<b>946</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

# What it cost for Central Administration in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	402	409	469
Targeted rates (other than a targeted rate for water supply)	0	0	70
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	260	351	194
Internal charges and overheads recovered	3,835	3,607	3,360
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>4,497</b>	<b>4,367</b>	<b>4,093</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(4,326)	(3,982)	(3,850)
Finance costs	(51)	(54)	(40)
Internal charges and overheads applied	0	0	0
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(4,377)</b>	<b>(4,036)</b>	<b>(3,890)</b>
<b>Surplus (deficit) of operating funding</b>	<b>120</b>	<b>331</b>	<b>203</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	49	(30)	243
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>49</b>	<b>(30)</b>	<b>243</b>
<b>Applications of capital funding</b>			
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	(270)	(80)	(161)
(Increase) decrease in reserves	(58)	(92)	(135)
(Increase) decrease of investments	159	(129)	(150)
<b>Total applications of capital funding</b>	<b>(169)</b>	<b>(301)</b>	<b>(446)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(120)</b>	<b>(331)</b>	<b>(203)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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.

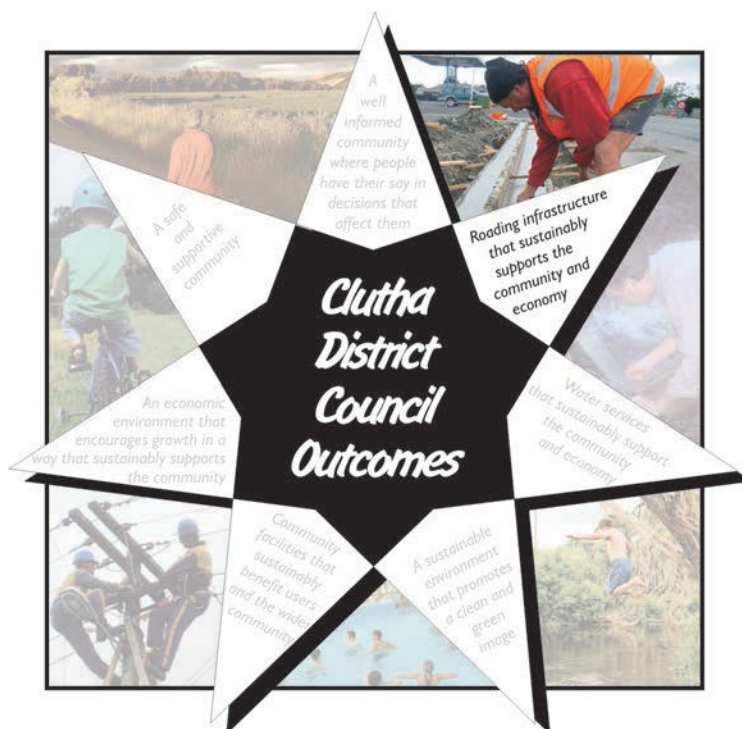
Main roading tasks include road, bridge and culvert maintenance and replacement; resealing and rehabilitating sealed roads; grading and metalling of unsealed roads; footpath maintenance and construction; car park maintenance and construction, street lighting and road safety improvement projects. The total replacement cost for these assets is \$834 million.

The majority of Council's roading activities are financially assisted by the NZTA. For 2012/13 this was at a rate of 59% assistance. This means that local ratepayers fund 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 the local government. The activity is assessed as having mainly public benefits that assist in promoting the economic, social, environmental and cultural wellbeing of the district's various communities, by helping to facilitate the safe and efficient movement of people and goods throughout the District.

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



## Overview

Just under \$15.5 million was spent maintaining, and in some cases improving, Clutha's local roading network during 2012/13. Bigger ticket items included:

- \$2.1 million spent to maintain the district's 2,000km network of unsealed roads. As an overall average across the network, roads were graded 3.8 times and \$1.5 million worth of maintenance metalling and spot metalling was applied to unsealed roads.
- Just under \$2.3 million was spent resealing 62.0km of sealed roads. The larger jobs included resealing on Karoro Creek Road (Catlins Ward), Greenvale Road (West Otago Ward), Tuapeka West Road (Lawrence/Tuapeka Ward), Shanks Road, Dunrobin Road (West Otago Ward), Clydevale Road (Clutha Valley Ward), Owaka Valley Road (Catlins Ward) and Hislop Road.
- Rebuilding of a total of 8.4km of sealed roads as pavement rehabilitations, at a cost of \$2.0 million. Work was done to Tokoiti Road (Bruce Ward), Hillend Road, Glenledi Road, Papatowai Highway (Catlins Ward), Kaihiku Church Road (Catlins Ward), Ardmore Road, Gabriel's Gully Road (Lawrence/Tuapeka Ward) and Moa Flat Road (West Otago Ward).
- Continued roll-out of Council's footpath renewal and upgrade programme, spending just under \$0.5 million.
- Making our roads safer by carrying out \$0.7 million worth of safety improvements.

## Balclutha Streetscape Update

Resounding feedback and detailed independent analysis during 2011/12 saw Council confirm that the future traffic flow through central Balclutha will stay as it is.

A total budget of \$2.6 million was included in 2012/13 budgets for the project, which included \$400,000 for the undergrounding of power lines in the main CBD area and \$550,000 worth of footpath upgrades.

Work throughout 2012/13 concentrated on the designs for the upgrade. Three consultants were engaged to put together concept designs and estimates for the upgrade, so that a range of options can be considered.

The Balclutha Streetscape Consultation Group, made up of various council, community and business representatives was formed to help Council decide the consultant with the best ideas before going out to the wider public for consultation. Input is being sought on a range of aspects such as the priority of work areas and all aspects of the upgrade.

Timing for this project will see public consultation take place throughout August, with a decision about the scope and direction for the detailed design expected in September 2013.

After final designs are approved, construction is likely to begin between late 2013 through to early 2014, depending on feedback from people and businesses affected.

Budgets have been carried through into the 2013/14 accordingly.

## Clydevale Bridge update

The Clydevale Bridge is one of three main bridges in the district that span the Clutha River (the other two bridges being 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 were investigated. In 2011/12 it was determined that the most cost-effective 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, at a cost in excess of \$6 million. The strengthening work was scheduled for 2012/13, subject to NZTA approval. After some delays in obtaining NZTA funding, and retendering to get a better price, the physical work to strengthen the bridge will now take place in 2013/14. The expected cost is \$418,052, of which Council's



share will be \$129,596. The work will mean 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. Speed restrictions will remain in place.

### **Move to a three-year resealing contract**

Resealing is one of Council's biggest ticket items. In 2011/12 some \$2.5 million was spent resealing 51.5km of roads throughout the district. In a move to be more efficient, stimulate competition and gain better prices, Council tendered a 3-year contract for Reseal and Preseal Repairs in 2012/13. In the past this work has been contracted out annually.

Changing to the new approach was successful, and is expected to save Council over \$600,000 during the next three years. The contract saw collaboration with our neighbouring authority, Gore District Council. Approximately 90% (8km) of Gore's resealing in 2012/13 was done under the new contract, with costs to be paid by them.

### **Kerb, channel and footpath construction**

Work progressed well in this area, with just under half a million worth of work being undertaken in 2012/13. The majority of the work involved the construction of new footpaths in Balclutha, Milton and Owaka. Council has made a significant multi-million dollar investment in the district's footpath network in recent years. As this multi-year programme draws to a close, resident satisfaction with footpaths rose significantly from 40% in 2011/12 to 63% in 2012/13.

### **Roading maintenance contract**

Council entered the second year of its 5 year roading maintenance contract with Fulton Hogan.

The past year has seen the roading maintenance contractor underperform and as such they have not consistently met the contract timeframes. An improved monitoring system has been implemented for the 2013/14 year.

### **Weather events in 2012/13**

As is sometimes the case, adverse weather events created extra costs and damage during the 2012/13 year.

A significant wet weather event in May 2013 resulted in on-going repairs being needed that will be carried through into the 2013/14 year.

In June 2013 several inches of snow affected the Lawrence, Hillend, Mahinerangi and West Otago areas. Lawrence township on State Highway 8 was impassable for a period of time. Snow was widespread with depths of up to 1m particularly on Mahinerangi roads. The immediate snow clearing and clean-up costs from this event was in the region of \$100,000. Fortunately these costs were able to be accommodated within existing budgets by reducing other work programmes.

It is anticipated that all the remaining remedial work as a direct result of these extreme weather events will be able to be dealt with within existing budget allocations.



*Snow in Lawrence township*



## Funding assistance rate (FAR) review

Council received an overall Financial Assistance Rate (FAR) of 59% from the NZTA in 2012/13, amounting to \$7.6 million. This funding is integral to providing and maintaining local roads in the Clutha District.

In May 2013, Council provided feedback to the NZTA's initial round of consultation for its review of the FAR. This round of consultation asked for feedback on general principles and overall approaches to determining the FAR.

Council submitted that any future funding model needs to take into account:

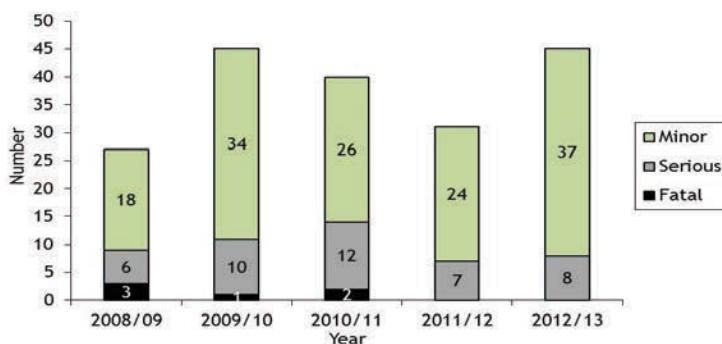
- How important a road is and where it sits within the network, e.g. whether it is to move people or move goods and services.
- What it costs to maintain a road. Funding to allow for levels of service for the same type of roads to be consistent throughout the country was raised. To do this funding would need to take into account the country in terms of ability to do the work, e.g. the difference between maintaining roads in steep country with high rainfall and restricted access to metal, compared with flat country with good access to gravel supplies
- A community's ability to pay its share of roading costs. The cost of providing services in smaller rural communities is more expensive and as such the cost of roading is always going to be higher when compared to more densely populated areas. However, it is important to the nation that people do live and work in rural areas which contribute so much to the country's income. Roothing in these areas is an important component of the national network, and a community's ability to pay should be considered when thinking about the national interest of the network. That the roading network is delivered through the partnership with central government (state highways and NZTA funding) and Local Government (Local Roads and Streets and Rate funding), and that we must work together to provide the network that our nation needs in order to move forward.

Council will continue to monitor and advocate for the interests of residents and ratepayers for this key service.

## Road Safety

A key goal for Council is working towards reducing injury crashes in the district. With 45 reported injury crashes in 2012/13, this was well up on the 31 reported in 2011/12, and above the target of 40. While fortunately there were no fatalities again this year, there were eight serious injury crashes, and a significant increase in the number of reported minor injury crashes. The figure below gives more information about trends and changes year on year for the past five years.

Figure: Reported injury crashes on local roads in the Clutha District 2008/09 to 2012/13



Council will continue work to improve roads, primarily through safety improvement projects throughout the district. The main projects of note in this area are outlined over the page:

### **Purakaunui Falls Road Traction Seal (\$196,000)**

A narrow, steep, winding section of Purakaunui Falls Road received a traction seal in 2012/13. This road provides visitor access to the popular Purakaunui Falls, and also is subject to heavy commercial vehicles (farming). With such steep inclines and tight corners, the unsealed road was more prone to corrugations which posed a road safety risk to all motorists having to negotiate the road.



*Purakaunui Falls traction seal*

### **Owaka Highway Camber Improvement (\$158,000)**

A section of Owaka Highway had a slight rise partway through this moderate curve which tended to steer traffic towards the oncoming traffic lane. The camber (cross-fall) of this section of road was regraded through a reconstruction resulting in a smooth/even transition through the curve.



*Before the replacement of Bridge 375 on Wilden Settlement Road*

### **Replacement of Bridge 375 on Wilden Settlement Road (\$143,000)**

This old bridge was coming to the end of its useful life. Continued use of the bridge in its existing condition would require weight restrictions to be imposed, which in turn would have a major impact on the surrounding farming community in not being able to use the bridge for larger Heavy Commercial Vehicles associated with such farming activities. The solution was to replace the old timber bridge with concrete box culverts.



*After the replacement of Bridge 375 on Wilden Settlement Road*

### **Ryrie Street Closure (\$132,000)**

One of the district's most dangerous intersections is in Balclutha where Ryrie Street, James Street and State Highway 1 intersects. After an extensive trial and consultation, Council confirmed that the north end of Ryrie Street would be permanently closed. Construction, involving new kerb, channel, footpath and garden area was completed in June 2013 at a cost of \$132,000, of which the NZTA contributed \$100,000. Plantings have been put on hold in the meantime, so that they tie in with what is decided as part of the Balclutha Streetscape Upgrade.



*Before the replacement of Bridge 448 on Black Rock Runs Road*

### **Bridge 448 Black Rock Runs Road (\$128,000)**

This bridge was falling below safe working load (Class I) and posing a road safety issue to larger farming vehicles. Like other bridges, with the work done to it weight restrictions would have to be imposed. The work to this bridge involved constructing new concrete abutments and wingwalls with steel beams to support the existing deck.



*Before the replacement of Bridge 448 on Black Rock Runs Road*

### Waipori Road Traction Seal (\$94,000)

A narrow, steep, winding section of Waipori Road received a traction seal this year. With such steep inclines and tight corners, the unsealed road was prone to corrugations (braking/accelerating) and posed a road safety issue to all motorists having to negotiate the road. It is also subject to a large number of heavy commercial vehicles, particularly logging trucks.



### Bridge 336 Switzers Road (\$77,000)

This bridge received the same treatment as Black Rock Runs on the previous page.

### Tuapeka Mouth Ferry (\$63,000)

The historic Tuapeka Mouth Ferry took some time out to undergo repairs and planned maintenance. A new ramp consisting of steel beams was constructed, along with new deck and handrail supports. The ferry, commonly referred to as the Tuapeka Punt, first starting operating in 1896. The punt still operates daily, free of charge, crossing the Clutha River between 8am and 10am, and 4pm and 6pm, when conditions are suitable. Two heavy wire cables across the river (one upstream and one downstream) are permanently attached, and the craft is powered across the river solely by water current pressure against its rudders attached to the rear of the pontoon hulls. The ferry also provides an alternative crossing point for the Clutha River when the Clydevale Bridge is closed for repairs.





## What we achieved for Roding in 2012/13

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>To provide an effective and sustainable local roading network</i>	Residents satisfied local roads are an effective means of transport	58%	≥55%	56% Achieved
	Average number of times (unsealed) roads are graded	3.9	3.2	3.8 Achieved
	% of kilometres travelled on urban sealed roads that are considered to be smooth	91%	90%	90% Achieved
	% of kilometres travelled on rural sealed roads that are considered to be smooth	99%	98%	99% Achieved
	Residents satisfied with footpath	40%	≥40%	63% 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)	85.1	80-90	87.0 Achieved
	Average speed residents feel they can safely travel at on local unsealed roads (km/hr)	65.7	60-70	68.0 Achieved
	Number of reported injury crashes (fatal, serious, minor) on local roads	31	≤40	45* Not Achieved

\* While there were no fatalities and 8 serious injuries in 2012/13, the number of reported minor injury crashes increased from 24 in 2011/12 to 37 in 2012/13.

### Main Capital Projects 2012/13 - Progress Report for Roding

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
Unsealed roading metalling	1,524	1,365	No additional metalling in lieu of unsealed strengthening required
Sealed road resurfacing	2,783	2,349	Year one of new three year contract. Favourable rates, with target length met.
Drainage renewals	342	332	Completed within budgets
Pavement rehabilitation	2,171	2,043	Favourable rates, with target length met.
Structures components replacement	653	540	Favourable rates, however, additional work could not be carried out as not allowed in waterway after 1 May.
Traffic services renewal	250	236	Completed within budget
Bridge renewals	974	108	Professional services only, as construction for Clydevale Bridge in 2013/14
Minor improvement projects	1,004	696	Less work was able to be carried out due to reduction of budget by NZTA (5.5% allocation instead of 8% of overall programme).
Balclutha main street upgrade	2,200	135	Professional services only as construction to take place in the 2013/14 year
Balclutha main street (undergrounding)	400	0	Construction planned for 2013/14
Footpath additions	468	468	Completed within budgets
Footpath renewals	400	0	Completed within budgets

# What it cost for Roding in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	7,549	7,530	7,471
Subsidies and grants for operating purposes	3,170	2,644	2,886
Fees, charges and targeted rates for water supply	0	3	96
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>10,719</b>	<b>10,177</b>	<b>10,453</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(3,839)	(4,944)	(5,191)
Finance costs	(197)	(201)	(261)
Internal charges and overheads applied	(1,497)	(1,380)	(979)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(5,533)</b>	<b>(6,525)</b>	<b>(6,431)</b>
<b>Surplus (deficit) of operating funding</b>	<b>5,186</b>	<b>3,652</b>	<b>4,022</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	5,398	6,068	4,716
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	545	2,461	305
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>5,943</b>	<b>8,529</b>	<b>5,021</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(10,713)	(3,604)	(1,299)*
Capital expenditure to replace existing assets	0	(8,677)	(6,886)*
(Increase) decrease in reserves	(174)	(169)	(858)
(Increase) decrease of investments	(232)	269	0
<b>Total applications of capital funding</b>	<b>(11,129)</b>	<b>(12,181)</b>	<b>(9,043)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(5,186)</b>	<b>(3,652)</b>	<b>(4,022)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

\* Budget compared with actuals varies due to a combination of: (1) less funding than anticipated from New Zealand Transport Authority resulting in budget reductions particularly for minor safety improvements; (2) timing for Clydevale Bridge strengthening and Balclutha streetscape upgrade into the 2013/14 financial year; and (3) better contract rates (e.g. better rates following move from annual to 3-yearly resealing contract).

# Water Supply

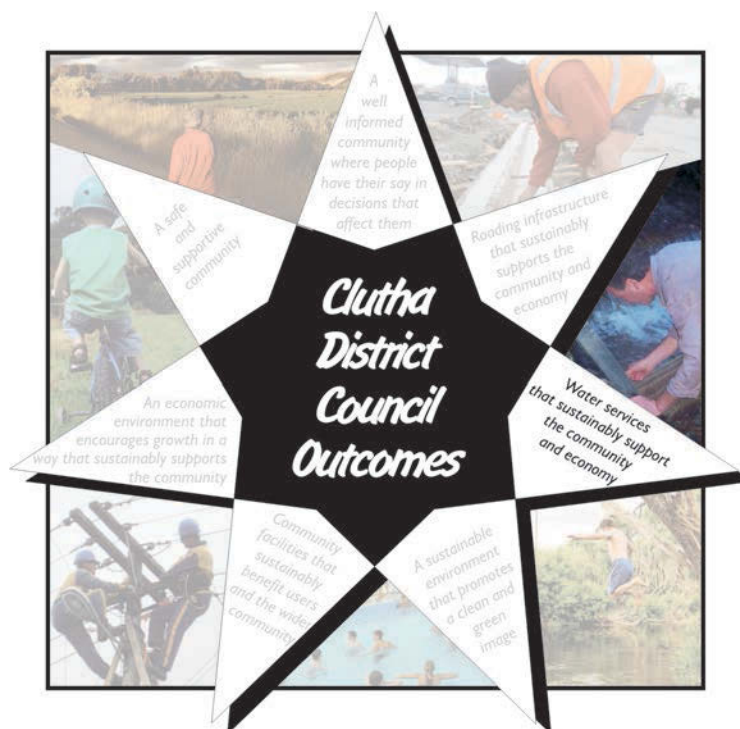
## What we do

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

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

## Why we do it

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





## **Operations and maintenance**

A new operations & maintenance contract with Fulton Hogan commenced on 1 July 2012. This year levels of service in some areas increased, where response times were tightened for some jobs under the new contract. Also instead of the main customer measure being response times for service requests, the new measure focuses on resolution time, i.e. how often the contractor actually fixes the problem within expected timeframes. The new contract is more streamlined, with increased reporting and internal auditing by the contractor, and performance appraisal aimed at continuous improvement.

## **Storage capacity increased for Balclutha, Lawrence, Milton and Tapanui water supplies**

New reservoir tanks were installed for Balclutha, Lawrence, Milton and Tapanui, with all but Milton receiving Capital Assistance Programme (CAP) subsidy funding. The additional storage capacity will provide increased security of supply and operating flexibility. Council's aim was to provide at least one day's reserve storage (at average daily demand) for all supplies, and this has been achieved now that the new reservoirs are commissioned.

## **Continuing work for improving Water Quality and Compliance with NZ Drinking Water Standards**

The government requires Council to "take all practicable steps" to meet new drinking water standards (DWS), introduced in 2000 and updated in 2005 and 2008. Council has been undertaking treatment upgrades to comply with the legislation.

Upgrades on the Balclutha, Kaitangata, Lawrence and Tapanui water supplies have been undertaken in recent years, and further treatment upgrades are required across all of Council's other water supplies including rural water schemes. Budgets had been included in 2012/13 for rural water treatment plant upgrades to meet all practicable steps for Glenkenich, Moa Flat, North Bruce and Richardson supplies, and to the Stirling and Waitahuna Treatment Plants. However, Council has deferred this work while it re-examines what other work would be needed to bring all treatment plants to a level where they would achieve compliance with the Standards. The review will also help inform the forward works programme for treatment plants in terms of priorities across all Council-related supplies, with information and estimates to be discussed with rural water scheme committees and Council.

Council will be working on revised Public Health Risk Management Plans (PHRMPs) on a scheme-by-scheme basis, to finalise improvements plan and start physical works during 2013/14.

## **Clydevale-Pomahaka Capacity Upgrades**

A major upgrade of capacity on the Clydevale-Pomahaka rural water scheme was included in 2012/13 budgets. At this stage this project is still in the investigation phase and is being discussed with the Rural Water Scheme Committee. The upgrade would 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.

# What we achieved for Water Supply in 2012/13

## URBAN WATER SUPPLY

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>Urban supplies provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	73%	71%	74% Achieved
<i>Provide a water supply adequate for firefighting</i>	Average number of properties per fire hydrant	5.8	6.2	5.8 Achieved
<i>Urban water schemes are managed efficiently and effectively</i>	% of customer requests for service resolved within specified timeframes**	87%	90%	84% Not Achieved
<i>Water from Council-provided schemes is safe to drink</i>	Urban consumers who receive water that meets <sup>#</sup> the NZ Drinking Water Standards 2005	100%	100%	100% Achieved
	Customer satisfaction with taste and cleanliness	51%	52%	56% Achieved

## RURAL WATER SUPPLY

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>Rural water schemes provide a continuous and reliable source of water to consumers</i>	Satisfaction with pressure and flow	59%	60%	65% Achieved
<i>Water from Council-provided schemes is safe to drink</i>	Customer satisfaction with taste and cleanliness	51%	50%	52% Achieved
	Rural scheme consumers who receive water that meets <sup>#</sup> the NZ Drinking Water Standards 2005	100%	100%	100% Achieved
	% of new water demand met units applied	81%	≥80%	100% 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.

<sup>#</sup> "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 2012/13 - Progress Report for Water Supply

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
<b>Urban Supplies</b>			
Balclutha	37	101	Variance due to the Capital Assistance Programme upgrade being carried over from 2011/12
Kaitangata firemain/mains renewals	83	-	Deferred
Lawrence	44	210	Variance due the Capital Assistance Programme upgrade being carried over from 2011/12
Owaka pump and well head upgrade	41	-	Deferred to 2013/14
<b>Rural Schemes</b>			
Clydevale Pomahaka upgrade	660	-	Deferred to 2013/14
Glenkenich reticulation upgrade	46	27	Work underway, to be completed in 2013/14
Moa Flat treatment upgrade	148	-	Deferred to 2013/14
Richardson treatment upgrade	261	-	Deferred to 2013/14
South Bruce reticulation upgrade	55	40	Completed within budget
Waitahuna treatment upgrade	84	-	Deferred to 2013/14



# What it cost for Water Supply in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	6,069	5,722	5,661
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	0	0	498
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>6,069</b>	<b>5,722</b>	<b>6,159</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(3,247)	(3,416)	(3,938)
Finance costs	(250)	(263)	(237)
Internal charges and overheads applied	(633)	(574)	(523)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(4,130)</b>	<b>(4,253)</b>	<b>(4,698)</b>
<b>Surplus (deficit) of operating funding</b>	<b>1,939</b>	<b>1,469</b>	<b>1,461</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	344	770	(223)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>344</b>	<b>770</b>	<b>(223)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	(655)	0
Capital expenditure to improve the level of service	(2,539)	(1,119)	(431)
Capital expenditure to replace existing assets	(567)	(520)	(461)
(Increase) decrease in reserves	8	(95)	(346)
(Increase) decrease of investments	815	150	0
<b>Total applications of capital funding</b>	<b>(2,283)</b>	<b>(2,239)</b>	<b>(1,238)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(1,939)</b>	<b>(1,469)</b>	<b>(1,461)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

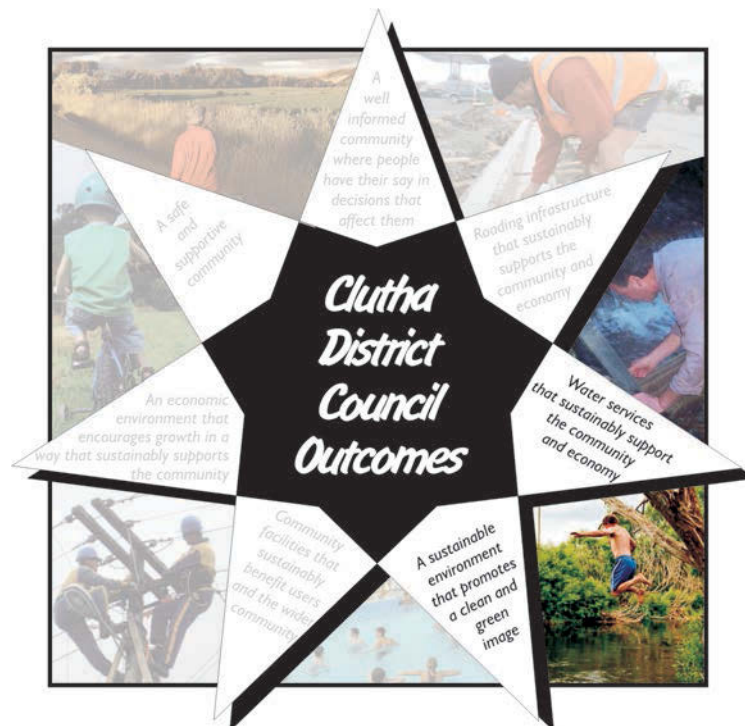
# Sewerage

## 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.”



## Benhar and Tokoiti extensions

In the past neither Benhar (near Balclutha) nor Tokoiti (near Milton) had public sewerage systems. Most properties had onsite septic tanks which in many cases were not working properly and were posing environmental and public health risks.

Council has worked with the Benhar and Tokoiti communities to establish new reticulated sewerage schemes to address these serious issues. Both schemes were completed in 2012/13 and they now operate as extensions to the existing Balclutha and Milton schemes respectively.

While the cost of the new schemes is not insignificant - \$1.3 million for Benhar and just under \$1 million for Tokoiti - financial support from other ratepayers and the adoption of a rates postponement policy for those in financial hardship has helped mitigate the financial impact

## Pounaweia

Council also approved a proposal to pump sewage from the Pounaweia Camping Ground to Owaka to solve a long-standing discharge problem. As part of this project, the Pounaweia community and land/property owners within the sewerage scheme area and along the pumping main route were canvassed for voluntary connections to the new pipeline. Owners of several properties have elected to fully connect and a further property owners have elected to purchase a connection so that they have the ability to connect in the future. The majority of the construction was completed in 2012/13, with the scheme extension becoming operational with the camping ground connected from July 2013. Further discussions with property owners who have indicated a willingness to connect will be undertaken during 2013/14.

## Waihola

Waihola is a scheme where more work is needed to the treatment of the sewage to bring its discharge into the Waipori River up to resource consent conditions. Initial scoping work was carried out in 2012/13, and \$177,000 has been carried through to the 2013/14 year for the completion of this work. Waihola's resource consent expires in 2017, which is only three to four years away. This project is likely to be extended to include a new 35-year resource consent and additional upgrades, as this is expected to be more cost effective in the long term.

## Update for Biofiltro Plant

In recent times Council has faced additional and tighter conditions when renewing discharge consents for sewerage schemes, which has necessitated treatment plant upgrades. The introduction of new Biofiltro treatment methods has result in much lower capital and operating costs that would have been the case using conventional treatment systems. The 'Biofiltro' system uses a system designed in Chile to treat sewage effluent in a small and low-cost plant. The treatment is based on the digestion of sewage by a bioactive sawdust bed supported by rock drainage.

Following the success of a Biofilter trialed at Kaka Point, these were introduced for the Lawrence, Owaka, Stirling, and Tapanui sewerage schemes. Each of these plants was commissioned in early 2012 and have since been capitalised in the 2012/13 year.

Council has entered into a contract with the builders to operate the systems within the consent limits set by the Otago Regional Council. The actual consent limits for each plant are staged, to allow for variable plant performance in its initial operation. Despite the early promise, more recent results show it is possible that some of the plants may struggle to meet longer term consent conditions when they come into force. This is particularly for nitrogen, biological oxygen demand and suspended solids parameters.

It appears that the technology is capable, but that operation and management of the plants needs to be refined to ensure they perform as they should. Biofiltro has reaffirmed its commitment to working on the plants to ensure compliance. Sampling and testing protocols will also be reviewed to ensure we can have confidence in the results.

# What we achieved for Sewerage in 2012/13

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>Meet sustainability/resource consent requirements</i>	% resource consent conditions met	80%	100%	100% Achieved
<i>Sewerage schemes are managed efficiently and effectively</i>	Customer requests for service resolved within specified timeframes <sup>#</sup>	90%	≥85%	85% Achieved
<i>Provide sewerage services that effectively collect and dispose of sewage</i>	Reported blockages/year/100km of sewer	8.1	≤14.0	10.3 Achieved
	Customer satisfaction	87%	≥85%	90% Achieved

<sup>#</sup> 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 2012/13 - Progress Report for Sewerage

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
Benhar sewerage extension	1300*	846	Completed
Tokoiti sewerage extension	952	614	Completed
Owaka treatment plant switchboard renewal	35	-	Deferred to 2013/14
Waihola discharge improvements	150	11	Investigation underway, budget carried forward to 2013/14
Pounaweia sewerage extension	-	422	Currently planned physicals works completed

\* Total budget for project was \$1.3 million, across 2011/12 and 2012/13

# Total budget for project was \$952, across 2011/12 and 2012/13



# What it cost for Sewerage in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	1,393	1,561	1,463
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	97	444	831
Internal charges and overheads recovered	0	200	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>1,490</b>	<b>2,205</b>	<b>2,294</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(562)	(754)	(827)
Finance costs	(129)	(188)	(98)
Internal charges and overheads applied	(288)	(297)	(238)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(979)</b>	<b>(1,239)</b>	<b>(1,163)</b>
<b>Surplus (deficit) of operating funding</b>	<b>511</b>	<b>966</b>	<b>1,131</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	1,814	735	1,043
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>1,814</b>	<b>735</b>	<b>1,043</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(2,113)	(1,271)	(2,048)
Capital expenditure to replace existing assets	(54)	(72)	(37)
(Increase) decrease in reserves	64	68	(89)
(Increase) decrease of investments	(222)	(426)	0
<b>Total applications of capital funding</b>	<b>(2,325)</b>	<b>(1,701)</b>	<b>(2,174)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(511)</b>	<b>(966)</b>	<b>(1,131)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

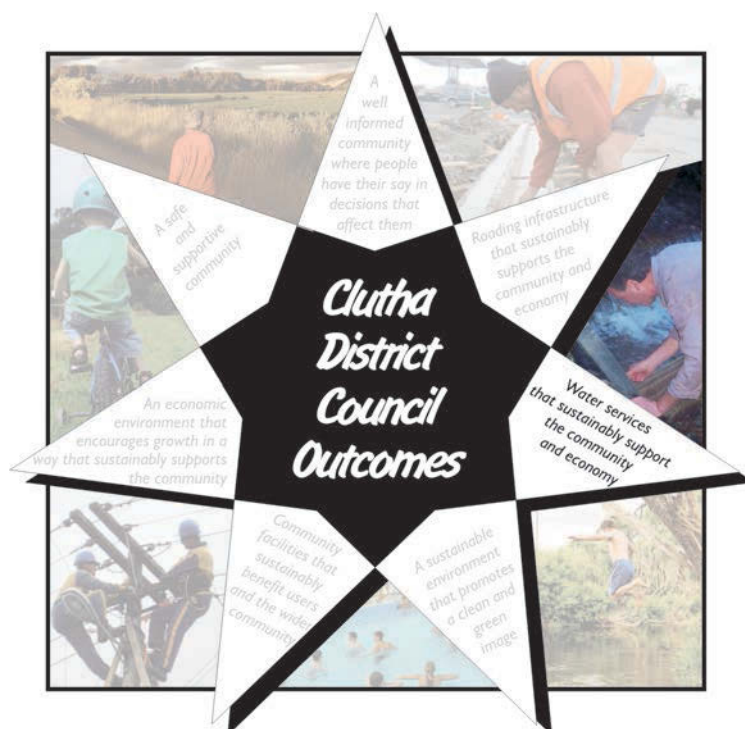
# Stormwater

## What we do

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

## Why we do it

Council provides stormwater services to protect property from flood damage. Stormwater primarily contributes to the community outcome “water services that sustainably support the community and economy.”



## Wrap Up for Stormwater in 2012/13

### Balclutha stormwater renewals

Some renewal work and improvements to telemetry were carried out on the Balclutha system.

## What we achieved in 2012/13 for Stormwater

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>By providing a level of protection against the effects of flooding in reticulated area</i>	Customer satisfaction	63%	≥65%	72% Achieved
<i>By managing stormwater systems efficiently and effectively .</i>	Customer requests for service resolved within specified timeframe #	80%	≥80%	40% 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.

\*\* This target is susceptible to the occurrence of extreme storm events, and in this case was adversely affected by a flooding event in Milton

# What it cost for Stormwater in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	0	0	0
Targeted rates (other than a targeted rate for water supply)	554	520	485
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 receipt	0	0	0
<b>Total operating funding</b>	<b>554</b>	<b>520</b>	<b>485</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(116)	(91)	(77)
Finance costs	(41)	(38)	(30)
Internal charges and overheads applied	(183)	(188)	(152)
Other operating funding applications	0	0	
<b>Total applications of operating funding</b>	<b>(340)</b>	<b>(317)</b>	<b>(259)</b>
<b>Surplus (deficit) of operating funding</b>	<b>214</b>	<b>203</b>	<b>226</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(37)	(45)	(114)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(37)</b>	<b>(45)</b>	<b>(114)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(76)	(15)	(25)
Capital expenditure to replace existing assets	(46)	(68)	(38)
(Increase) decrease in reserves	49	51	(49)
(Increase) decrease of investments	(104)	(126)	0
<b>Total applications of capital funding</b>	<b>(177)</b>	<b>(158)</b>	<b>(112)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(214)</b>	<b>(203)</b>	<b>(226)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

## Main Capital Projects 2012/13 - Progress Report for Stormwater

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
Balclutha renewals	27	35	Completed

# Solid Waste Management

## What we do

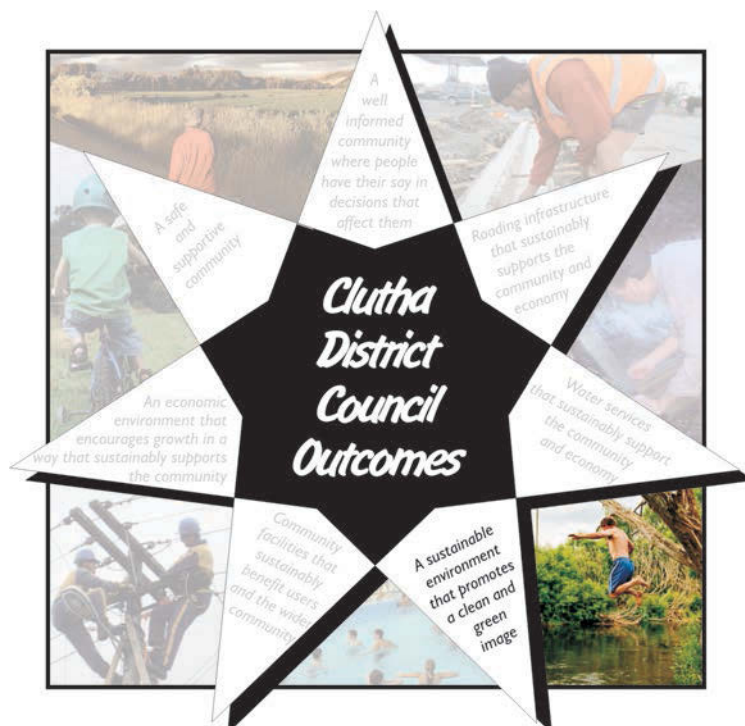
Council oversees the management and minimisation of solid waste within the district. These activities include;

- Operating a sanitary landfill and recycling drop-off depot for the district at Mt Cooe on the outskirts of Balclutha.
- Providing a fortnightly collection of recyclables and residual household waste via kerbside wheelie bins in urban areas. The service is also available to individual rural households along service routes. Collection alternates weekly between collection of recyclables and collection of residual waste.
- Providing transfer stations/skip services which are collected on a 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.”





## **Kerbside recycling**

After starting in April 2012, the two-bin kerbside wheelie bin collection continued throughout 2012/13. This has been the biggest change to solid waste services since the early 1990s when wheelie bins were first introduced in the district. It came about in response to increasing community demand to recycle, and to reduce compulsory waste levy costs by diverting waste from Mt Cooe landfill. The service continues to alternate between collecting of the original green-lidded general refuse bins one week, and collection of new 240-litre yellow-lidded bins for recyclables (excluding glass) the following week.

The new approach has seen a substantial increase in both the amount of recyclables collected, and the amount of waste being diverted from Mt Cooe. Targets were well exceeded in both these areas. But as predicted, satisfaction levels dropped as residents adjusted to the change and extra responsibility of sorting their household waste. Feedback indicated that some residents want their green-lidded general refuse bins emptied more often.

Bins being broken and damaged as they were picked up can also be linked to the drop in resident satisfaction. During 2012/13 there was a marked increase in the number of green-lidded general refuse bins needing to be replaced due to damage. Despite improvements to the collection trucks and driver training, the incidences of broken bins have continued. At 18 years of age, these bins have well outlived their design life of 10 years. A programme to replace these bins will be worked through during 2013/14.

Overall Council has reiterated the importance of continuing efforts and education orientated towards helping residents reduce, reuse and recycle their waste.

## **Recycling for Schools and Early Childhood Centres**

From October 2012, Council rolled out free additional recycling bins to all schools and non-profit early childhood education centres on or close to the wheelie bin collection route. So far more than half of these institutions in the district have taken up this offer.

## **Clutha 'my-waste' mobile app**

In December 2012 Council 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
- '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.

To date, just under 200 residents have utilised the app.

## Enviroschools

Balclutha and Rosebank schools, which are the largest primary schools in the district, joined the Enviroschools programme in 2012/13. A total of 28% of schools in the district are now part of this programme that sees schools learning ways they can help create sustainable world.

Schools have been working hard to include Education for Sustainability in their day-to-day routines. Clutha Valley Primary has started a garden club and now has a senior Enviro Committee who identify areas in the school and community that need improved. The Catlins Area School juniors have been busy working on a waste unit where they introduced food scrap collections around the school for their new compost bin which will feed their newly built vegetable garden. They also produced some reusable lunch wraps as a fundraiser and to encourage zero waste lunches.



## 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. Some 450 sets were diverted from Mt Coee as a result of the programme.

## Kaka Point Coast Protection Works

Since its closure in the early 1980s, an old dump site, about 1.7km north of Kaka Point, had been uncovered by coastal erosion. This had resulted in old farm implements and metal being unearthed and deposited on the foreshore causing an unsightly nuisance. Tests had also shown elevated levels of contaminants in the soil. Although the site was never operated by Clutha District Council or its predecessors, the majority of the site is on Council road reserve. As such, Council has had to assume responsibility to resolve the issues the site is facing.

Good progress was made during 2012/13 with resource consenting granted, a contract for the remediation work awarded, and work starting later in the financial year. The work includes excavation, removal of waste from the most vulnerable area, and protection of the site by rock armoring of about 170m of foreshore. At just over \$245,000 this was the most effective option for addressing the problem. Council had previously looked at the option of removing the contaminated materials and disposing of it at Mt Coee Landfill. However, the cost to transport and dispose of the material was estimated to be around \$1 million, and Council's application to the Ministry for the Environment for funding assistance was declined.



## What we achieved for Solid Waste Management in 2012/13

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>Provide a kerbside refuse and recycling collection service to townships and along service routes</i>	Resident satisfaction with the wheelie bin service	95%	≥80%	79% Not achieved
	Tonnes of recyclables collected	292	450	700 Achieved
<i>Provide waste minimisation education</i>	% of schools who take part in the EnviroSchools programme	New Measure	24%	28% Achieved
	% of residents aware of at least two things people can do to reduce the waste they produce	79%	70%	61% Not achieved
<i>Provide a facility in the district for the disposal of solid waste</i>	Resident satisfaction with Mt Cooee landfill	77%	≥55%	74% Achieved
	Tonne of waste to Mt Cooee landfill	New Measure	≤11,600	8,807 Achieved
	Tonne of waste diverted from Mt Cooee landfill	New Measure	≥550	805 Achieved

### Main Capital Projects 2012/13 - Progress Report for Solid Waste Management

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
Kaka Point coastal remediation work	330	68	Contract awarded for \$206K and physical works commenced

# What it cost for Solid Waste Management in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	0	60	0
Targeted rates (other than a targeted rate for water supply)	1,070	850	966
Subsidies and grants for operating purposes	60	60	60
Fees, charges and targeted rates for water supply	353	444	549
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>1,483</b>	<b>1,414</b>	<b>1,575</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(1,217)	(1,105)	(955)
Finance costs	0	0	0
Internal charges and overheads applied	(221)	(254)	(187)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(1,438)</b>	<b>(1,359)</b>	<b>(1,142)</b>
<b>Surplus (deficit) of operating funding</b>	<b>45</b>	<b>55</b>	<b>433</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(15)	330	0
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(15)</b>	<b>330</b>	<b>0</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	(330)	0
Capital expenditure to replace existing assets	(21)	(21)	0
(Increase) decrease in reserves	13	4	(433)
(Increase) decrease of investments	(22)	(38)	0
<b>Total applications of capital funding</b>	<b>(30)</b>	<b>(385)</b>	<b>(433)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(45)</b>	<b>(55)</b>	<b>(433)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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 Waihola 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 “iSite” 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, Waihola, Waipahi, Waitahuna and Waiwera.
- Providing financial assistance to various other halls and centres, which are owned and operated by their communities. These are at 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 Waihola 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, Waihola, Waikoikoi, Waipahi, Waipori, and Waitahuna.
- Providing financial assistance to a further four cemeteries that are managed by trustees (Clinton, Crookston, Owaka, Tuapeka).
- Providing financial assistance towards the maintenance of war memorials throughout the district

### Community Housing 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.

## Reopening of Balclutha pool

The extensive upgrade of the Balclutha pool was completed with the facility reopening in September 2012. Council acknowledges the \$170,000 community funding contribution, coordinated by Project Clutha, towards the therapeutic pool and bulkhead aspects of the upgrade.

The project included replacement of the old asbestos roof and walls, renewed heating and ventilation, reconfiguration of the learners' pool to create a toddler and shallow beach pool, and upgrades to the entrance and changing room areas. The new therapeutic pool began operating in November 2012.

Much to the frustration of Council and the community the reopening was several months behind schedule. This was due to a range of issues, including problems with the pool's heating system and water loss from the therapeutic pool.

The project for the budget was also extended from \$3.9 million to \$4.3 million due to unforeseen issues including:

- Foundation enlargements and extensions for the upgraded changing rooms.
- Straightening walls in the main pool to ensure a suitable finish to tiling
- Replacement of old concrete slabs due to pool tank movement.
- Mechanical system refinements

The bulk of the increase in budget was funded from the operational surplus due to the pool remaining closed longer than expected, with the remainder coming from additional rates.

Overall the upgrade has provided a much improved experience for pool users and is an asset to the district. Since reopening the facility has been well supported by the community and continues to receive favourable feedback from users. As with all new facilities, fine tuning has continued which has seen some periods where the pool water temperature has been variable. Resident satisfaction for swimming pools has increased from 43% to 66%, and is projected to increase again in the 2013/14 year.

## Refurbishment of Balclutha Library

This year the Baclutha Library received a spruce up with the interior painted, new carpet laid, some new and refurbished furniture, and changes to the collection layout. The project resulted in a neutral décor, with more shelving capacity, more space in the children's and teens areas, easier access to talking books, magazines, jigsaws and DVDs, better signage and more appropriate disabled and wheelchair access. The next stage of the improvements will involve the library's heating and ventilation system, due for completion in 2013/14.



*Revamped children's pit at  
Balclutha Library*



*New adult layout at  
Balclutha Library*

## Books on Prescription Service

A new service, 'Books on Prescription' was introduced this year in partnership with the Southern Primary Health Organisation (PHO). This PHO donated a selection of mental health books that they recommend. These books can either be taken directly from the shelf to borrow or they may be prescribed by one of the district's health or social services agencies.

## Genealogy resources made available

A library version of Ancestry.com was made available in all libraries throughout the district, initially on a trial basis in 2012/13. Ancestry Library Edition is a comprehensive genealogical tool to help users trace their family lineage or help historians access historical records. It includes genealogical information on more than 5 billion names in over 4,000 collections and is continually expanding with new content added every business day. The new resource has been popular, and Council has confirmed it will continue to be available

## The Great Book Mystery

The summer reading programme at all the district's libraries continued to be very popular, with the 254 children who completed the programme reading a total of 4,763 books.

## Reburbishment of Balclutha i-SITE

The Clutha i-SITE is the main focal point in Balclutha for thousands of visitors to our town annually. It also received an update this year which included new carpet, a kitchen upgrade and improvements to entrance foyer and the way information is displayed.



*View of the upgraded interior of the Balclutha Information Centre*

## Reserve management plans for Owaka and Whiskey Gully

The Whiskey Gully domain is close to Tapanui and has considerable potential for recreational activities. The Domain is currently on a three yearly lease which is due to expire in December 2013.

As part of overall town streetscape improvements, Council committed to developing a reserve management plan for the Owaka township during the 2013/14 year. This will help inform budgets for the 2015/25 Long Term Plan.

## Better access at Taylor Park Camping Ground

A new all-weather access road was completed at Taylor Park Camping Ground in Milton was completed this year. In the past the camping ground has had a problem with vehicles on the grass areas especially during wet weather and when ground conditions are wet. The improvements now mean much better access for vehicles to park under the tree area.



## New signage for cemeteries

New signage was introduced to Council cemeteries. The signs have been well received and we continue to receive positive feedback.

## Kelso War Memorial

Council contributed \$2,000 towards a West Otago Community Board-initiated memorial at the West Otago settlement of Kelso. The memorial was constructed ahead of Anzac Day 2013, with almost 100 names of those on the Kelso honours board of those who served and the fallen.

## Community Housing

Improvements were made to units at Argyle, Naish Courts and Toshvale (Balclutha) and Tapanui during 2012/13. This work included either kitchen upgrades or wet floor showers.

## War Memorial Hall renewals and upgrade

Council consulted with hall users to confirm the exact details timing for major renewals and upgrade for Balclutha War Memorial Hall in 2012/13. The best time for the work and when there will be the least amount of interruption to users has been established as being between August and October 2014. The upgrade is now expected to take place in late 2014 and the budget has been transferred to the 2014/15 financial year.

A number of significant renewals are planned for the hall. These works include maintenance of the stage and flytower (\$40,000 of external funding will be sought for this), renewal of the boiler, heating and ventilation upgrades, an internal repaint and an upgrade of the toilets and entry foyer. The seating in the hall was also to be looked at, with options for removable 'theatre' type seating to be evaluated as part of the overall upgrade. This work aims to bring the hall up to modern standards and meet community and hall users' expectations. Initial work around earthquake strengthening will also be assessed as part of this project.



*New signage at  
Balclutha Cemetery*



*An example of an  
upgraded kitchen*

## Main Capital Projects 2012/13 - Progress Report for Community Services

Aspect	Budget (2012/13)	Actual (2012/13)	Progress
Glasgow St (Balclutha) skatepark upgrade	70	-	Deferred to 2013/14
Blair Athol walkway access ramp	25	-	Deferred to 2013/14
Balclutha War Memorial Hall upgrade	90	-	Deferred to 2014/15
Balclutha library renewals	123	50	Interior refurbishment completed, heating upgrade to take place in 2013/14
Milton swimming pool filter renewal	108	-	In better condition than expected, renewal not needed at this stage.
Grant for new Lawrence pool*	440	-	Deferred to 2013/14
Public toilet upgrade - outside Balclutha War Memorial Hall	105	-	Deferred to 2013/14
Public toilet upgrade - Owaka	130	-	Deferred to 2013/14
Balclutha cemetery road extension	43	-	Physical works completed
Balclutha information centre renewals	-	117	Need for refurbishment identified and carried out
Community housing improvements	43	56	Various works completed
Taylor Park camping ground access improvements	15	6	Construction completed

\* Refer to Community Leadership section for further information on the status of this project.

## What we achieved for Community Services in 2012/13

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<i>Operate accessible and affordable library services via branches in Balclutha, Lawrence, Milton, Owaka and Tapanui</i>	Customer satisfaction with libraries	95%	≥90%	97% Achieved
	Customer satisfaction with library opening hours	90%	≥80%	89% Achieved
	% of residents who have used a library within the past 12 months	50%	50%	54% 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	84%	≥80%	88% Achieved
<i>Provide accessible and affordable Council service centres in Balclutha, Lawrence, Milton and Tapanui</i>	Resident satisfaction with service centres	96%	≥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	New Measure	≥80%	99% Achieved
<i>Operate a safe, accessible and affordable district pool in Balclutha, along with summer pools in Kaitangata, Lawrence and Milton</i>	Number of swims	14,610	53,000	55,897 Achieved
	% of residents who have visited a Council pool during the past year	New Measure	≥25%	27% Achieved
	% customer satisfaction	43%	≥55%	66% 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	77%	≥80%	82% Achieved
	% of residents who visited a park or reserve during the year	New Measure	55%	67% Achieved
<i>Provide and maintain 18 playgrounds throughout the district</i>	Resident satisfaction with playgrounds	84%	≥80%	85% Achieved
	% of residents who visited a playground during the year	New Measure	40%	49% Achieved
<i>Provide and maintain sportsgrounds at Balclutha, Kaitangata, Milton and Owaka</i>	Resident satisfaction with sportsgrounds	81%	≥80%	83% Achieved
<i>Operate and maintain 6 urban and 8 rural cemeteries throughout the district</i>	Resident satisfaction with cemeteries	83%	≥80%	86% Achieved
	% of residents who had visited a cemetery during the year	New Measure	50%	57% Achieved
<i>Provide and maintain 24 public toilets throughout the district</i>	Resident satisfaction with toilets		≥45%	57% Achieved
	% of residents who had used a public toilet during the year	New Measure	50%	44% 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	83%	≥80%	84% Achieved
	% of residents who had used a hall/ community centre during the year	New Measure	55%	63% Achieved
<i>Provide and maintain 98 community housing units throughout the district</i>	Tenant satisfaction with housing units	99%	≥90%	98% Achieved

# What it cost for Community Services in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	2,104	2,198	1,914
Targeted rates (other than a targeted rate for water supply)	995	1,127	1,523
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	1,050	1,218	1,322
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>4,149</b>	<b>4,543</b>	<b>4,759</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(3,389)	(3,542)	(3,160)
Finance costs	(340)	(564)	(330)
Internal charges and overheads applied	(474)	(437)	(476)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(4,203)</b>	<b>(4,543)</b>	<b>(3,966)</b>
<b>Surplus (deficit) of operating funding</b>	<b>(54)</b>	<b>0</b>	<b>793</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	4,226	515	(147)
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>4,226</b>	<b>515</b>	<b>(147)</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	(4,219)	(238)	(379)
Capital expenditure to replace existing assets	0	(777)	(19)
(Increase) decrease in reserves	51	30	(248)
(Increase) decrease of investments	(4)	470	0
<b>Total applications of capital funding</b>	<b>(4,172)</b>	<b>(515)</b>	<b>(646)</b>
<b>Surplus (deficit) of capital fundin</b>	<b>54</b>	<b>0</b>	<b>(793)</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>



# 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

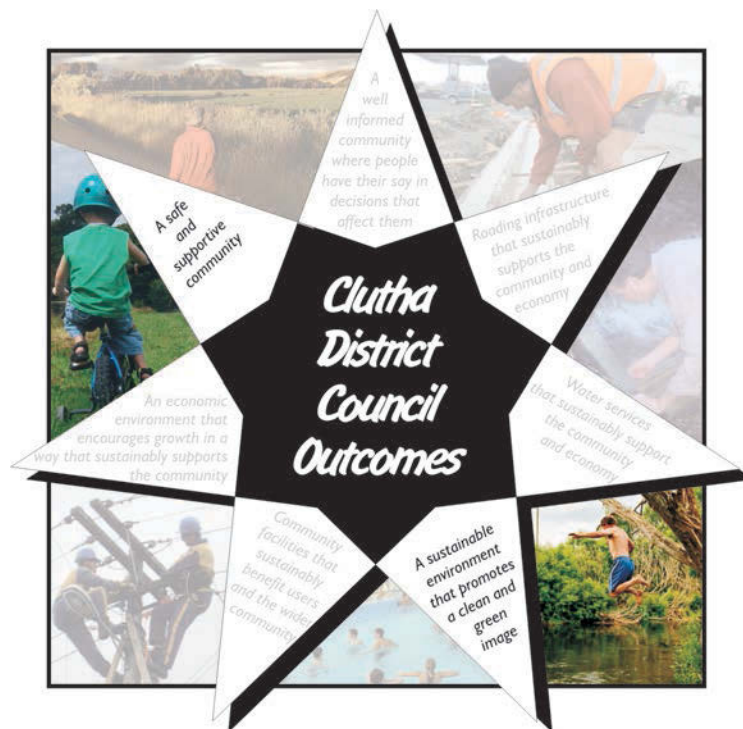
### Civil Defence Emergency Management which involves;

- 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.”



## Milton 2060 flood strateg

This joint Otago Regional Council-Clutha District Council initiative was implemented during 2012/13, following consultation and community feedback.

The strategy aims to help Milton residents understand and live with the effects of flooding. It will also guide land use development and redevelopment in the area so that flood risks do not increase, and existing risks are gradually reduced. The strategy, adopted by both councils will enable long-term sustainable occupation and development in Milton, which has a long history of flooding.

The strategy has taken a principles-based approach to managing flood risk, based on key themes of safety, planning, and allowing sustainable land use. Areas with similar land use and flood hazard characteristics had been defined, and mechanisms, including land use controls, developed for controlling or managing flood risk within each of these areas.

These mechanisms broadly follow the “4R’s” of civil defence and emergency management: reducing risks, maintaining readiness for floods, planning the response, and taking recovery action. They include both Council and community-based activities.

## District Plan changes

During 2012/13 Council continued its staged approach to updating the District Plan, with changes relating to Energy, Biodiversity and Natural Hazards.

The first set of changes dealt with Electricity Generation and became operative in April 2013. They recognised the benefits of renewable generation (wind farms, hydro, solar etc), and provide for a simpler, more focussed consent process for renewable developments.

The second set of changes affected rural landowners, as they relate to Biodiversity. The changes increased the protection for indigenous vegetation and habitats. A key change was that the maximum area of permitted clearance has been reduced from 5 hectares to 1 hectare, and the protection now covers all indigenous vegetation, not just forests. However, there are exemptions available for necessary activities such as maintaining existing access tracks and fire breaks. The new rules also required that Council be informed prior to undertaking any clearance or modification.

After developing the Milton 2060 Strategy to deal with flood risk in the Milton / Tokomairiro area, Council developed new land use controls for the District Plan in 2012/13, which are to go through the formal plan change process in 2013/14. The changes will mean resource consents are required for new building work in identified high-risk areas. These changes are intended to avoid putting buildings and people in places where they are at risk, and prevent new developments from increasing flood risk to other properties

## Resource consents

There was a slight increase in the number of resource consents processed, with 58 consents processed compared to 46 in 2011/2012. This is still well down on the previous 2010/11 year where 78 consents were processed.

## Building Control

During the year there were fewer building applications. This reflects national economic, development and construction trends. In 2012/13 a total of 508 applications were processed, valued just under \$31 million. This is compared with 557 applications valued at over \$38 million in 2011/12, and 606 valued at \$43 million in 2010/11.

Also relating to building control is earthquake strengthening. Council raised its concerns about the proposed changes to rules governing earthquake-prone buildings. While acknowledging the need for the update, Council advocated that the changes needed to be proportionate to the risk. Clutha has been assessed as having a very low relative earthquake risk and Council advocated that our resources and ratepayers' money would be better channelled towards improving core infrastructure and/or mitigating against the many other risks that individuals and communities faced e.g. road safety.

## **Liquor Licensing**

During the year the new Sale and Supply of Alcohol Act came into force. Council made changes to the processes for dealing with license applications that applied from 18 June 2012, and started work on establishing a District Licensing Committee and developing a Local Alcohol Policy.

## **Animal Control**

Dog registration numbers remained at similar levels to recent years, and there were no changes in systems or levels of service.

## **Environmental Health**

Health and food licence numbers along with noise control service requests remained at similar levels to recent years, and there were no changes in systems or levels of service.

## **Civil Defence**

There was a continued strong focus on working with local communities this year. Considerable resources were put into meeting and liaising with various service, community and initial response groups throughout the district. Recent information on tsunami and storm surge risk was presented to a number of coastal communities. A community response plan was completed for Newhaven; while plans continued to be developed for Taieri Mouth, Pounaweia and Clutha Valley. A tractor-driven generator worth \$19,500 was installed at West Otago Community Centre for use in a major emergency in the area.

There was considerable training for all Emergency Operations Centre (EOC) staff during 2012/13. Exercises this year included New Zealand Shakeout in August 2012 and the South Island-wide exercise Te Ripahapa in May 2013.

The Clutha EOC activated on 20 June 2013 when a snow event affected Lawrence and surrounds, while Milton was affected by flooding simultaneously. A small group of residents in Waipori Falls Village were isolated for a period of time.

## **Rural Fire**

The restricted fire season ran from 17 December 2012 to 30 April 2013, with 207 permits issued during that time. Ongoing warm weather with the lack of any substantial rain for a period of weeks resulted in a prohibited fire season (total fire ban) from 16 March to 14 April 2013. Restrictions were lifted on 1 May 2013 with a return to the open burning season from this date.

Council contributed to work done during the year evaluating a change to an Otago-wide enlarged rural fire district, with a final decision expected in late 2013



## What we achieved for Regulatory & Emergency Services in 2012/13

Level of Service	Performance Measures	Actual (2011/12)	Target (2012/13)	Actual (2012/13)
<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)	100%	100%	97% Not achieved
	Non-notified resource consents processed within 10 days	61%	50%	52% Achieved
<i>Animal control incidents are responded to in a prompt and efficient manne</i>	Incidents investigated within 48 hours of reports being received	100%	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%	100% 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%	100% Achieved
	LIMs processed within 10 working days	100%	100%	100% Achieved
<i>There is timely processing of fire permits</i>	% of fire permit applications processed within 5 working days	95%	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	59%	61%	52% Not achieved

# What it cost for Regulatory & Emergency Services in 2012/13

## Funding impact statement for the year ended 30 June 2013

	2012 Annual Plan (\$000)	2013 Long Term Plan (\$000)	2013 Actual (\$000)
<b>Sources of Operating Funding</b>			
General rates, UAGC's, rates penalties	170	355	416
Targeted rates (other than a targeted rate for water supply)	590	325	217
Subsidies and grants for operating purposes	0	0	0
Fees, charges and targeted rates for water supply	715	713	711
Internal charges and overheads recovered	0	0	0
Fuel tax, fines, infringement fees and other receipt	0	0	0
<b>Total operating funding</b>	<b>1,475</b>	<b>1,393</b>	<b>1,344</b>
<b>Applications of operating funding</b>			
Payments to staff and suppliers	(921)	(846)	(1,048)
Finance costs	(8)	(8)	(8)
Internal charges and overheads applied	(526)	(511)	(465)
Other operating funding applications	0	0	0
<b>Total applications of operating funding</b>	<b>(1,455)</b>	<b>(1,365)</b>	<b>(1,521)</b>
<b>Surplus (deficit) of operating funding</b>	<b>20</b>	<b>28</b>	<b>(177)</b>
<b>Sources of capital funding</b>			
Subsidies and grants for capital expenditure	0	0	0
Development and financial contribution	0	0	0
Increase (decrease) in debt <small>(internal debt)</small>	(5)	(5)	33
Gross proceeds from sale of assets	0	0	0
Lump sum contributions	0	0	0
<b>Total sources of capital funding</b>	<b>(5)</b>	<b>(5)</b>	<b>33</b>
<b>Applications of capital funding</b>			
Capital expenditure to meet additional demand	0	0	0
Capital expenditure to improve the level of service	0	0	(21)
Capital expenditure to replace existing assets	0	0	0
(Increase) decrease in reserves	1	(7)	165
(Increase) decrease of investments	(16)	(16)	0
<b>Total applications of capital funding</b>	<b>(15)</b>	<b>(23)</b>	<b>144</b>
<b>Surplus (deficit) of capital fundin</b>	<b>(20)</b>	<b>(28)</b>	<b>177</b>
<b>Funding balance</b>	<b>0</b>	<b>0</b>	<b>0</b>

# financial information

# 3



Photo: J Jubb



Photo: K Sinclair



# 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 2013 fairly reflect the financial position and operations of the Clutha District Council.

---

**Bryan Cadogan**  
**MAYOR**

Date: 10 October 2013

---

**Charles Hakkaart**  
**CHIEF EXECUTIVE**

Date: 10 October 2013



# Funding Impact Statement

As at 30 June 2013

	2013 Actual	2013 Long Term Plan	2012 Actual	2012 Annual Plan
	\$	\$	\$	\$
<b>Sources of Operating Funding</b>				
General rates, UAGC's, rates penalties	4,304,361	4,267,000	4,149,850	4,112,000
Targeted rates (other than a targeted rate for water supply)	17,626,520	17,821,000	17,135,433	17,247,000
Subsidies and grants for operating purposes	2,886,024	2,644,000	2,988,496	3,170,000
Fees, charges and targeted rates for water supply	4,514,097	3,772,000	3,974,185	4,042,000
Interest and Dividends from Investments	74,051	633,000	49,072	912,000
Fuel tax, fines, infringement fees and other receipts	-	-	-	-
<b>Total operating funding</b>	<b>29,405,053</b>	<b>29,137,000</b>	<b>28,297,036</b>	<b>29,483,000</b>
<b>Applications of Operating Funding</b>				
Payments to staff and suppliers	21,220,526	22,429,000	20,539,738	22,226,000
Finance costs	-	-	-	-
Internal charges and overheads applied	-	-	-	-
Other operating funding applications	-	-	-	-
<b>Total applications of operating funding</b>	<b>21,220,526</b>	<b>22,429,000</b>	<b>20,539,738</b>	<b>22,226,000</b>
<b>Surplus (deficit) of operating funding</b>	<b>8,184,527</b>	<b>6,708,000</b>	<b>7,757,298</b>	<b>7,257,000</b>
<b>Sources of capital funding</b>				
Subsidies and grants for capital expenditure	4,716,123	6,068,000	6,035,626	5,398,000
Development and financial contributions	-	-	-	-
Increase (decrease) in debt	(1,003,226)	-	996,839	-
Gross proceeds from sale of assets	-	-	-	-
Lump sum contributions	-	-	-	-
<b>Total sources of capital funding</b>	<b>3,712,897</b>	<b>6,068,000</b>	<b>7,032,465</b>	<b>5,398,000</b>
<b>Applications of capital funding</b>				
Capital expenditure to meet additional demand	-	655,000	-	-
Capital expenditure to improve the level of service	-	5,455,000	-	10,044,000
Capital expenditure to replace existing assets	11,827,043	11,337,000	21,454,459	10,600,000
(Increase) decrease in reserves	220,381	212,000	(2,814,696)	50,000
(Increase) decrease of investments	(150,000)	(4,883,000)	(3,580,000)	(8,039,000)
<b>Total applications of capital funding</b>	<b>11,897,424</b>	<b>12,776,000</b>	<b>14,789,763</b>	<b>12,655,000</b>
<b>Surplus (deficit) of capital funding</b>	<b>(8,184,527)</b>	<b>(6,708,000)</b>	<b>(7,757,298)</b>	<b>(7,257,000)</b>
<b>Funding Balance</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>

# Statement of Financial Performance

As at 30 June 2013

	Notes	2013 \$	Budget \$	2012 \$
<b>Income</b>				
Rates revenue	2 (a)	21,930,881	22,088,370	21,285,283
Other revenue	2 (a)	12,190,290	12,484,433	13,047,446
Other gains/ (losses)	2 (b)	972,146	632,500	784,520
<b>Total income</b>	2 (h)	35,093,317	35,205,303	35,117,249
<b>Expenditure</b>				
Employee benefits expense	2 (c)	4,271,626	4,266,925	4,169,500
Depreciation and amortisation expense	2 (d)	12,417,511	13,527,144	15,187,008
Finance costs	2 (e)	311	297	389
Other expenses	2 (f)	16,948,589	18,570,953	16,369,849
<b>Total operating expenditure</b>	2 (h)	33,638,037	36,365,319	35,726,746
<b>Surplus/(Deficit) for the period</b>		1,455,280	\$(1,160,016)	\$(609,497)

The accompanying notes form part of these financial statements.

# Statement of Comprehensive Income

For the Financial Year ended 30 June, 2013

	2013 \$	Budget \$	2012 \$
Surplus/(Deficit) for the period	1,455,280	(1,160,016)	(609,497)
<b>Other Comprehensive Income</b>			
<b>Items that may be reclassified to profit or loss</b>			
Available-for-sale financial assets valuation gain/(loss)	(3,843)	-	(12,473)
<b>Items that will not be reclassified to profit or loss</b>			
Gain/(loss) on property, plant and equipment revaluation	154,598	-	90,945,904
<b>Total Other Comprehensive Income</b>	150,755	-	90,933,431
<b>Total Comprehensive Income for the period</b>	<u>\$1,606,035</u>	<u>\$(1,160,016)</u>	<u>\$90,323,934</u>

# Statement of Changes in Equity

For the Financial Year ended 30 June, 2013

	2013 \$	Budget \$	2012 \$
Equity at beginning of year	989,061,925	921,971,526	898,737,991
Total Comprehensive Income for the year	1,606,035	(1,160,016)	90,323,934
<b>Equity at end of year</b>	<u>\$990,667,960</u>	<u>\$920,811,510</u>	<u>\$989,061,925</u>

The accompanying notes form part of these financial statements.

# Statement of Financial Position

As at 30 June, 2013

	Notes	2013 \$	Budget \$	2012 \$
<b>Current assets</b>				
Cash and cash equivalents	22 (a)	209,035	423,066	924,739
Trade and other receivables	5	2,924,571	6,130,106	3,944,784
Inventories - development property	6	12,802	12,802	12,802
Other financial assets	7	18,475,175	9,169,334	18,487,799
<b>Total current assets</b>		<b>21,621,583</b>	<b>15,735,308</b>	<b>23,370,124</b>
<b>Non-current assets</b>				
Trade and other receivables	5	1,827	2,163	2,571
Other financial assets	7	39,644	55,960	43,487
Property, plant and equipment	8	971,376,726	908,737,611	971,897,753
Intangible assets	9	381,357	299,526	491,727
Forestry asset	10	2,726,675	2,113,089	1,868,112
<b>Total non-current assets</b>		<b>974,526,229</b>	<b>911,208,349</b>	<b>974,303,650</b>
<b>Total assets</b>		<b>996,147,813</b>	<b>926,943,657</b>	<b>997,673,774</b>
<b>Current liabilities</b>				
Trade and other payables	11	3,904,956	5,080,428	5,999,234
Employee entitlements	12	493,879	518,237	463,901
Borrowings	13	3,402	3,267	1,003,268
<b>Total current liabilities</b>		<b>4,402,237</b>	<b>5,601,932</b>	<b>7,466,403</b>
<b>Non-current liabilities</b>				
Borrowings	13	5,070	5,307	8,430
Provisions	14	969,162	422,906	1,037,574
Other liabilities		103,384	102,002	99,442
<b>Total non-current liabilities</b>		<b>1,077,616</b>	<b>530,215</b>	<b>1,145,446</b>
<b>Total liabilities</b>		<b>5,479,853</b>	<b>6,132,147</b>	<b>8,611,849</b>
<b>Net assets</b>		<b>\$990,667,960</b>	<b>\$920,811,510</b>	<b>\$989,061,925</b>
<b>Equity</b>				
Reserves	15	751,515,622	674,925,606	745,712,506
Retained Earnings	16	239,152,338	245,885,904	243,349,419
		<b>\$990,667,960</b>	<b>\$920,811,510</b>	<b>\$989,061,925</b>

The accompanying notes form part of these financial statements.



# Cashflow Statement

For the Financial Year ended 30 June, 2013

	Notes	2013 \$	Budget \$	2012 \$
<b>Cash flows from operating activities</b>				
Receipts from customers		34,590,139	34,572,803	35,250,058
Interest received		74,051	632,500	49,072
Payments to suppliers and employees		(20,724,775)	(22,429,160)	(19,475,442)
Finance costs		(311)	0	(389)
Receipt from non-current receivable		744	0	22,224
GST (net)		47,037	0	(31,673)
<b>Net cash inflow/(outflow) from operating activities</b>	22 (c)	<b>13,986,885</b>	<b>12,776,143</b>	<b>15,813,850</b>
<b>Cash flows from investing activities</b>				
Proceeds from sale of property, plant and equipment		0	0	0
Purchase of property, plant and equipment		(13,814,226)	(17,447,066)	(19,363,725)
Purchase of intangible assets		(39,080)	0	(274,769)
(Purchase)/Sale of other financial assets		150,000	4,886,232	3,580,123
<b>Net cash inflow/(outflow) from investing activities</b>		<b>(13,703,306)</b>	<b>(12,560,834)</b>	<b>(16,058,371)</b>
<b>Cash flows from financing activities</b>				
Proceeds from borrowings		0	0	996,839
Repayment of borrowings		(999,283)	(3,141)	(2,561)
<b>Net cash inflow / (outflow) from financing activities</b>		<b>(999,283)</b>	<b>(3,141)</b>	<b>994,278</b>
<b>Net increase/(decrease) in Cash and cash equivalents</b>		<b>(715,704)</b>	<b>212,168</b>	<b>749,757</b>
<b>Cash and cash equivalents at the beginning of the financial year</b>		<b>924,739</b>	<b>210,898</b>	<b>174,982</b>
<b>Cash and cash equivalents(overdraft) at the end of the financial year</b>	22 (a)	<b>\$209,035</b>	<b>\$423,066</b>	<b>\$924,739</b>

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

For the financial year ended 30 June 2013

## 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 2013

### SUMMARY OF ACCOUNTING POLICIES cont

#### Adoption of new and revised Standards and Interpretations

##### Standards and Interpretations Effective in the Current Period

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 being developed by the XRB based on current International Public Sector Accounting Standards. The effective date for the new standards for public sector entities is for reporting periods beginning on or after 1 July 2014. This means the Council expects to transition to the new standards in preparing its 30 June 2015 financial statements.

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.

A new 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.

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 unable 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 2013

### **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 2013

### 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 One Path, 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 2013

### 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 2013

### 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 2013 or 30 June 2012.

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

### 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 2013

### 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 2011 by Council staff and reviewed by Opus International Limited.
- The roading infrastructural assets (excluding land under roads) were revalued on a depreciated replacement value at 30 June 2012 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 2013

### 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 Roothing 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 2013

### 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%
-------------------	-------------	-----

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

### 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 2013

### **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 2013

### 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 2013

### 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 2013:

- 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 2013

	Notes	2013 \$	2012 \$
<b>2 SURPLUS FROM OPERATIONS</b>			
<b>(a) Revenue</b>			
Revenue consisted of the following items:			
<u>Rates Revenue:</u>			
General rates		8,721,200	8,654,150
Targeted rates (i)		13,319,808	12,684,351
Rates Penalties		194,159	198,318
Internal Rates		(304,286)	(251,536)
		\$21,930,881	\$21,285,283
 (i) Targeted Rates attributable to activities:			
Governance and Planning		126,761	123,478
Central Administration		70,567	37,203
Roading		2,807,264	2,820,370
Water		5,660,914	5,103,416
Stormwater and Wastewater		1,948,479	1,878,833
Sanitary Services		965,879	1,089,216
Community Services		1,523,209	1,339,155
Regulatory Services		216,735	292,680
		\$13,319,808	\$12,684,351
 <u>Other Revenue:</u>			
Revenue from rendering of services:			
Fees		794,142	518,994
Permits and licences		367,490	403,884
Other fees		685,067	626,203
		1,846,699	1,549,081
Rental Revenue:			
Operating lease rental revenue		846,590	819,170
		846,590	819,170
Interest Revenue:			
Bank deposits			
Other loans and receivables	2(g)	74,051	49,072
		74,051	49,072
Dividend Revenue:			
Available-for-Sale-Investments		-	-
		-	-
Government grants - LTNZ subsidy		7,602,142	9,024,189
Other grants and subsidies		291,366	221,753
Other revenue		1,529,442	1,384,181
		\$12,190,290	\$13,047,446

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 2013

	Notes	2013 \$	2012 \$
<b>(b) Other Gains / (Losses)</b>			
Vested assets		-	-
Gain / (loss) on disposal of property, plant and equipment		(23,793)	(929,651)
Gain on changes in fair value of financial assets at fair value through profit or loss	2 (g)	137,376	1,959,148
Gain on changes in fair value of forestry asset	10	858,563	(244,977)
		<u>\$972,146</u>	<u>\$784,520</u>

### (c) Employee Benefits Expense

Salaries and wages		4,200,730	4,117,221
Kiwisaver		70,896	52,279
		<u>\$4,271,626</u>	<u>\$4,169,500</u>

### (d) Depreciation and Amortisation Expense

Depreciation of property, plant and equipment	8	12,268,061	15,104,441
Amortisation of intangible assets	9	149,450	82,567
		<u>\$12,417,511</u>	<u>\$15,187,008</u>

#### Revision of accounting estimates

During the financial year, Council reassessed the useful life of certain roading assets. The financial effect of this reassessment, assuming the assets are held until the end of their estimated useful lives, is to decrease depreciation expense in the current financial year and in future periods until the next revaluation by approximately \$3M.

### (e) Finance Costs

Interest on loans carried at amortised cost	2 (g)	<u>311</u>	<u>389</u>
		<u>\$311</u>	<u>\$389</u>

### (f) Other Expenses

Net bad and doubtful debts		-	-
Minimum lease payments for operating leases		42,457	41,210
Grants		1,691,462	687,396
Roading repairs and maintenance		6,358,729	4,860,273
Other expenses		8,855,941	10,780,970
		<u>\$16,948,589</u>	<u>\$16,369,849</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 2013

	Notes	2013 \$	2012 \$
<b>2. SURPLUS FROM OPERATIONS</b>			
<b>(g) Financial Instruments</b>			
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)	74,051	49,072
		<hr/>	<hr/>
		74,051	49,072
<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)	137,376	1,959,148
		<hr/>	<hr/>
		137,376	1,959,148
<u>Financial liabilities at amortised cost:</u>			
Interest expense	2 (e)	311	389
		<hr/>	<hr/>
		311	389

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

	2013 \$	2012 \$
<b>2. SURPLUS FROM OPERATIONS cont</b>		
<b>(h) Summary Cost of Services By Activity</b>		
<b>Income</b>		
Community Leadership - Governance	27,000	8,593
Roading	7,697,554	9,139,768
Water Services - Water	498,432	933,348
Water Services - Sewerage	831,926	374,077
Sanitary Services - Waste Management	608,805	512,794
Community Services - Library/Service Centre/Information Centre	74,934	79,036
Community Services - Swimming Pools	285,813	10,848
Community Services - Parks/Reserves/Sportsgrounds	19,910	21,206
Community Services - Halls & Community Centres	108,678	101,991
Community Services - Other Council Property	832,849	754,117
Community Services - Cemeteries	82,533	76,841
Community Services - Public Conveniences	144	4,913
Regulatory Services - Resource Management	61,321	31,985
Regulatory Services - Animal Control	178,681	197,013
Regulatory Services - Environmental Health	20,037	19,134
Regulatory Services - Building Control	344,929	401,462
Regulatory Services - Liquor Licensing	50,301	34,965
Regulatory Services - Other	6	2,246
Emergency Services - Civil Defence	-	-
Emergency Services - Rural Fire	56,096	3,788
<b>Total activity income</b>	<b>\$11,779,949</b>	<b>\$12,708,125</b>
<b>Add</b>		
Rates (refer Note 2(a))	21,930,881	21,285,283
Other Gains/(Losses)(refer note 2(b))	972,146	784,520
Petrol Tax	202,432	170,893
Other Income	207,909	168,428
	<u>23,313,368</u>	<u>22,409,124</u>
<b>Total Income</b>	<b><u>\$35,093,317</u></b>	<b><u>\$35,117,249</u></b>



## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

	2013	2012
	\$	\$
<b>Expenditure</b>		
Community Leadership - Governance	1,808,141	763,038
Community Leadership - District Development	585,655	552,514
Community Leadership - Community Support	492,733	483,472
Roading	14,951,591	18,281,017
Water Services - Water	6,115,685	6,110,997
Water Services - Stormwater	524,288	543,762
Water Services - Sewerage	1,860,285	1,725,054
Sanitary Services - Waste Management	1,141,875	1,895,610
Community Services - Library/Service Centre/Information Centre	1,176,045	1,166,719
Community Services - Swimming Pools	793,739	453,641
Community Services - Parks/Reserves/Sportsgrounds	741,908	613,250
Community Services - Halls & Community Centres	343,516	338,971
Community Services - Other Council Property	568,763	626,421
Community Services - Public Conveniences	274,900	270,227
Community Services - Cemeteries	154,322	123,803
Regulatory Services - Resource Management	197,944	165,753
Regulatory Services - Animal Control	193,723	184,379
Regulatory Services - Environmental Health	156,281	138,318
Regulatory Services - Building Control	516,155	496,623
Regulatory Services - Liquor Licensing	39,878	43,149
Emergency Services - Civil Defence	180,807	167,293
Emergency Services - Rural Fire	301,645	169,421
<b>Total activity expenditure</b>	<b>33,119,879</b>	<b>35,313,432</b>
<u>Add</u>		
Additional Depreciation	355,423	292,846
Forestry Expenses	104,760	32,296
Finance Costs (refer note 2(e))	311	389
Other Expenditure	361,950	339,319
Internal Rates	(304,286)	(251,536)
	<hr/> 518,158	<hr/> 413,314
<b>Total Operating Expenditure</b>	<b><hr/>\$33,638,037</b>	<b><hr/>\$35,726,746</b>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

### 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:

	2013	2012
	\$	\$
Short-term employee benefits	965,542	933,831
	<u>\$965,542</u>	<u>\$933,831</u>

### 4. REMUNERATION OF AUDITORS

Audit fees for financial statement audit	95,100	92,400
Audit fees for assurance and related services	15,000	83,000
	<u>\$110,100</u>	<u>\$175,400</u>

Audit fees for assurance and related services include:

- audit of the Long Term Plan.

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 2013

	2013 \$	2012 \$
<b>5. TRADE AND OTHER RECEIVABLES</b>		
Trade and other receivables (i)	831,321	1,304,743
Rates receivables	884,647	859,698
Allowance for doubtful debts (ii)	(75,000)	(75,000)
	<hr/> 1,640,968	<hr/> 2,089,441
LTNZ Subsidy	1,285,430	1,857,914
	<hr/> <b>\$2,926,398</b>	<hr/> <b>\$3,947,355</b>
Disclosed in the financial statements as:		
Current	2,924,571	3,944,784
Non-current	1,827	2,571
	<hr/> <b>\$2,926,398</b>	<hr/> <b>\$3,947,355</b>

(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:

	2013 \$	2012 \$
Past due 1 to 3 months	565,402	240,877
Past due 3 to 6 months	236,964	231,627
Past due 6 to 9 months	204,922	203,310
Past due 9 to 12 months	204,921	203,311
Past due > 12 months	50,000	46,453
	<hr/> <b>\$1,262,209</b>	<hr/> <b>\$925,578</b>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

(ii) Movement in the allowance for doubtful debts:

	2013	2012
	\$	\$
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.

	2013	2012
	\$	\$
<b>6. INVENTORIES</b>		
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 (2012: \$Nil).

## NOTES TO THE FINANCIAL STATEMENTS cont

For the financial year ended 30 June 2013

	2013	2012
	\$	\$
<b>7. OTHER FINANCIAL ASSETS</b>		
<i>At fair value through profit or loss:</i>		
<u>Classified as held for trading</u>		
<u>Current</u>		
One Path - NZ Government Stock	8,052,406	9,929,529
One Path - NZ Local Authority Bonds	654,519	1,238,147
One Path - NZ Corporate Bonds	3,266,738	5,051,829
One Path - NZ State Owned Enterprises	189,533	194,820
One Path - NZ Floating Rate Notes	249,194	244,179
One Path - NZ Dollars	22,735	35,042
One Path -- NZ Discounted Securities	2,190,050	1,794,253
	<hr/>	<hr/>
	14,625,175	18,487,799
<i>Available-for-sale at fair value:</i>		
<u>Non Current</u>		
Equity Securities - Civic Assurance	39,644	43,487
	<hr/>	<hr/>
	39,644	43,487
<u>Current</u>		
Money Market Deposit	3,850,000	-
	<hr/>	<hr/>
	3,850,000	-
	<hr/>	<hr/>
	\$18,514,819	\$18,531,286
	<hr/> <hr/>	<hr/> <hr/>
Disclosed in the financial statements as:		
Current	18,475,175	18,487,799
Non-current	39,644	43,487
	<hr/>	<hr/>
	\$18,514,819	\$18,531,286
	<hr/> <hr/>	<hr/> <hr/>

There are no impairment provisions for other financial assets.



## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 8. PROPERTY, PLANT AND EQUIPMENT

	2013												
	2012					2013							
	Cost /Valuation 1 July 2012	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2013	Accumulated depreciation and impairment charges 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
<b>Operational Assets</b>													
<b>At Cost</b>													
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)	1,881,615
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
<b>Total Operational Assets</b>	<b>28,154,861</b>	<b>587,291</b>	<b>(88,780)</b>	<b>0</b>	<b>-</b>	<b>28,653,372</b>	<b>(8,363,157)</b>	<b>-</b>	<b>(739,264)</b>	<b>83,558</b>	<b>-</b>	<b>(9,018,863)</b>	<b>19,634,509</b>
<b>Infrastructural Assets</b>													
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	839,983	-	(3,828,478)	-	2,884,400	-	-	-	-	-	-	2,884,400
<b>Total Infrastructural Assets</b>	<b>954,620,592</b>	<b>11,200,672</b>	<b>(83,260)</b>	<b>-</b>	<b>-</b>	<b>965,738,004</b>	<b>(2,514,543)</b>	<b>-</b>	<b>(11,528,798)</b>	<b>47,553</b>	<b>-</b>	<b>(13,995,788)</b>	<b>951,742,216</b>
<b>Total Property, Plant and Equipment</b>	<b>982,775,453</b>	<b>11,787,963</b>	<b>(172,040)</b>	<b>0</b>	<b>-</b>	<b>994,391,376</b>	<b>(10,877,700)</b>	<b>-</b>	<b>(12,268,062)</b>	<b>131,111</b>	<b>-</b>	<b>(23,014,651)</b>	<b>971,376,725</b>

# NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

## PROPERTY, PLANT AND EQUIPMENT cont

	2012					2011					Carrying amount 30 June 2012	
	Cost /Valuation 1 July 2011	Additions	Disposals	Transfers	Revaluation	Cost /Valuation 30 June 2012	Accumulated depreciation and impairment charges 1 July 2011	Impairment losses charged in Statement of Financial Performance	Depreciation expense	Accumulated depreciation reversed on disposal		Accumulated depreciation reversed on revaluation
<b>Operational Assets</b>												
<b>At Cost</b>												
Land	2,844,623	-	-	-	-	2,844,623	-	-	-	-	-	2,844,623
Buildings	9,135,173	1,299,185	-	59,736	-	10,494,094	(2,494,666)	-	(183,691)	-	-	7,815,737
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	(905,411)	-	(59,513)	-	-	2,006,005
Furniture and equipment	2,054,607	103,288	-	-	-	2,157,895	(1,448,454)	-	(164,524)	-	-	544,917
Plant and Motor vehicles	1,516,289	426,798	(56,973)	-	-	1,886,114	(1,037,927)	-	(161,125)	55,679	-	742,741
Library Books	2,153,889	103,615	-	-	-	2,257,504	(1,862,927)	-	(100,598)	-	-	293,979
Work in progress	452,592	3,822,239	(48,533)	(59,736)	-	4,166,562	-	-	-	-	-	4,166,562
<b>Total Operational Assets</b>	<b>22,505,242</b>	<b>5,755,125</b>	<b>(105,506)</b>	<b>-</b>	<b>-</b>	<b>28,154,861</b>	<b>(7,749,385)</b>	<b>-</b>	<b>(669,451)</b>	<b>55,679</b>	<b>-</b>	<b>19,791,704</b>
<b>Infrastructural Assets</b>												
Roads - Formation	475,480,078	891,072	-	2,048	43,175,759	519,548,957	-	-	-	-	-	519,548,957
Roads - Pavement (sealed)	114,417,113	5,202,228	-	-	24,338,118	143,957,459	(11,298,512)	-	(5,885,431)	-	17,183,943	143,957,459
Roads - Pavement (unsealed)	84,890,947	1,444,488	-	-	(7,926,446)	78,408,989	(6,051,458)	-	(3,503,430)	-	9,554,888	78,408,989
Roads - Other roading assets	39,749,179	1,865,163	-	-	(1,425,451)	40,188,891	(1,920,462)	-	(987,973)	-	2,908,435	40,188,891
Roads - Other	5,492,601	458,390	-	-	33,941	5,984,932	(1,374,716)	-	(719,392)	-	2,094,108	5,984,932
Roads - Bridges	46,020,614	1,034,795	-	-	(527,797)	46,527,612	(1,558,970)	-	(792,472)	-	2,351,442	46,527,612
Land under roads	7,833,222	-	-	-	-	7,833,222	-	-	-	-	-	7,833,222
Stormwater	10,554,798	15,000	(13,970)	-	(67,895)	10,487,933	-	-	(251,931)	267	-	10,236,269
Wastewater	35,536,734	698,925	(341,430)	519,677	(13,565)	36,400,341	-	-	(770,709)	10,460	-	35,640,092
Water	60,032,019	391,243	(606,000)	325,675	(733,576)	59,409,361	-	-	(1,523,651)	21,021	-	57,906,731
Work in Progress	3,440,128	3,423,262	(143,095)	(847,400)	-	5,872,895	-	-	-	-	-	5,872,895
<b>Total Infrastructural Assets</b>	<b>883,447,433</b>	<b>15,424,566</b>	<b>(1,104,495)</b>	<b>-</b>	<b>56,853,088</b>	<b>954,620,592</b>	<b>(22,204,118)</b>	<b>-</b>	<b>(14,434,989)</b>	<b>31,748</b>	<b>34,092,816</b>	<b>952,106,049</b>
<b>Total Property, Plant and Equipment</b>	<b>905,952,675</b>	<b>21,179,691</b>	<b>(1,210,001)</b>	<b>-</b>	<b>56,853,088</b>	<b>982,775,453</b>	<b>(29,953,503)</b>	<b>-</b>	<b>(15,104,440)</b>	<b>87,427</b>	<b>34,092,816</b>	<b>971,897,753</b>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 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.

#### 9. FINITE LIFE INTANGIBLE ASSETS

	Computer Software
	\$
<b>Gross carrying amount</b>	
Balance at 1 July 2011	815,346
Additions	198,666
Transfer from Work In Progress	76,102
Disposals	-
	<hr/>
Balance at 1 July 2012	1,090,114
Additions	-
Transfers from Work In Progress	39,080
Disposals	-
	<hr/>
Balance at 30 June 2013	<u>\$1,129,194</u>
<b>Accumulated amortisation and impairment</b>	
Balance at 1 July 2011	515,820
Amortisation expense (i)	82,567
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	<hr/>
Balance at 1 July 2012	598,387
Amortisation expense (i)	149,450
Disposals	-
Impairment losses charged to Statement of Financial Performance	-
	<hr/>
Balance at 30 June 2013	<u>\$747,837</u>
<b>Net Book Value</b>	
As at 30 June 2012	<u>\$491,727</u>
As at 30 June 2013	<u>\$381,357</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, 2013

### 10. FORESTRY ASSET

	2013 \$	2012 \$
Balance at beginning of year	1,868,112	2,113,089
Increases due to purchases		
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to physical changes	164,922	209,466
Gains/(losses) arising from changes in fair value less estimated point of sales costs attributable to price changes	693,641	(454,443)
Decreases due to harvest	0	0
Balance at end of year	<u>\$2,726,675</u>	<u>\$1,868,112</u>

The Council owns 366.2 hectares (2012: 377.3 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, 2013 (30 June 2012). A post-tax discount rate of 7% (2012:7%) 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.

	2013 \$	2012 \$
Trade & sundry payables (i)	3,142,630	5,235,618
Rates in advance	205,467	203,132
Deposits and retentions	405,720	628,435
Goods And Services Tax (GST) Payable	151,139	(67,951)
	<u>\$3,904,956</u>	<u>\$5,999,234</u>

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

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 12. EMPLOYEE ENTITLEMENTS

Salary & Wage Accrual	120,711	135,654
Annual leave	316,476	272,397
Long service leave	7,975	7,854
Retirement gratuities	48,716	47,996
	<hr/>	<hr/>
	\$493,879	\$463,901
	<hr/>	<hr/>

### 13. BORROWINGS

#### (a) External Borrowing

##### Secured - at amortised cost

Bank borrowings (i)	-	1,000,000
Other borrowings (i), (ii)	8,472	11,698
	<hr/>	<hr/>
	\$8,472	\$1,011,698
	<hr/>	<hr/>

Disclosed in the financial statements as:

Current	3,402	1,003,268
Non-current	5,070	8,430
	<hr/>	<hr/>
	\$8,472	\$1,011,698
	<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 3.50% (2012: 3.75%). Refer Note 27 for maturity profile.

(ii) Rural housing loans are included in Council debt. The value of these loans at 30 June 2013 is \$1,827 (2012: \$2,663). Interest is charged on a fixed rate basis. The current weighted average effective interest rate on the other borrowings is 5.69% (2012: 5.96%).

#### (b) Internal Borrowing

	Amount Payable to Council 30 June 2013 \$	Total Funds Borrowed During the Year \$	Total Funds Repaid in the Year \$	Interest Paid in Year \$
Administration	1,056,332	272,000	28,644	40,117
Community Services	6,508,892	(556)	147,796	330,092
Governance	973,000	973,000	-	-
Water	4,641,922	334	223,709	237,023
Sewerage	3,026,562	1,127,388	84,079	97,603
Stormwater	581,912	-	113,939	30,334
Regulatory	199,027	40,000	6,946	8,170
Roading	5,627,539	468,603	163,241	260,830
	<hr/>	<hr/>	<hr/>	<hr/>
	22,615,184	2,880,769	768,354	1,004,169
	<hr/>	<hr/>	<hr/>	<hr/>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

	2013 \$	2012 \$
<b>14. PROVISIONS</b>		
<u>Landfill aftercare provision (i)</u>		
Balance at beginning of year	1,037,574	465,686
Additional provisions recognised	-	604,135
Reductions arising from payments/other sacrifices of future economic benefits	-	-
Reductions resulting from re-measurement or settlement without cost	-	-
Unwinding of discount and effect of changes in the discount rate	(68,412)	(32,247)
	<hr/>	<hr/>
Balance at end of year	<u>\$969,162</u>	<u>\$1,037,574</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)	(37,554)	(33,711)
Asset revaluation reserve (b)	722,014,124	721,859,528
Trust Funds (c)	372,677	371,814
Reserves (d)	29,166,376	23,514,875
	<hr/>	<hr/>
	<u>\$751,515,622</u>	<u>\$745,712,506</u>



## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

	2013 \$	2012 \$
<b>15. RESERVES cont</b>		
<b>(a) Available-for-Sale Revaluation Reserve</b>		
Balance at beginning of year	(33,711)	(21,238)
Valuation gain/(loss) recognised		
– Equity securities	(3,843)	(12,473)
Balance at end of year	<u>\$(37,554)</u>	<u>\$(33,711)</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	721,859,528	630,913,625
Revaluation increase / (decrease)		
– Rooding revaluation	9,194	91,760,939
– Stormwater revaluation	(5,093)	(67,895)
– Wastewater revaluation	20,205	(13,565)
– Water revaluation	130,290	(733,576)
	<u>154,596</u>	<u>90,945,903</u>
Balance at end of year	<u>\$722,014,124</u>	<u>\$721,859,528</u>

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

### Reconciliation of Revaluation Reserve

	<u>Rooding</u> \$	<u>Stormwater</u> \$	<u>Wastewater</u> \$	<u>Water</u> \$	<u>Total</u> \$
Balance at 30 June 2011	\$566,695,323	\$5,676,997	\$24,940,678	\$33,600,627	\$630,913,625
Revaluation increase /(decrease)	91,760,939	(67,895)	(13,565)	(733,576)	90,945,903
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>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### (c) Trust Funds (restricted)

Balance at beginning of year	371,814	363,606
Transfer from/(to) retained earnings		
– Transfer from retained earnings	22,330	24,252
– Transfer to retained earnings	(21,467)	(16,044)
	<hr/>	<hr/>
Balance at end of year	<u>\$372,677</u>	<u>\$371,814</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	23,514,875	23,477,334
Transfer from/(to) retained earnings		
– Transfer from retained earnings	7,887,784	4,898,968
– Transfer to retained earnings	(2,236,283)	(4,861,427)
	<hr/>	<hr/>
Balance at end of year	<u>\$29,166,376</u>	<u>\$23,514,875</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, 2013

### (e) Reserve Funds

Fund	Type/ Purpose	Opening Balance as at 1 July 2012 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2013 \$
<b>Community Leadership</b>					
Election Fund	Spec	15,617	21,299	28,959	7,957
Lawrence/Tuapeka Community Board	Spec	16,190	1,225	5,953	11,462
West Otago Community Board	Spec	40,348	15,328	-	55,675
Tuapeka Bursary	Spec	40,860	3,534	5,463	38,931
Economic Development	Spec	18,722	1,735	-	20,457
Clutha Gold Grail	Spec	10,366	11,920	-	22,286
Education Fund	Spec	13,137	-	-	13,137
Opportunities Fund	Spec	51,832	4,804	-	56,635
Welcome to Signage	Spec	-	3,288	-	3,288
West Otago Health	Spec	51,832	30,653	51,832	30,653
<b>Central Administration</b>					
Information Technology	Depn	298,054	181,105	128,785	350,373
Office Computer Equipment	Spec	63,157	5,853	-	69,011
Rosebank Terrace Main Office	Depn	563,389	87,013	87,651	562,752
Rosebank Terrace Main Office	Spec	270,856	25,102	-	295,958
Human Resources	Spec	58,446	3,731	36,377	25,800
Cars and Gratuities	Spec	296,926	145,757	126,808	315,875
Forestry	Spec	1	-	-	1
G.I.S.	Spec	60,475	5,605	-	66,080
District Assets Infrastructure	Spec	29,045	2,692	-	31,737
Policy & Communication	Spec	19,063	21,462	-	40,525
<b>Roading</b>					
Roading	Depn	4,028,220	875,066	254,532	4,648,754
Roading - Bridge Lights	Spec	30,256	2,804	-	33,060
Balclutha Main Street	Spec	40,918	3,792	-	44,710
<b>Water</b>					
Balclutha Wastewater	Depn	68,903	159,294	-	228,196
Balclutha Township	Spec	311,092	23,734	110,000	224,826
Balmoral No. 1	Depn	185,925	40,548	-	226,473
Balmoral No. 1	Spec	232,387	20,749	17,000	236,137
Balmoral No. 2	Depn	123,194	61,529	-	184,722
Balmoral No. 2	Spec	344,100	31,890	-	375,991
Benhar	Depn	31,045	12,339	3,100	40,284
Clinton	Depn	123,395	35,447	-	158,842
Clydevale/Pomahaka	Depn	83,196	190,932	-	274,128
Glenkenich	Depn	286,432	113,406	80,000	319,838
Glenkenich Rural Water Scheme	Spec	36,124	3,348	-	39,472
Kaitangata	Depn	202,507	49,857	-	252,364
Kaitangata	Spec	88,861	7,068	25,200	70,728
Kaka Point	Depn	74,982	18,398	9,000	84,379
Kaka Point	Spec	13,844	1,283	-	15,127

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

Fund	Type/ Purpose	Opening Balance as at 1 July 2012	Transfers into the fund during the year	Transfers out of the fund during the year	Closing Balance as at 30 June 2013
		\$	\$	\$	\$
Lawrence	Depn	41,663	51,231	46,980	45,914
Lawrence	Spec	31,020	1,437	31,020	1,437
Milton	Depn	3,571	186,796	186,000	4,367
Moa Flat	Depn	231,914	135,928	3,000	364,842
Moa Flat Rural Water Scheme	Spec	42,023	3,895	-	45,918
North Bruce	Depn	25,575	112,282	41,000	96,858
Owaka	Depn	113,500	31,009	6,000	138,508
Richardson	Depn	167,107	147,197	80,000	234,304
Richardson Rural Water Scheme	Spec	360,757	33,434	-	394,192
South Bruce	Depn	178,161	50,129	40,000	188,290
Stirling Township Water	Depn	86,456	30,074	-	116,530
Stirling Township Water	Spec	46,529	4,312	-	50,842
Tapanui	Depn	804	51,057	40,000	11,861
Tuapeka RWS	Depn	282,716	99,568	107,000	275,284
Tuapeka RWS	Spec	464,490	43,048	-	507,538
Waihola	Depn	97,950	40,987	-	138,937
Waihola	Spec	60,883	5,642	-	66,525
Waipahi	Depn	66,984	107,468	-	174,453
Waitahuna	Depn	12,046	40,438	28,000	24,483
Wangaloa	Depn	68,142	17,616	-	85,758
Stirling Treatment Plant	Depn	26,195	34,898	55,000	6,093
Stirling Water Treatment	Spec	208,859	19,357	-	228,216
Kaitangata Treatment Plant	Depn	5,617	35,117	40,000	734
Wangaloa Plant Renewal	Spec	25,299	1,659	14,800	12,158
Telemetry	Depn	-	261,576	-	261,576
Telemetry	Spec	120,930	11,208	-	132,137
<b>Sewerage</b>					
Balclutha	Depn	1,404,193	415,039	-	1,819,231
Balclutha	Spec	481,950	44,666	-	526,616
Benhar	Depn	-	6,818	-	6,818
Clinton	Depn	194,565	62,242	-	256,807
Heriot	Depn	9,585	703	4,000	6,288
Heriot (Pump)	Spec	17,101	1,585	-	18,686
Kaitangata	Depn	515,872	102,078	10,000	607,951
Kaitangata	Spec	55,964	5,187	-	61,151
Kaka Point	Depn	43,595	36,198	7,000	72,793
Kaka Point	Spec	60,573	5,614	-	66,187
Lawrence	Depn	2,203	41,493	40,000	3,696
Milton	Depn	573,527	648,934	-	1,222,461
Owaka	Depn	3,074	48,629	13,755	37,947
Stirling	Depn	7,944	25,598	26,000	7,542
Stirling (Plant)	Spec	2,127	197	-	2,324
Tapanui	Depn	4,386	61,861	66,000	247
Tapanui	Spec	7,425	688	-	8,113
Waihola	Depn	268,687	60,272	-	328,958
Waihola	Spec	100,944	9,355	-	110,299

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

Fund	Type/ Purpose	Opening Balance as at 1 July 2012 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2013 \$
<b>Stormwater</b>					
Balclutha	Depn	386,877	123,276	24,000	486,153
Clinton	Depn	86,526	14,598	-	101,124
Kaitangata	Depn	56,694	40,976	-	97,670
Kaka Point	Depn	37,477	26,409	-	63,886
Lawrence	Depn	12,801	9,95	-	22,751
Milton	Depn	100,404	72,045	22,000	150,450
Milton	Spec	16,370	1,517	-	17,887
Owaka	Depn	112,269	34,923	-	147,192
Tapanui	Depn	159,454	37,391	-	196,845
Palmer Place	Depn	3,043	282	-	3,325
Rural	Depn	4,647	10,362	-	15,009
<b>Waste Management</b>					
Solid Waste	Depn	382,181	977,204	-	1,359,385
<b>Community Services</b>					
Libraries	Depn	26,857	110,699	107,816	29,740
Lawrence Service Centre	Depn	10,936	1,014	-	11,950
Milton Service Centre	Depn	39,488	3,660	-	43,148
Tapanui Service Centre	Depn	7,575	702	-	8,277
Owaka Service Centre	Depn	35,460	9,490	6,756	38,194
Service Centres	Spec	163,757	15,177	-	178,934
Balclutha Pool	Depn	21,933	49,582	-	71,515
Kaitangata Pool	Depn	96,342	27,813	-	124,155
Kaitangata Pool	Spec	58,298	5,403	-	63,701
Lawrence Pool	Depn	85,269	19,216	-	104,484
Lawrence Pool	Spec	32,978	3,056	-	36,034
Milton Pool	Depn	1,523	21,853	20,000	3,376
Reserve Contributions	Spec	36,110	7,266	-	43,376
Parks & Reserves	Depn	82,490	21,045	4,000	99,535
Sports Grounds	Depn	278,501	31,473	-	309,974
Cemetery	Depn	41,119	22,670	-	63,789
Cemeteries	Spec	361,682	33,520	-	395,202
Kaitangata Cemetery	Spec	10,085	935	-	11,020
Lawrence Cemetery	Spec	20,707	1,919	-	22,626
Public Conveniences	Depn	120,095	55,842	-	175,937
Balclutha Town Hall	Depn	152,391	47,161	20,000	179,552
Balclutha Town Hall	Spec	124,237	11,514	-	135,751
Milton Civic Centre	Depn	10,358	960	-	11,318
Kaitangata Hall	Depn	1,285	10,302	-	11,587
Clinton Hall	Depn	20	2	-	22
Clutha Valley Hall	Depn	39,456	6,658	-	46,113

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

Fund	Type/ Purpose	Opening Balance as at 1 July 2012 \$	Transfers into the fund during the year \$	Transfers out of the fund during the year \$	Closing Balance as at 30 June 2013 \$
<b>Community Services Continued</b>					
Hillend Hall	Depn	12,368	2,276	-	14,645
Kaka Point	Depn	9,148	1,199	-	10,347
Lovells Flat	Depn	8,109	990	-	9,099
Moneymore	Depn	5,673	815	-	6,487
Owaka Hall	Depn	38,978	6,551	-	45,529
Waihola Hall	Depn	2,076	456	-	2,532
Waipahi Hall	Depn	8,825	1,383	-	10,208
Waitahuna Hall	Depn	55,695	8,778	-	64,473
Waiwera Hall	Depn	3,293	644	-	3,937
Various Halls	Depn	114,309	10,594	-	124,903
Naish Park Camping Ground	Depn	7,208	1,120	-	8,328
Kaka Point Camping Ground	Depn	21,304	3,142	-	24,446
Taylor Park Camping Ground	Depn	42,280	4,770	6,000	41,051
Pounaweia Camping Ground	Depn	70,755	7,461	-	78,217
Waihola Camping Ground	Depn	8,094	1,001	-	9,095
Community Housing	Depn	180,403	136,827	6,500	310,730
Endowment Land	Spec	794,229	73,607	-	867,836
Depots	Depn	251,122	23,273	-	274,396
Other Property	Depn	77,269	11,681	-	88,950
Dunrobin Recreation Reserve	Spec	5,283	490	-	5,773
Parkhill Recreations Reserve Board	Spec	3,381	313	-	3,694
Waikoikoi Domain Board	Spec	11,807	1,094	-	12,902
<b>Regulatory &amp; Emergency Services</b>					
Civil Defence & Emergency	Depn	28,165	7,345	19,767	15,742
Rural Fire	Depn	58,563	16,663	1,670	73,556
<b>Funds Not Specifically Allocated to an Activity Group</b>					
General Funds	Spec	3,732,238	339,336	141,559	3,930,014
Tapanui Domain Trust	Trust	11,748	726	-	12,474
Butler Trust	Trust	335	21	-	355
Milton Brass Band	Trust	517	32	-	549
O'Hara Sports Trust	Trust	1,301	80	-	1,382
JD Swan Estate	Trust	7,143	442	-	7,585
George Melville Estate	Trust	159,491	9,172	22,344	146,319
Kate Leslie Trust	Trust	98,130	9,024	2,051	105,103
Elderly Citizens Trust (Lawrence)	Trust	23,611	1,461	-	25,071
Clinton Endowment Land	Trust	69,540	4,300	-	73,840
		<b>23,886,689</b>	<b>7,913,040.52</b>	<b>2,260,678.02</b>	<b>29,539,052</b>



## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

	2013	2012
	\$	\$
<b>16. RETAINED EARNINGS</b>		
Balance at beginning of year	243,349,419	244,004,664
Net Surplus/(Deficit) for the year	1,455,280	(609,497)
Transfer from/(to)		
– Transfer from Reserves	2,236,283	4,861,427
– Transfer from Trust Funds	21,467	16,042
– Transfer to Reserves	(7,887,782)	(4,898,968)
– Transfer to Trust Funds	(22,330)	(24,249)
Balance at end of year	<u>\$239,152,338</u>	<u>\$243,349,419</u>

## 17. COMMITMENTS

### (a) Expenditure Commitments (Non cancellable contracts)

Not later than 1 year	2,704,302	4,248,927
Later than 1 year, less than 5 years	-	844,000
Later than 5 years	-	-
	<u>\$2,704,302</u>	<u>\$5,092,927</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, 2013

### 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.

	2013	2012
	\$	\$
<b>(b) Non-Cancellable Operating Lease Payments</b>		
Not longer than 1 year	23,754	42,444
Longer than 1 year and not longer than 5 years	9,855	31,350
Longer than 5 years	-	-
	<hr/>	<hr/>
	<u>\$33,609</u>	<u>\$73,794</u>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 20. RELATED PARTY DISCLOSURES

#### (a) Transactions with Related Parties

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

Councillor Mary Johnstone is a director in Johnstone Electrical. During the financial period covered by this report, transactions valued at \$16,976 were entered into. (2012: \$5,562). No amount was outstanding at 30 June 2013 (2012: \$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:

	2013	2012
	\$	\$
Cash and cash equivalents	209,035	924,739
Bank overdraft	-	-
	<hr/>	<hr/>
	\$209,035	\$924,739
	<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 \$103,384 (2012: \$99,442).

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

	2013	2012
	\$	\$

### 22. NOTES TO THE CASH FLOW STATEMENT cont

#### (b) Borrowing Facilities

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

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

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

• Amount used	-	1,000,000
• Amount unused	3,000,000	2,000,000
	<u>3,000,000</u>	<u>2,000,000</u>
	<u>\$3,000,000</u>	<u>\$3,000,000</u>

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

Surplus/(Deficit) for the period	1,455,280	(609,497)
Add/(less) non-cash items:		
Depreciation and amortisation	12,417,511	15,187,008
(Gain) on fair value of forestry asset	(858,563)	244,977
(Gain)/Loss on sale of property, plant and equipment	23,793	1,122,570
Unrealised (gain) on revaluation of other financial assets to fair value	(137,376)	(1,959,148)
Vested Assets	-	-
	<u>12,900,645</u>	<u>13,985,910</u>
Movement in working capital:		
Trade and other receivables	1,020,957	2,207,546
Inventories - development properties	-	-
Trade and other payables	(2,094,279)	918,807
Employee entitlements	29,977	(54,335)
Provisions	(68,412)	571,888
	<u>1,111,758</u>	<u>3,643,906</u>
Items classified as Investing Activities:		
Movement in Property, plant and equipment included in trade and other payables	<u>2,197,998</u>	<u>(1,815,966)</u>
Net cash inflow from operating activities	<u>\$13,986,885</u>	<u>\$15,813,850</u>

## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 23. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Explanation of major variations from Council's estimated figures in the 2012/13 budget are as follows:

#### Statement of Financial Performance

There was an operating surplus at year-end of \$1.4 million. Council had forecasted a loss of \$1.1 million. The variances from budget are explained below.

Total revenue was approximately \$0.112 million less than budget. The following major variances contributed to this:

- Rates are less than budgeted by \$0.157 million as rates levied on councils own properties have been removed from both income and expenditure.
- Fees, rents & miscellaneous income was ahead of budget by \$0.790 million. Additional income of \$0.335 million was received for Cap funding from the Ministry of Health for Balclutha, Lawrence, Kaitangata Treatment and Tapanui Water Schemes. Financial Contributions for the Benhar and Tokoiti Sewerage Schemes of \$0.129 million and \$0.211 million respectively and a donation from Project Clutha of \$0.170 million for the Balclutha Swimming Pool towards the therapeutic pool/bulkhead, all these items were unbudgeted in the current year.
- Land Transport New Zealand income was under budget by \$1.110 million. All target roading lengths were met in the year but Council obtained very competitive contact rates.
- Forestry was revalued upwards by \$0.858 million but investment income was under budget by \$0.493 million due to fixed interest bonds dropping in value.

Operating costs were \$2.7 million less than budgeted. The following major variances contributed to this:

- Community Leadership was over budget by \$0.267 million. The grant to the Tuapeka Aquatic Centre for \$0.660 million had not been paid but the grant to the West Otago Health Trust for \$1.05 million was paid before year end but had not been budgeted for in the current year. Additionally District Development was under budget by \$0.070 million.
- Central Administration was over budget by \$0.225 million. Forestry expenditure was over budget by \$0.041 million; Information Services was over budget by \$0.070 million due to installation of a new fibre optic cable & Human Resources was over budget by \$0.037 million.
- Community Services was under budget by \$0.927 million. Main variance in this activity was the grant to the Tuapeka Aquatic Centre for \$0.440 had not been paid.
- Roothing was under budget by \$2.2 million. The main variance in this activity was depreciation was less than budgeted by \$1.85 million.
- Sanitary services were under budget by \$0.268 million. The main variance was landfill operation costs which were less than budget by \$0.142 million.
- Water services was over budget by \$0.287 million. The main variance was for non-routine expenditure. This occurs as we budget for this cost as a capital cost but expense it at year end. The total expense was \$0.337 million.
- 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 \$9.3 million. Some of the variance related to internal loans which were not raised for the Tuapeka Aquatic Centre - \$1.0 million; Balclutha Main Street - \$2.6 million and Port Molyneux Land Fill - \$0.330 million.
- Fixed assets are higher than budgeted by \$59.7 million. This is principally due to the revaluation of roading at the end of June 2012 being higher than budgeted by approximately \$70 million.

#### 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, 2013

### 24. SEVERANCE PAYMENTS

For the year ended 30 June 2013 Council made two severance payments to employees totalling \$7,000. The value of each severance payment was \$6,000 and \$1,000 (2012: Nil).

### 25. REMUNERATION

#### (a) Remuneration of Elected Members

During the year to 30 June, 2013, 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>	2013	2012
	\$	\$
His Worship the Mayor B A Cadogan	85,880	78,665
<b>Councillors</b>		
Hamish Anderson	21,461	22,901
Geoff Blackmore	14,516	14,863
John Cochrane	21,506	20,371
Stewart Cowie	11,994	12,488
Ron Davis	11,904	11,970
Gaynor Finch	21,777	23,933
Bruce Graham	12,254	12,573
Chris Hargest	787	11,104
Mary Johnstone	13,215	13,781
Michelle Kennedy	13,602	15,729
Joanna Lowrey	9,478	8,064
Bruce McCorkindale	-	5,035
Jeff McKenzie	15,332	15,371
Hilary McNab	15,102	13,841
Ken Payne	7,972	-
Bruce Vollweiler	23,921	22,063
<b>Lawrence/Tuapeka Community Board</b>		
Roger Cotton	2,275	2,275
Geoff Davidson	3,700	3,700
Mel Kenny	2,275	2,275
Rochelle Langley	2,275	2,275
Garry McCorkindale	2,275	2,275
Rowena Paterson	2,275	2,275
<b>West Otago Community Board</b>		
Lindsay Alderton	2,275	2,275
Barbara Hanna	3,700	3,700
John Herbert	2,275	2,275
Michael McElrea	2,275	2,275
Linda Roulston	2,275	2,275
Suzanne Wink	2,275	2,275



## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 25. REMUNERATION cont

#### (b) Remuneration of Employees

At Balance Date Council employed 47 fulltime employees compared to 49 in 2012, with the balance of staff representing 17.5 full time equivalent employees, the same as for 2012. A full time employee is determined based on a 37.5 hour working week.

Total Annual Remuneration by band for employees as at 30<sup>th</sup> June:

Salary Band	2013	2012
	Number of Employees	Number of Employees
>60,000	64	72
60,000-80,000	15	13
80,000-100,000	8	7
100,000-160,000	-	5
220,000-240,000	-	1
100,000-260,000	5	-

#### *Chief Executive*

Charles Hakkaart, the Chief Executive of the Council appointed under Section 42 of the Local Government Act 2002 received a salary of \$218,271 (2012: \$213,119).

For the year ended 30 June 2013, the total annual cost including fringe benefit tax to the Council of the remuneration package being received by the Chief Executive is calculated at \$236,263 plus FBT \$4,206 (2012: \$230,500).

### 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, 2013

### 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 2012.

#### (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, 2013

### FINANCIAL INSTRUMENTS cont

#### c) Categories of Financial Instruments

	2013	2012
	\$	\$
<b>Financial Assets</b>		
Cash and cash equivalents (AC)	209,035	924,739
Trade and other receivables - Loans and receivables (AC)	2,926,398	3,944,784
Other financial assets		
• Fair value through profit or loss		
- held for trading (FVTPL)	14,625,175	18,487,799
• Money market cash deposit (FVTPL)	3,850,000	0
• Available-for-sale financial assets (AFS)	39,644	43,487
<b>Financial Liabilities</b>		
Bank overdraft (AC)	-	-
Trade and other payables (AC)	3,904,956	5,999,234
Borrowings (AC)	8,472	1,011,698
Other Liabilities (AC)	103,384	99,442

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 One Path. 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, 2013

### **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 LTNZ, 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, 2013

### 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.

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

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

	Weighted Average Effective Interest Rate %	Fixed Maturity Dates						Non Interest Bearing \$'000	Total \$'000
		Less than 1 year \$'000	1-2 Years \$'000	2-3 Years \$'000	3-4 Years \$'000	4-5 Years \$'000	5+ Years \$'000		
<b>2012</b>									
<b>Financial liabilities:</b>									
Trade and other payables	-	-	-	-	-	-	-	5,999	5,999
Borrowings	3.75	1,003	3	6	-	-	-	-	1,012
Other liabilities	-	-	-	-	-	-	-	99	99
<b>Total</b>		<b>1,003</b>	<b>3</b>	<b>6</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>6,089</b>	<b>7,110</b>

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, 2013

### 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
<b>Financial assets at FVTPL</b>			
OnePath - NZ Government Stock	8,052		
OnePath - NZ Local Authority Bonds	655		
OnePath - NZ Corporate Bonds	3,267		
OnePath - NZ State Owned Enterprises	190		
OnePath - NZ Floating Rate Notes	249		
OnePath - NZ Dollars	23		
OnePath -- NZ Discounted Securities			2,190
<b>Available for sale financial assets</b>			
Equity Securities - Civic Assurance			40

#### (j) Currency Risk

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



## NOTES TO THE FINANCIAL STATEMENTS cont

For the Financial Year ended 30 June, 2013

### 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 One Path.

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 \$14,602 (2012: \$67,513). This is mainly attributable to the Council's exposure to interest rates on its investments within its managed funds held with ING.
- 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 \$43 (2012:\$56) 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.